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

18 November 2026

Dear Councillor,

Audit & Governance Committee

6:00pm, Thursday 26 November 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)
Gaye, D. (Vice-Chair)

Hill, J.
Hunt, A.
Sheppard, M.
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 23 September 2026 (enclosed).

4. Auditor's Annual Report

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 – 5.12).

6. Internal Audit Update – October 2026

Report of the Chief Internal Auditor & Risk Manager (Item 6.1 – 6.10).

7. Governance Improvement Plan – Progress Report for Quarter 2 2026/27

Report of the Head of Business Support and Assurance (Item 7.1 – 7.11).

8. Updated Strategic Risk Register

Report of the Head of Business Support and Assurance (Item 8.1 – 8.22).

9. Annual RIPA Review

Report of the Head of Law and Governance (Item 9.1 – 9.3).

Cannock Chase Council

Minutes of the Meeting of the

Audit and Governance Committee

Held on Wednesday 23 September 2026 at 6:00pm

In the Esperance Room, Civic Centre, Cannock

Part 1

Present:
Councillors

Branson, R. (Chair)

Gaye, D. Sheppard, M.
Hill, J. Sutherland, M.
Hunt, A. (substitute)

Prior to the start of the formal business of the meeting, the Chair welcomed Laura Hinsley, Key Audit Partner from Azets (the Council's external auditors).

In respect of the two reports to be presented by Laura, the Chair noted concern with the level of estimated audit fees payable by the Council for the required work set out in the reports.

9. Apologies

Apologies for absence were noted for Councillor M. Cecil (Vice-Chair).

Councillor Hunt was in attendance as substitute for Councillor M. Cecil.

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

None received.

11. Minutes

In response to a query regarding actions on the governance improvement plan that had been paused because of LGR and whether those actions would now be taken forward, noting that LGR could still go ahead, the Head of Business Support and Assurance advised that because of the Government's recently announced pause/review of LGR, officers would be revisiting several things that had been paused because of LGR, not just related to matters included in the improvement plan. The Deputy Chief Executive-Resources advised that this would form part of a wider discussion about what to put back on table whilst waiting to find out the future position of LGR.

Resolved:

That the Minutes of the meeting held on 30 June 2026 be approved.

12. Cannock Chase Council External Audit Plan – Year Ended 31 March 2026 and Cannock Chase Build-back Plan

Consideration was given to the reports of the External Auditors (Item 4.1 – 4.38 and Item 5.1 – 5.22).

External Audit Plan – Year Ended 31 March 2026

The External Auditor advised the following:

- The external audit plan set out the proposed plan of work for 2025/26.
- The 2025/26 financial statements were expected shortly from the Council's Finance team, which would be in advance of the time booked out for external audit work to commence soon.
- The overall level of materiality for the Council's financial statements had been set based on 1.8% / £1.3m of gross revenue expenditure and the trivial threshold at 5% of the overall materiality calculation. Any errors above that threshold would be reported to the Council.
- Two presumed risks were identified, these being 'management override of controls' (which was not unique to just this Council) and key accounting estimates in respect of valuation of land and buildings, council dwellings, investment properties and the defined benefit pension fund liabilities.
- 4 years-worth of assurances were missing for the financial statements which tied in with the proposed actions outlined in the build-back plan.
- Two significant weaknesses had been identified in the Council's value for money arrangements for 2024/25, in respect of governance matters, these being 'arrangements for financial monitoring and capacity of the finance team' and 'arrangements in relation to risk management'. The resource constraints of the services affected were understood and it was intended to roll these forward as planning risks for 2025/26.

Build-back Plan

The External Auditor advised the following:

- The ambition of this report was to give the committee an easy understanding of the work required to build back the aforementioned missing assurances for 2021 onwards.
- Page 13 of the plan set out the indicative timeline for achieving an anticipated unmodified audit opinion by 2027/28.
- Whilst a significant amount of work would be done this year, it would not be enough to move away from a disclaimed opinion.

In response to a query as to whether the 30 June deadline had been met for publication of statement of accounts, the External Auditor advised that the deadline had not been me but the Council would not lose funding related to the backstop work contingent on meeting the backstop deadline of January 2027. The Council was however encouraged to speak with MHCLG about what funding was available.

- By 2027/28 all work should be completed to give assurance that the general fund reserve position was correct. Not every transaction from over the last 4 years would be tested but a focus given on those that impacted the general fund reserve.

- Guidance had been issued by the National Audit Office last year for external auditors to follow to carry out this type of work. The risk factors prevalent to the Council would determine the level of work required.
- Because of certain issues, the Council sat at the higher end of the risk spectrum so higher areas of spend and income would be tested as part of the audit work.
- Pages 18 to 21 of the plan set out the individual areas of work required and the timelines discussed with management to undertake that work.
- Some of the work had started last year, so circa 20% was already completed and it was anticipated a further 50% would be done this year. Progress updates would be presented to the committee at future meetings as matters moved forward.
- There was a lot of work to be done, and the resource constraints of the Council were acknowledged. The work would commence in early October and run until late December to get as much done as possible. Discussions could be held in the new year with officers if any matters had not progressed as planned.
- The concerns raised at the start of the meeting by the Chair concerning the fees payable for this work were noted, but were determined by the approach set out by Public Sector Audit Appointments (PSAA). Time had to be factored in for the build back work, so the level of fees payable may be a discussion for the Council to have with PSAA.

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

1. How many hours would the work set out in the build back plan take to complete?

   The External Auditor advised that she did not have this information to hand and so would provide it to the committee separately.

2. The external audit plan 2025/26 set out that no significant weaknesses had been identified in the Council's financial sustainability, yet the Council's own strategic risk register identified this issue as a red rated risk. Had this been considered as part of the external auditor's work?

   The External Auditor advised that at the planning stage work done previously on financial sustainability and other matters was reviewed and whilst no significant weaknesses had been identified not all associated work had yet been completed.

3. To complete the work required of the external auditors would need significant help from Council staff. Did the Council have enough people in place for this?

   The Deputy Chief Executive-Resources advised that there was never enough staff available but that was the nature of the business working in. Additional staff would be needed to successfully support this work.

4. This year's audit fee is £399,506 which includes £216,090 for the build-back work. Why was the 2025/26 opinion still a disclaimer and what was the ? actually for by January 2027?

   The External Auditor advised that for 2025/26 the approach taken would be to do a full audit on the financial statements, including the balance sheet and income & expenditure statement. The main reason for the costs incurred was because a disclaimer opinion would still have to be given for that year because of the intricacies of auditing standards and what the external auditors were able to do. A modified opinion could not be achieved until the Council had at least two years in a row of a clean balance sheet.

5. An identified plan was set out to resolve the issues going forward, but frustrations often arose when matters slipped at year end with no plan in place to deal with those slippages. How would the external auditors work together with the Council to ensure the right matters were concentrated on at the right times?

   The External Auditor advised that the plan had only just been produced because the whole sector was waiting for the national guidance to be issued by the NAO. The guidance was released in July 2025 and it had taken accountancy firms this long to work out their approaches needed as this would be a new way of working. The build-back work had started last year as it needed to be done and so didn't to waste time doing things that were not required.

   The aim was to get back to a clean position by 2027/28, so the work was being front-loaded into this year with a contingency to carry over into next year, although for next year the backstop date had been brought forward by two months.

6. What was the capacity of Council officers to support and deliver the required work?

   The Deputy Chief Executive-Resources advised that the capacity was the same as it had been so officers would attempt to do this work, but LGR could start again in October which would take key officers away from this. Furthermore, the Council had an issue of not being an attractive employer in respect of its pay offer and terms & conditions when compared to larger councils and private sector bodies.

   It also needed to be borne in mind that the Council did not yet know what the 2027/28 local government finance settlement (LGFS) would look like and what its impact would be on local authorities.

   The Council also suffered from having an aging workforce and no trainee staff coming on board.

   The External Auditor advised that they were trying to consider ways to do the required work without putting more work on to the Council's finance team and some elements of the work could be done by the external valuer and actuary.

   The Deputy S151 Officer advised that the Finance team did currently have a very good agency appointee in place, and the intention was for that person to be solely focused on supporting the external audit work between October and Christmas, before moving on to next year's financial statements to get published by the statutory deadlines.

7. As the value for money work had been extended because of LGR, did the pause in LGR mean that the risk assessment would change?

   The External Auditor advised that it would not change the risk assessment or the work that needed to be done but the report had been produced before the LGR pause was announced, so the focus would likely shift toward longer-term planning and the focus of the Council from 2028 onwards.

8. What issues could cause the timeline to slip and what would the costs of this be?

   The External Auditor advised that the fees set out on page 11 of the build-back plan set out total estimated costs based on the expected work set out in the report. The only caveat would be that if something was identified that had happened in the last 4 years that would change the scope of the testing work.

Resolved:

That the reports of the External Auditors be noted.

13. Internal Audit Update – August 2026

Consideration was given to the report of the Chief Internal Auditor & Risk Manager (Item 6.1 – 6.11).

The Head of Business Support and Assurance apologised to the committee as there had been some confusion over circulating the updates requested at the previous meeting. The update had been sent to the Chair earlier in the day and would be circulated to the rest of the committee too.

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

- The table in report paragraph 5.3 provided an overview of the number of audits issued in the first section of the year, which tended to be lighter given the need to address work carried over from the previous year.
- Further details of the audits completed were set out from 1 April to 31 August were set out in report appendix 2.
- Details of follow-up audits were set out in report appendix 4. For those which were follow-ups, these were usually done on a six-monthly basis.
- Whilst some matters in the follow-ups had been paused because of LGR, the report was written before the LGR pause/review had been announced.
- Follow-ups would be done for those areas rated as partial or limited assurance apart from the Aelfgar project as that had now nearly completed and it was unlikely the project risk register would therefore be amended to meet the corporate format.
- Two audits that were follow-ups had been given a substantial assurance rating, which was a positive outcome, but there was still concern that some areas were not progressing as quickly as would like.

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

1. Did officers have concerns about the continued limited assurance rating for the asset management strategy and records audit?

   The Chief Internal Auditor advised that in terms of the level of assurance, the concern was that the service concerned had not been able to adjust it. In terms of progress with the recommendations, it could possibly be understood why progress had been limited over the past 12 to 18 months owing to having seen a reasonable turnover of managers since the first audit assurance was issued.

   The team had also faced wider resourcing issues that had impacted this work, as well as corporate decisions taken in the context of LGR to not progress certain actions. This left the service at risk and the adequacy of corporate asset management at a strategic level, which would affect future budget planning and asset retention/disposal for capital receipts. Strategic asset reviews being done were a key driver to getting other work completed.

2. If assets were in place that could bring the Council revenue, then these needed to be known about.

   The Chief Internal Auditor advised that the Council had looked at some asset sales, but the issue was not having a planned programme in place for this type of work. There was also the caveat that capital receipts for asset sale could only be used for capital purposes, so would not necessarily be able to support the revenue budget.

   The Head of Business Support and Assurance advised that there were wider issues facing the corporate assets team at the moment, with the new service manager

having an initial focus on compliance related matters that needed to be addressed, and the head of service currently being on long-term sick leave with an interim arrangement in place.

The interim head was currently focused on housing-related issues, but it was hoped to work with them on the corporate assets related element of the role and bring forward an update to the next meeting.

The Chief Internal Auditor clarified that work was happening in the service to address the issues identified in the audit, but not as quickly as would like.

The Chair requested that for the November meeting of the Committee, the interim Head of Housing and Corporate Assets be asked to attend to provide an update on the corporate assets related limited assurance audits.

3. In respect of the asset management issues, what was a realistic timeline for when all the outstanding recommendations could be achieved?

   The Chief Internal Auditor advised that he was not in a position to answer this and would have to take a view from the interim head of service.

   The Head of Business Support and Assurance advised that the interim head could be asked to provide a comprehensive overview of what had been happening the corporate assets team and what plans were in place to deliver the audit actions.

4. Did the issues identified in the Community Infrastructure Levy (CIL) and s106 audit mean that s106 agreements were not being monitored, were there any risks from doing so and why was this not included in the strategic risk register?

   The Chief Internal Auditor advised that it was not to say that nothing was happening. The original intention of the service had been to get an automated/central system in place to capture relevant dates/information and trigger necessary monitoring reminders. Whilst they had not been able to do that, monitoring was still being done, although not regularly. An annual review was however always done of s106 sites to see if any triggers had been reached.

   The Deputy S151 Officer advised that the Council did not have a large number of s106 agreements with spend deadlines in place, but did have a list of those with deadlines set.

In respect of the IT Asset Management audit, the Chief Internal Auditor clarified that the substantial assurance rating was correct and that the one remaining recommendation should have been shown in the report as completed rather than in progress.

5. In the provisional audit plan for 2026-27 (report appendix 5), when it was expected that the leisure contract audit would start?

   The Chief Internal Auditor advised that the list was indicative so could change throughout the year owing to resources available.

   In respect of the leisure contract audit, the new contractor only went live from April this year and so they needed time to build up a sufficient amount of information and data for the audit team to look at. It was therefore expected that the audit would commence around Christmas time to provide 6 months worth of data/information to review, with a report potentially produced in January/February 2027 ready for the second year of the contract.

6. Although positive feedback had been received so far from residents about the new contract, there had to be an awareness of not being in the same position as ended up happening with the previous contractor.

7. When was it expected that the deferred audits from 2024/25 would be picked up?

   The Chief Internal Auditor advised that in respect of the Planning Enforcement audit work was due to start shortly and for the bank reconciliation audit, this had been deferred because of work required by the Finance team on the previous years accounts and from the external auditors.

   The Deputy S151 Officer advised that the Finance team did do audit work last year in several areas but the issue was the same staff were having to do the same things. The bank reconciliation work for the year would be looked at as part of the 2025/26 accounts, so it was likely that this audit would be done next year once build-back work had progressed.

The Chair requested that for the next meeting, a full written record be provided of all audits still listed as limited or partial assurance.

Resolved:

That the progress report be noted.

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

Consideration was given to the report of the Head of Business Support and Assurance (Item 7.1 – 7.13).

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

- 8 actions were due for completion in quarter 1, 2 of which had been completed in full, one of which was a significant recommendation from the external auditors (review of the Council's anti-fraud policy).
- Work had started on five other actions but not yet completed, and another had been rescheduled to quarter 4 2026/27.
- Work on the employees' code of conduct and values had been completed. Required training still had to be done, and this would be picked up once the new e-learning system had been launched.
- Declarations of interest for employees would be tied in with the new employee review process which was aimed to launch later this year.
- Reporting on procurement/tender waivers had been discussed with the Monitoring Officer and it was considered at this time to do an annual report to the Responsible Council Scrutiny Committee rather than quarterly reports and take a view from that committee about future reporting arrangements.
- Quite a bit of work had been done on the contracts register because of LGR preparations and so this would continue despite the LGR pause as it had been planned to do for some time now.
- Work plans for heads of service had been developed also as part of LGR work and it was likely these would still be taken forward but reviewed with heads of service to get them finalised.
- Statutory officer meetings were happening, albeit on an ad-hoc basis, so there was a need to them diarised at least quarterly.
- The target had been changed on the development of an assurance model to align with production of the 2026/27 annual governance statement.

- As discussed earlier, 3 recs paused because of LGR, will review if can take forward and whether can pick up this year or defer to next year.

In response to a query as to how many directorate risk registers were in place as of today, the Head of Business Support and Assurance advised that there were none but service-level ones would be produced instead to align with the heads of service work plans. A post was being advertised currently to help with this work as it was critical to get the work plans finalised and risk registers developed. The Chief Internal Auditor advised that when the strategic risk register was being refreshed last year, some issues were identified that did not sit at strategic level but noted for inclusion in service level risk registers once developed.

In response to a query regarding the change of waiver reporting from quarterly to annually, the Head of Business Support and Assurance clarified that this was based on the position taken by many other councils and at this stage, it was unclear how many waivers could be reported on quarterly, so an annual report was felt a more realistic aspiration.

Resolved:

That the progress made in the delivery of the Governance Improvement Plan be noted.

15. Updated Strategic Risk Register

Consideration was given to the report of the Head of Business Support and Assurance (Item 8.1 – 8.21).

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

- The table in report appendix 1 provided a high-level summary of the risk register as at 30 June, with changes made to any residual risk scores since April.
- In one area, the residual score met the target score, but was still above the Council's risk appetite level.
- Where scores had not changed, this did not mean that progress had not been made.
- Further details of the risks with red rated residual scores were set out in report appendix 2.
- As set out in report paragraph 5.9, the wording for the housing standards risk had been slightly amended to reflect work being done to prepare for a forthcoming inspection by the Regulator for Social Housing.

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

1. What was the current position with the IT resilience risk?

   The Head of Business Support and Assurance advised that the Council had in place as much as it reasonably could have but a full guarantee on IT resilience could not be given. Things were in place to protect the Council's IT infrastructure against attacks on systems etc.

2. There was particular concern on IT resilience about security of data held about residents given issues that had happened elsewhere.

   The Head of Business Support and Assurance advised that certain certifications and annual checks were in place for this as a public body.

The Chief Internal Auditor & Risk Manager advised that the Council had to meet payment card supplier standards in respect of payment security.

The Deputy S151 Officer advised that the Council had to ensure each year that Civica (the provider of the Council's finance system) had security in place in terms of data held/processed in the system.

The Chief Internal Auditor & Risks Manager further advised that the Council had also changed its cyber security insurance supplier in May, which gave the Council some additional resilience in the event of an attack and also proactive monitoring of the web etc., separate to work already done by the Technology service.

3. Based on issues raised and reported during the meeting, were officers certain that the residual risk score for the 'failure to deliver good governance' risk was accurate, and would it technically be much higher than what was stated in the risk register?

   The Head of Business Support and Assurance advised that the risk score took account of what control measures the Council did not have in place, and so when all the earlier mentioned governance arrangements were in place it was expected that the target score would be met.

4. The Council's IT security had improved dramatically in recent times which was worthy to note given the seriousness of this issue.

5. Were the LGR workstreams still active?

   The Head of Business Support and Assurance advised that they were not. At the point the announcement was made about LGR being paused, the Local Government Minister wrote to all affected councils separately instructing them to stop all LGR related work with immediate effect.

   The Chief Internal Auditor & Risk Manager clarified that as the report showed the position of the risk register at the end of June, the information contained in it was correct at that point in time. Because of LGR being paused, there may be a need to revisit the wording of that risk given the current uncertainty about what would happen with LGR going forward.

6. Could the costs of the LGR failure be measured by the Council?

   The Head of Business Support and Assurance advised that the Council did face costs from doing the work, but the main cost related to preparation of the submission proposal to the Government, which was in the region of £29,000. There were also hidden costs of staff time, but these were not known as there was no time recording system in place for this work.

   The Deputy Chief Executive-Resources advised that the County Council was leading a countywide approach on this work and with support from the Chief Executive of this Council, a decision had been taken not to claim back costs for staff time owing to not having a time recording system for this purpose.

Resolved:

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

Meeting closed 7:21pm.

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Chair

AZETS



Cannock Chase District Council

Auditor's Annual Report

Year ended 31 March 2026

November 2026

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Headlines from our audit

Purpose of this report

This Auditor's Annual Report provides a summary of the findings and key issues arising from our audit of the Council for 2025/26. This report has been prepared in line with the requirements set out in the Code of Audit Practice and supporting guidance published by the National Audit Office and is required to be published by the Council.

Our responsibilities

Financial statements

We have been appointed to provide an opinion as to whether the accounts give a true and fair view of the financial position of the Council and of its income and expenditure during the year, and to confirm whether the accounts have been prepared in line with the CIPFA/LASSAC Code of Practice in Local Authority Accounting ('the Code').

We have started to rebuild assurance in relation to prior year disclaimed years, but due to the challenges of undertaking an audit where the previous four years have been disclaimed because of the local authority backstop, it will not be possible for us to rebuild sufficient assurance to support an unmodified audit opinion ahead of the backstop date of 31 January 2027.

The limitations imposed from on ongoing lack of assurance on many of the opening balances and prior year income and expenditure transactions are pervasive and as a result we are unable to form an opinion on the 2025/26 financial statements. We therefore intend to disclaim our 2025/26 Audit Report.

Narrative report and Annual Governance Statement

We assess whether the Narrative report and Annual Governance Statement is consistent with our knowledge of the Council.

We are unable to conclude whether the other information included in the statement of accounts is consistent with our knowledge of the Council and the financial statements.

This is because it has not been possible to undertake sufficient audit work to reach a conclusion before the statutory backstop date of 31 January 2027.

Value for money

We are required under Section 20(1)c of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness (value for money) in its use of resources and provide a summary of our findings in the commentary in this report.

We are required to report if we have identified any significant weaknesses as a result of this work.

We have identified one significant weakness in the Councils governance arrangements to secure value for money.

Further detail is provided in this report.

Headlines from our audit

Statutory powers

We may exercise other powers we have under the Local Audit and Accountability Act 2014. These powers include issuing a public interest report, issuing statutory recommendations, issuing an advisory notice, applying for a judicial review, or applying to the courts to have an item of expenditure declared unlawful.

Public interest report	Statutory recommendations	Advisory notice	Judicial review	Application to the court
We may issue a Public Interest Report if we believe there are matters that should be brought to the attention of the public. If we issue a Public Interest Report, the Council is required to consider it and to bring it to the attention of the public. **We have not issued a public interest report this year.**	We may make written recommendations to the Council under Schedule 7 of the Local Audit and Accountability Act. If we do this, the Council must consider the matter at a general meeting and notify us of the action it intends to take (if any). We also send a copy of this recommendation to the relevant Secretary of State. **We have made one statutory recommendation this year. This is included in the governance section of our report on pages 25 and 30.**	We may issue an advisory notice if we believe that the Council, or an officer of the Council, has, or is about to, incur an unlawful item of expenditure or has, or is about to, take a course of action which may result in a significant loss or deficiency. If we issue an advisory notice, the Council is required to stop the course of action for 21 days, consider the notice and then notify us of the action it intends to take and why. **We have not issued an advisory notice this year.**	We may make an application for judicial review of a decision of the Council, or of a failure to act by the Council, which it is reasonable to believe would have an effect on the accounts of that body. **We did not make an application for judicial review this year.**	We may apply to the courts for a declaration that an item of expenditure the Council has incurred is unlawful. **We have not applied to the courts this year.**

Headlines from our audit

Findings and recommendations

Findings from our financial statements audit

Detailed findings from our audit of the financial statements, including our consideration of significant risks, will be communicated in the following reports:

- Audit Report on the financial statements for the year ended 31 March 2026.
- Audit Completion (ISA 260) Report to Those Charged with Governance.

Our Audit Completion Report will be reported to the Council's Audit and Governance Committee before the 31 January 2027.

Recommendations arising from our financial statements audit

Recommendations relating to internal controls and other matters arising from our financial statements work are contained in the Audit Completion (ISA 260) Report.

Whilst our audit on the Statement of Accounts remains in progress, none of the recommendations we have noted from this work reflected significant weaknesses in the Council's arrangements to secure economy, efficiency and effectiveness in the Council's use of resources.

Key recommendations arising from our value for money work

We provide a summary of our findings in respect of value for money in the commentary in this report.

Where we identify significant weaknesses as part of our review of the Council's arrangements to secure value for money, we make key, or essential, recommendations setting out the actions that should be taken by the Council.

From our value for money assessment for 2025/26, we have raised one statutory recommendation as noted on pages 25 and 30. We have not made any key recommendations.

Other recommendations arising from our value for money work

We make other recommendations if we identify areas for improvement which do not relate to identified significant weaknesses.

From our value for money assessment, we have made two other recommendations this year and have rolled forward two prior year other recommendations.

Further details are included within this report on pages 33 and 37.

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').

Reporting criteria	Planning – risk of significant weakness identified?	Final – significant weakness identified?	Recommendations made		
			Statutory	Key	Other
Financial sustainability How the body plans and manages its resources to ensure it can continue to deliver its services	No	No	No	No	Yes
Governance How the body ensures it makes informed decisions and properly manages risk	Yes	Yes	Yes	No	Yes
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	No	No	Yes

We have concluded there are significant weaknesses in the Council's arrangements and so are not satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The significant weakness we have identified is set out later in this report and will be included in our Independent Auditor's Report within the Statement of Accounts.

Value for money

Councils are responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in their use of resources. This includes managing key operational and financial risks and taking properly informed decisions so that they can deliver their objectives and safeguard public money.

As auditors, we are required to consider whether the Council has established proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

We performed risk assessment procedures at the audit planning stage to identify any potential areas of significant weakness which could result in value for money not being achieved. This included considering the findings from other regulators and internal auditors, reviewing records at the Council and performing procedures to gain an understanding of the high-level arrangements in place. The resulting risk areas we identified were set out in our Audit Plan. We have not identified any additional areas for consideration during our audit.

For each identified risk area, we performed further procedures during our audit to consider whether there were significant weaknesses in the processes in place at the Council to achieve value for money.

The NAO Code of Audit Practice requires us to structure our commentary on VFM arrangements under three reporting criteria:

- Financial sustainability;
- Governance; and
- Improving economy, efficiency and effectiveness.

We have set out on the following pages our commentary and findings on the arrangements at the Council in each area.

In addition to our financial statements work we performed a range of procedures to inform our value for money commentary, including:

- Meeting with management and regular meetings with senior officers
- Interviews as appropriate with other executive officers and management
- Review of Council and committee reports and attendance at audit and governance committee meetings
- Reviewing reports from third parties
- Review of the Council's Annual Governance Statement and Narrative Report and other publications
- Considering the work of internal audit and the counter fraud function
- Consideration of other sources of external evidence.

Value for money

National and local context

Cannock Chase District Council (the Council) is a district council in Staffordshire. It works with other district and borough councils, local parish and town councils and Staffordshire County Council in a two-tier local government system. The administrative area also includes the Staffordshire Police. The Council serves a population of circa 104,000 people. The Council provides social housing from an in-house Housing Revenue Account and has entered into a number of large capital and investment schemes to promote regeneration and attract business to the area. Some of these investment schemes carry significant financial risk.

Like all councils, and the wider local government sector, the Council continues to face significant challenges. The Committee of Public Accounts report on Local Government Financial Sustainability published in June 2025 states that "Local government finance is in a perilous state. Despite a real terms funding increase in central government grants, council tax and locally retained business rates of 4%, over the period 2015–16 to 2023–24, the amount per person fell over the same period. Funding has not kept pace with population growth, demand for services, complexity of need, or the rising costs of delivering services".

Significant increases in inflation in 2021 and 2022 increased cost pressures on all councils' revenue and capital expenditure and although these fell during 2023 and 2024, they remained 2.6% higher in March 2026 than they were in March 2021. As of 2025/26, local authority core spending power is about 9% in real terms below its 2010/11 levels in England as a whole, and much lower for some authorities.

The Government has introduced a three-year funding settlement covering 2026/27 to 2028/29, the first multi-year settlement for a decade. The provisional settlement was published on 17 December 2025 and the final settlement on 24 February 2026. In total, the settlement distributes £83.5 billion to local authorities in 2026/27, rising to £90.5 billion in 2028/29 (a 4.3% change in real terms). Most of this is in the form of un-ringfenced funding and council tax revenue. However, the distribution of funding has changed as a result of the Fair Funding Review 2.0 and as a result some authorities have gained more than others, and some have ended up with less funding than before. For Cannock Chase District Council the provisional settlement shows a -0.3% change in Core spending Power from 2024-25 to 2027-28.

As at 31 March 2026, the Council has a reasonable level of general fund reserves compared to other district and borough councils nationally. However, these could be significantly depleted over the next few years if macro-economic conditions are unfavourable and the uncertainty inherent in the Council's cost and income assumptions do not crystallise in the Council's favour.

Value for money

Local Government Reorganisation

Following consultation, the UK Government issued proposals for a proposed restructure of local government in Staffordshire and Stoke-on-Trent in July 2026. The proposals were for the current two-tier structure (district/borough councils plus Staffordshire County Council) to be replaced by two new unitary authorities from 1 April 2028. However, on 7 September the Minister for Local Government, Devolution and Regional Growth wrote to Council leaders to advise them that the decisions made in July will be further considered under a review of the Local Government Reorganisation programme. Until this review has concluded, Councils were advised to cease work on implementing the decisions announced in July.

Local Government Reorganisation (LGR), and the subsequent pause of LGR, have created significant uncertainty for the Council. Prior to the pause of LGR and during 2025/26 councils would have needed to consider the risk of the loss of key individuals given uncertainty about the future of their roles. LGR may also have resulted in an incentive for more short-term decision making in respect of the use of reserves by the Council. It is important to make sure that proper governance arrangements remain in place, and these have been considered as part of our 2025/26 value for money work.

It is recognised that any transition and reorganisation will require significant management time to ensure the benefits are identified and plans are put in place to realise them post-transition. A significant amount of work already went into planning and progressing LGR before the programme was paused. This may have diverted attention from the realisation of savings plans or make the achievement of previously planned savings less likely. Such risks will therefore need to be incorporated into medium term financial plans which may require updating if changes in the scope or timing of Local Government reorganisation in Staffordshire and Stoke-on-Trent are made.

Members, and in particular the Audit and Governance Committee need to be satisfied that:

- where earmarked reserves are being utilised, they are being utilised for their intended purpose;
- reserve balances remain at an appropriate and prudent level; and
- balanced budgets continue to be set in line with the Council's statutory duties.

Effective governance and stewardship will remain key, particularly in the operation of the Audit and Governance Committee, delivery of internal audit and execution of the risk management processes.

AGN 03 (reissued on 23 March 2026) clarifies that arrangements bodies put in place to manage reorganisation fall within the general scope of VFM arrangements work, and the risk of significant weaknesses may increase where the body is involved in or planning such activities. AGN 03 includes some illustrative weaknesses that might apply, which we considered when carrying out our initial risk assessment. Where we identified potential weaknesses at the Council in relation due to the impact of Local Government Reorganisation and the programme's subsequent pause, we included them in our Audit Plan under the relevant criteria and have reported the results of our follow up work under the VFM criterion below.



Value for money

The Council has previously put a number of its activities on hold to focus its resources towards LGR. These areas cover our previously raised 'other' recommendations as noted in our 2024/25 Auditors Annual Report:

- Procurement - to put in place a formal service level agreement with Staffordshire County Council in relation to share procurement arrangements.
- Performance management - to develop a data quality policy or similar process for providing assurance on key performance indicators as part of performance management reporting.
- Financial management - to review the need to implement further savings ahead of Local Government Reorganisation given the potential funding gaps identified in 2026/27 and 2027/28, as a result of changes to the financial settlement after the MTFS and 2026/27 budgets were approved in January 2026.

On the announcement of the pause of Local Government Reorganisation, the Council acted in a timely manner to respond to this and has held discussions at a leadership level on how to redirect these resources. These discussions remain ongoing at the time of writing.

Value for money: financial sustainability

This relates to how the Council plans and manages its resources to ensure it can continue to deliver its services.

We considered the following areas:

- how the Council identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into the plans;
- how the Council plans to bridge its funding gaps and identifies achievable savings;
- how the Council plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities;
- how the Council ensures that its financial plan is consistent with workforce, capital, investment, and other operational plans, which may include working with other local public bodies as part of a wider system; and
- how the Council identifies and manages risks to financial resilience, such as unplanned changes in demand and assumptions underlying its plans.

2025/26 outturn position

General fund

The Council's 2025/26 general fund revenue budget was approved in February 2025 by full Council. The 2025/26 budget was revised in February 2026 to update for inflationary cost increases and was subsequently approved by full Council in February 2026. This was completed alongside the 2026/27 budget setting process.

The 2025/26 unaudited outturn position against budget resulted with an underspend of £0.5m against the revised budget.

The revised 2025/26 budget set out a planned contribution to reserves of £0.5m. The favourable outturn position for the Council resulted in a contribution to reserves taking place in 2025/26 of £0.5m.

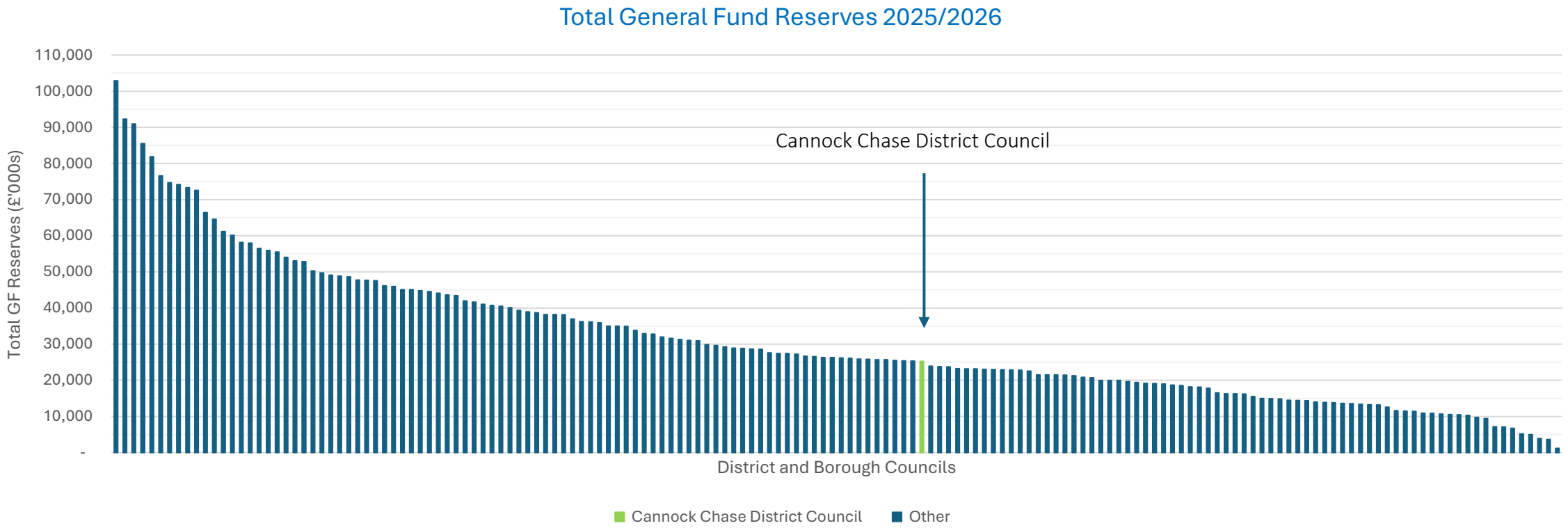
This means the level of working General Fund balances was £2.9m 31 March 2026, which is in line with the Council's policy to retain a working reserves balance of £1m. The level of earmarked General Fund reserves was £22.4m at 31 March 2026, bringing the overall level of useable General Fund reserves available to the Council to £25.3m. This represents a slight increase compared to the 31 March 2025 position of £24.4m.

The Council's overall level of general fund reserves is broadly comparable with those of similar district and borough councils, as set out on page 12, and represents a reasonable level of financial resilience when considered against net expenditure on services of £20.7m in 2025/26. The reserve position provides the Council with capacity to absorb unexpected financial pressures and supports its ability to manage financial risk.

Value for money: financial sustainability

General fund reserves balance

The table below shows how the Council's general fund reserve balances compare with other district and borough councils.



Source: Draft published 2025/26 Statement of Accounts for all Borough and District Council

Value for money

Housing Revenue Account (HRA)

The Council's 2025/26 Housing Revenue Account (HRA) budget was approved in February 2025 by full Council. The 2025/26 budget was revised in February 2026 to update for pay changes, repairs backlog and increased inflation and sales, and was subsequently approved by full Council in February 2026. This was completed alongside the 2026/27 budget setting process.

The 2025/26 outturn position landed with an underspend of £0.2m.

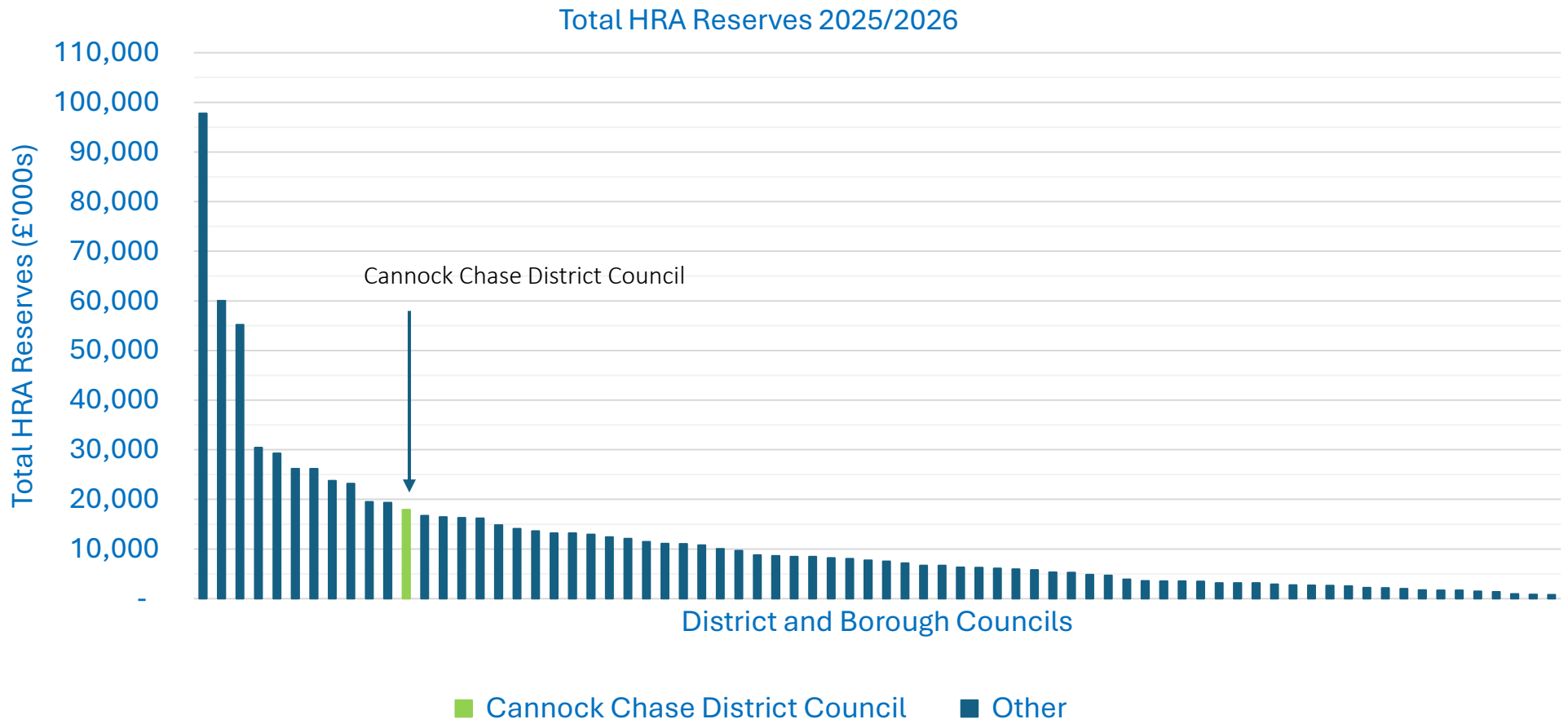
The favourable outturn position for the Council resulted in an increased contribution to reserves taking place in 2025/26 of £0.2m. This means the level of working General Fund HRA reserves was £2.8m 31 March 2026, which is in line with the Council's policy to retain working balances of 10% of net operating expenditure. The level of earmarked HRA reserves was £15.1m at 31 March 2026, bringing the overall level of useable HRA reserves available to the Council to £17.9m. This represents a decrease of £1.1m, compared to the 31 March 2025 position of £19m.

The Council's overall level of HRA reserves is broadly comparable with those of similar district and borough councils, as set out on page 14, and represents a reasonable level of financial resilience when considered against net expenditure on services of £4.1m in 2025/26. The reserve position provides the Council with capacity to absorb unexpected financial pressures, such as unplanned repairs costs, void losses, or adverse movements in income and expenditure.

Value for money: financial sustainability

HRA reserves balance

The table below shows how the Council's HRA reserve balances compare with other district and borough councils.



Source: Draft published 2025/26 Statement of Accounts for all Borough and District Council

Value for money: financial sustainability

Capital programme

Management reported to full Council in February 2026 that the original £16m 2025/26 capital programme had been decreased to £7.7m primarily due to the reprofiling of the timing of the Town Centre Regeneration Project. Progress made on the Town Centre Regeneration Project is further detailed in the 'Governance' section. This revision was approved by full Council in February 2026.

Capital expenditure for 2025/26 was £5.7m, a variance of £2m (26%) against the revised budget. This represents a decrease in capital investment compared to 2024/25 of £7.9m.

However, the Council reported slippage of approximately £2m on its capital programme, which represents a quarter of the annual budget. While the Council actively manages the delivery of its capital programme, continued slippage puts pressure on overall achievement of the Council's capital investment plans. Project slippage relates to a variety of factors including delayed spend and later project start dates.

We have raised an 'other' recommendation in relation to the slippage of the Council's capital programme.

Medium-Term Financial Strategy and 2026/27 budget

The Council's annual budget is developed based on discussions with service leads and is then taken to full Council, Cabinet and Scrutiny Committees for approval in February each year. Cannock Chase District Council maintains a Medium-Term Financial Strategy (MTFS) which is updated annually alongside the budget.

The revised MTFS and 2026/27 budget was approved by full Council in February 2026. The table below summarises the Council's position over the next three financial years per its MTFS.

	Budget 2026/27 £'000	Budget 2027/28 £'000	Budget 2028/29 £'000
Budget Requirement	18,055	18,088	17,564
Total Financing	(17,592)	(17,250)	(17.145)
Transfer from/(to) Balances	**463**	**838**	**419**

Value for money: financial sustainability

The MTFS sets out key assumptions built into this plan as well as risks. The key assumptions include; a 3% pay award and 3% general inflation for 2026/27, implementation of the business rates reset and changes to funding methodology as a result of the Fair Funding Review. There are no saving assumptions built into the MTFS for the Council.

The MTFS also included a number of risks to the plan. This includes;

- Uncertainty of funding settlements and cuts in public spending;
- Business Rates Retention Scheme;
- Demand associated with key income streams including parking, bereavement services and planning and
- Local Government Reorganisation.

The key risks identified by the Council are largely sector wide developments which are out of the direct control of the Council. These risks are monitored through the Council's risk management arrangements which are detailed in the 'Governance' section.

The Council has committed to revisiting the assumptions within the MTFS to reflect the pause to Local Government Reorganisation. The review will commence once further details are provided by the Government regarding the future approach and associated timescales.

Value for money: financial sustainability

Use of reserves

The Council consider that generating further savings would result in a reduction in service provision. Given the ongoing uncertainty around Local Government Reorganisation, long term funding arrangements and the extent of the financial risk in MTFS compared to the level of available reserves, the Council has taken a decision not to implement further savings or service cuts and to instead use available reserves to fund the requirement as per the MTFS.

The detailed analysis of reserves within the MTFS identified a specific budget support reserve which was projected to total £1m in 2026/27, £1.1m in 2027/28 and £1.2m in 2028/29. This is a reserve intending to support the achievement of balanced budgets in the future.

Whilst the Council has noted the use of reserves to balance budgets within its MTFS assumption, the Council has a healthy reserves position with a working General Fund balance of £2.9m at 31 March 2026 and has achieved underspend positions against budget in recent years without the use of reserves.

Medium-Term Financial Strategy - HRA

The Council's HRA annual budget is based upon its 30-year Business Plan and is taken to full Council, Cabinet and Scrutiny Committees for approval in February each year. Cannock Chase District Council maintains a Medium-Term Financial Strategy (MTFS) which is updated annually alongside the budget.

The revised HRA MTFS and 2026/27 budget was also approved by full Council in February 2026. The table below summarises the Council's HRA position over the next three financial years per its MTFS.

	Budget 2026/27 £'000	Budget 2027/28 £'000	Budget 2028/29 £'000
Income	(25,647)	(26,571)	(27,252)
Expenditure	22,080	22,365	22,964
Revenue Contribution to Capital Outlay	3,523	4,024	4,075
Working Balances Change-(increase)/decrease	**(44)**	**(182)**	**(213)**

Value for money: financial sustainability

The MTFS sets out key assumptions built into this plan as well as risks. This key assumptions include; a 3% pay award and 4.8% dwelling rent increase (continues to be in line with September prior CPI plus 1%).

A consultation process on the 2026/27 rent increases was carried out from November 2025 to January 2026. No comments or responses were provided from tenants. In 2026/27 the Housing Team are planning to increase the level of tenant consultation through seeking their views on spending priorities over the next three years as they relate to HRA.

The HRA MTFS demonstrates a good understanding of the risks faced, including the increasing financial risk associated with profile of council dwellings.

Conclusion and recommendation

We consider that the arrangements in place at the Council during 2025/26 are appropriate and do not constitute a significant weakness in arrangements in relation to financial sustainability.

We have made one 'other' recommendation for the Council in relation to the slippage of its capital programme:

1. We recommend that the Council focus on timely delivery of their capital programme to ensure that they are minimising projects being delayed into future years where possible. The Council should therefore ensure that factors inside their control are considered as early as possible to minimise this perpetuating into future years.

Value for money: governance

This relates to the arrangements in place for overseeing the Council's performance, identifying risks to achievement of its objectives and taking key decisions.

We considered the following areas:

- how the Council monitors and assesses risk and gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud;
- how the Council approaches and carries out its annual budget setting process;
- how the Council 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; and ensures corrective action is taken where needed, including in relation to significant partnerships;
- how the Council ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. This includes arrangements for effective challenge from those charged with governance/audit committee; and
- how the Council monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of officer or member behaviour (such as gifts and hospitality or declarations/conflicts of interests) and for example where it procures or commissions services.

Overview

Cannock Chase District Council was formed on 1 April 1974, under the Local Government Act 1972 and comprises of 12 ward areas. The Council is composed of 36 councillors where one third of councillors are elected three years out of every four.

Meetings of the Council can be observed by the public.

The leader of the Council appointed a Cabinet which is responsible for both day-to-day and major decision making. The Council appointed three Scrutiny Committees which hold the Leader and Cabinet to account. The committees which the Council has in place are:

- Economic Prosperity Scrutiny Committee;
- Health, Wellbeing and The Community Scrutiny Committee; and
- Responsible Council Scrutiny Committee.

Audit and Governance Committee

The Council also has an Audit and Governance Committee in place which met five times during 2025/26, in its role to advise on the adequacy and effectiveness of the Council's internal control systems, risk management arrangements, counter-fraud measures and governance processes.

The Council has an adequate and effective Internal Audit function, headed up by a Chief Internal Auditor & Risk Manager who is a full-time appointment covering both Stafford Borough Council and Cannock Chase District Council. Internal Audit present an annual workplan and regular progress reports are presented to the Audit and Governance Committee.

Value for money: governance

We met with the Chief Executive, the S151 officer, the Chair of the Audit and Governance Committee and the Head of Business Support & Assurance and reviewed Committee meeting minutes throughout the year. We also attended the majority of Audit and Governance Committee meetings. From this work and attendance at meetings throughout the year, we are satisfied that the Audit and Governance Committee demonstrates effective challenge and scrutiny in these areas.

Risk Management

From 2022/23 to 2024/25 a significant weakness was identified in relation to the Council's governance arrangements for risk management. In 2024/25 and 2025/26 significant activity was undertaken to improve the Council's risk management arrangement including:

Risk Management Strategy and Policy

The Council updated its Risk Management Strategy and Policy during 2024/25, and this was approved by Cabinet on 28 November 2024.

This policy sets out the following:

- Roles and responsibilities for identification, management and the reporting of risk across the Council.
- The importance of embedding a risk management culture within the Council; and
- The Council's risk appetite statement.

Training on risk management was also provided to heads of services, officers and members during 2025/26.

Strategic Risk Register

During 2024/25, the Council developed and approved its revised Strategic Risk Register. The Strategic Risk Register is reported to Cabinet Committee and the Audit and Governance Committee on a quarterly basis.

We obtained the June 2026 Strategic Risk Register which was presented to the Cabinet Committee in August 2026. This set out a number of risks including their risk score, target risk score, actions in place and direction of travel each risk has seen in recent years. These arrangements were also in place throughout 2025/26 and are considered to be appropriate.

Value for money: governance

Departmental risk registers

The Council undertook work to develop its departmental risk registers during 2024/25 and 2025/26. A number of the key directorates had departmental risk registers in place during 2025/26 including Housing and IT. Further work is required to ensure directorate risk registers are in place across the Council.

Heads of services within the Council are responsible for developing and collating the departmental risk registers and escalating risks to the strategic risk register, as required. There is currently not a process in place for the Risk Manager to oversee the departmental risk registers, to ensure they are kept up to date, appropriate mitigating actions are being taken, and they link in appropriately with the strategic risk register. This is due to departmental risk registers not being in place yet across the Council.

The significant weakness raised in the 2024/25 audit was specifically in relation to these risk management arrangements not being in place for the full financial year. Given that these arrangements have now been in place for the full financial year 2025/26 we consider that the significant weakness in the Council's governance arrangements for risk management has been addressed.

We have however continued to raise an 'other' recommendation for the Council in this regard.

Internal controls in relation to counter fraud

From 2021/22 to 2024/25 a significant weakness was identified by external audit in relation the Council's governance arrangements for counter fraud. In 2024/25 the significant weakness was specifically in relation to the Council's Anti-Fraud and Bribery Framework and Confidential Reporting Framework being out of date. These frameworks were dated 2014 meaning they had not been updated for over 10 years.

Both frameworks were reviewed and updated during 2025/26 and were approved by the Council's Cabinet in April 2026, with minimal changes to arrangements made.

As the Council has appropriately updated its policies and procedures in relation to counter fraud and bribery and the confidential reporting framework, we consider that this significant weakness in the Council's governance arrangements has now been rectified and as such we acknowledge that the significant weakness is resolved.

Value for money: governance

Town Centre Regeneration Project

Project Background

The Council was awarded funding of approximately £20m from the Levelling Up Fund in October 2021 to use for its Town Centre Regeneration project. This represents the largest capital project ongoing at the Council.

Sufficient progress has been made across both phase 1 and phase 2 of the project during 2025/26 which focused on land acquisition and demolition works.

A report was presented to Cabinet in August 2026, which presented a range of development options to enable further progression of the Town Centre Regeneration Project. The preferred option agreed by Cabinet was to retain and refurbish the Prince of Wales Theatre, which was part of the original project proposals. In line with advice provided by the Theatre Trust, the Council's officers have planned to carry out further detailed due diligence, design work and full business cases being undertaken to understand the proposed project costs and feasibility before any final commitment is made to delivery.

Governance Arrangements

Detailed business cases have been developed and approved by Cabinet for all phases of the project to date. Delivery of the project is monitored at each meeting of the project delivery group in the form of performance dashboards. In addition, in line with the Council's performance management arrangements priority delivery plans are in place for the project which includes key performance indicators used to monitor performance across the year. Updates on performance against the priority delivery plans is presented to Cabinet quarterly.

Project risk registers are also in place which are monitored at each meeting of the project delivery group and Town Centre Regeneration Project has also been identified as 'High' risk in the Council's strategic risk register. These arrangements ensure that project performance and the risks associated with the delivery of such an ambitious project are monitored, reported and scrutinised regularly.

An Internal Audit was completed over the project arrangements during 2023/24 which provided a limited assurance opinion. The audit identified ten recommendations which covered areas including risk management, documentation of decision making, project delivery plans, cost controls and financial monitoring of the project. The latest follow up of this audit was completed by Internal Audit in October 2025 which confirmed that nine of the ten recommendations had been fully implemented and one medium risk recommendation was outstanding. The outstanding recommendation is in relation to regular monitoring and reporting of the project to the Leadership Team and Cabinet where the Leadership Team are in the process of reviewing the arrangements in this area.

Value for money: governance

We are satisfied that the Council had appropriate arrangements in place for the Town Centre Regeneration Project during 2025/26, but this will remain as a key area of focus within our value for money work in 2026/27 as the Council enters its key delivery phase of the project.

During 2025/26, the Ministry of Housing, Communities & Local Government announced that the Levelling Up Fund funding would be consolidated into the Local Regeneration Fund with an expectation that all monies would be spent by 31 March 2028. This is an ambitious project for the Council to deliver, and it is important that the Council continues to closely monitor project delivery and risk to ensure project completion by 31 March 2028.

Financial monitoring and the capacity of the finance team

From 2021/22 to 2024/25 a significant weakness was identified in relation to the Council's governance arrangements for financial monitoring and the capacity of the finance team to meet their statutory requirements.

Internal financial reporting

The Council has been unable to deliver regular in year financial reporting throughout 2024/25 and 2025/26. In both years, due to capacity issues within the finance team, management only presented finance reports to Members twice annually, in the form of a mid-year report and a year-end outturn report.

Budget holders do however have access to real time financial information through monthly budget holder dashboards and training has been provided to support budget holders in this regard.

It is critical that the Council has effective systems and processes in place to communicate relevant, accurate and timely financial management information to enable appropriate scrutiny by the Council and its committees.

We do not consider that the frequency of financial reporting during 2025/26 was sufficient to meet this requirement.

Value for money: governance

Publication of unaudited 2025/26 accounts and audit requirements

The Council published draft unaudited 2025/26 accounts on 30 September 2026, significantly later than the statutory deadline of 30 June 2026 under the Accounts & Audit Regulations 2015.

The 2024/25 draft Statement of Accounts were also published almost 6 months after the statutory deadline of 30 June 2025 and were subsequently approved by the Council on 18 February 2026.

The Council has now had four financial years from 2021/22 to 2024/25 where auditors have been unable to obtain sufficient appropriate audit evidence, by the backstop date, and have therefore issued a disclaimer of opinion on the Statement of Accounts.

The Council has acknowledged that there was insufficient capacity within the finance team to meet the statutory publication deadline and the audit requirements between 1 April 2025 and 31 March 2026, resulting in minimal audit progress being made.

The Council operates a shared service finance function serving both Cannock Chase District Council and Stafford Borough Council, meaning the demands on the finance function are significant, compounded in 2025/26 by the additional pressures of Local Government Reorganisation and other Council initiatives. In addition, member prioritisation of external funding projects and correspondence received from the public has further increased the demands and pressures of the finance team.

Azets were required by the Ministry of Housing, Communities & Local Government (MHCLG) to perform a capacity and risk assessment in July 2026. This assessment concluded that the Council has adequate systems to provide the necessary evidence in principle, but resource constraints mean that an International Standards on Auditing (ISA) compliant build-back process for the disclaimed years is at risk of not being completed by the 2027/28 backstop date.

Since July 2026, management have worked proactively with external audit to agree an ambitious build back plan to facilitate the recovery of missing assurance from the four disclaimed years and this work remains in progress.

Discussions with the Council throughout 2025/26, and to date, have highlighted that more progress is required to address longstanding capacity issues within the finance team.

While some improvement has been evident following the pause in Local Government Reorganisation in September 2026, which has reduced pressure, capacity of the finance team remains a significant weakness in the Council's value for money arrangements and has been reported as such for four consecutive years.

The delivery of the audit work required on the Council's 2025/26 Statement of Accounts is critical to the successful delivery of the build back audit work required to obtain an unmodified audit opinion by 2027/28. Given the importance of this objective as highlighted by MHCLG, combined with the previously identified significant weaknesses in the Council's arrangements in this area, we are now making a statutory recommendation to the Council under Schedule 7 of the Local Audit and Accountability Act 2014 in 2025/26.

Value for money: governance

Conclusion and recommendations

A significant weakness exists in the Council's arrangements for ensuring effective processes and systems are in place to ensure budgetary control, for communicating relevant, accurate and timely management information, and for meeting statutory reporting requirements.

This weakness has resulted in the following:

- The Council published draft unaudited Statement of Accounts significantly later than the statutory deadlines in both 2024/25 and 2025/26.
- There is a high risk the Council will fail to return to an unmodified audit opinion by 2027/28 because inadequate support has been provided for the audit work necessary to recover the missing assurances since 2021/22.
- The Council has failed to report in-year financial information to Members with adequate frequency, during 2025/26, to allow for sufficient scrutiny and governance oversight of financial information.

Due to the significance of these, we have raised a 'statutory' recommendation.

We recommend that the Council:

1. Undertake a comprehensive review of the structure and capacity of the finance team during 2026/27 to ensure it has sufficient resources in place to report in-year financial reporting information quarterly, meet its statutory requirements to publish draft Statements of Accounts by the 30 June deadline, and facilitate the audit recovery work needed to meet MHCLG's expectations to return to an unmodified audit opinion by 2027/28.

Under Schedule 7 of the Local Audit and Accountability Act 2014, the Council is required to consider the recommendation at a meeting held within one month from when the statutory recommendation is sent. The Council is also required to provide notice of this meeting and following the meeting the Council must notify its external auditors of the decisions made.

In addition, due to the partial progress made during 2025/26 in addressing our prior year recommendation, we have raised an 'other' recommendation in relation to departmental risk registers.

1. We recommend that departmental risk registers are in place for all service areas, which are subject to regular review and oversight by the Risk Manager to ensure that appropriate mitigating actions are being taken in a timely manner.

Value for money: improving economy, efficiency and effectiveness

This relates to how the Council seeks to improve its systems so that it can deliver more for the resources that are available to it.

We considered the following areas:

- how financial and performance information has been used to assess performance and identify areas for improvement;
- how the Council evaluates service quality to assess performance and identify areas for improvement;
- how the Council ensures it delivers its role within significant partnerships and engages with stakeholders it has identified, to assess whether it is meeting its objectives; and
- where the Council commissions or procures services, how it assesses whether it is realising the expected benefits.

Performance management

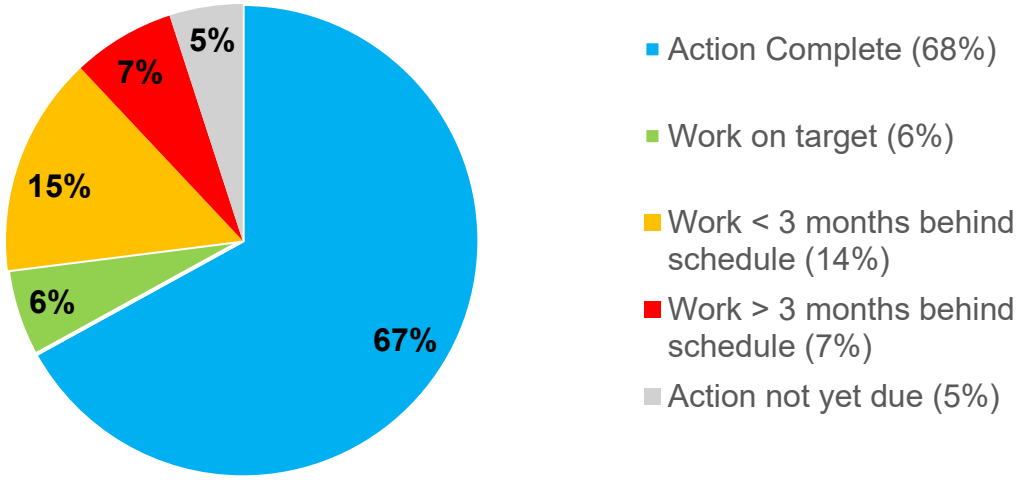
The Council does not have a formal Performance Management Framework but has arrangements in place to ensure effective performance management.

The Council had the following performance management arrangements in place during 2025/26:

- Corporate Plan 2022-26 which set out four key priorities and objectives over the period 2022/23- 2025/26. These are Prosperous Economy, Health and Wellbeing, the Community and Responsible Council.
- Annual delivery plans including key milestones being put in place for each of the four priority areas identified in the Corporate Plan.
- Priority delivery plans to support the Annual Delivery Plans which included key performance indicators (KPIs) used to monitor performance across the year.
- Quarterly performance reports were prepared and presented to Cabinet which showed performance against the KPIs.
- A year end performance report was presented to Cabinet which sets out the overall year performance against KPIs.

We reviewed the 2025/26 end of year performance report taken to Cabinet in June 2026 which highlighted that 73% of key actions within priority delivery plans were delivered or on tracked to be delivered. This is detailed in the chart on page 27.

Value for money: improving economy, efficiency and effectiveness



In addition, the report showed that the Council had achieved 16 of 33 KPIs, with a further 6 within 5% of target, 6 outside of 5% of target and 5 no longer applicable.

In 2024/25 we raised an 'other' recommendation that the Council should implement a formal data quality policy or similar process for providing assurance on Key Performance Indicators which are used as part of its performance management reporting.

The Council has not made progress against this other recommendation during 2025/26; therefore the recommendation remains outstanding.

Value for money: improving economy, efficiency and effectiveness

Corporate Plan 2026-2028

The Corporate Plan 2022-26 came to an end in 2025/26, and the plan was then extended and refreshed for 2026-28. The Corporate Plan 2026-28 was approved at the April 2026 full Council meeting.

The four priorities within the 2022-26 Corporate Plan have been integrated into the 2026-28 Corporate Plan with refreshments made to reflect changes in circumstances for the Council since the last plan was approved.

The governance arrangements to monitor and report on progress made against the Corporate Plan 2026-28 will continue to be in the form of quarterly and year end performance reports presented to Cabinet.

Procurement

Cannock Chase District Council operates a shared service arrangement with Staffordshire County Council for the provision of procurement services. Staffordshire County Council has a Procurement Strategy in place, and the Council utilises these procurement arrangements. Under the shared service arrangement, the Council does not have a dedicated lead officer for procurement activities. Instead, procurement expertise, oversight and support are provided through the shared service with Staffordshire County Council, which fulfils this function on the Council's behalf.

In 2024/25, we raised an ‘other’ recommendations highlighting a number of improvements required to strengthen the Council’s procurement arrangements. These were:

The Council should ensure that formal Service Level Agreement is in place covering the shared service procurement arrangements with Staffordshire County Council.

This continues to represent a long-standing arrangement however; work has not progressed in this area during 2025/26. There is still not a formal Service Level Agreement or formal contract in place covering the arrangement.

The Council should ensure that regular reports are provided to members on single tender waivers, including information on values and the reasons for the single tender waiver being necessary

The Council monitors single tender waivers used as part of its procurement activities internally. During 2025/26 work has not progressed in reporting information on single tender waivers to Members. The Council is currently researching options as to how best to report on single tender waivers and how to collate the information needed.

The Council should ensure its contract register, covering those procurement contracts not managed by Staffordshire County Council, is complete and accurate

Work has commenced to review the contract register during 2025/26, however, this has been minimal and is expected to be completed later in 2026/27.

Due to the limited activity that has been undertaken in the year by the Council to address the previously raised ‘other’ recommendation, this remain open.

Value for money: improving economy, efficiency and effectiveness

Inspiring Healthy Lifestyles (IHL) contract

IHL was the operator in place for the Council's leisure facilities up until the end of 2025/26. The Council appointed an independent expert, Sport, Leisure and Culture Consultancy (SLC), in June 2024 to conduct an independent review of its leisure, culture and heritage contract. The review concluded that the contract did not represent optimal value for money and that elements of the service could operate at lower level of subsidy than provided under the contract.

During 2025/26, the Council, with support from SLC, completed a negotiated exit of the contract with IHL and procured for a new operator in line with approval provided by both Cabinet and full Council. The contract with the new operator, Everyone Active, commenced from 1 April 2026, where the arrangements are held under a 10-year agreement designed to provide long-term stability and continued improvement across the district's leisure facilities.

Conclusion and recommendations

We have not identified any significant weaknesses in the arrangements in place to secure value for money through improving economy, efficiency and effectiveness.

However, due to limited progress made during 2025/26 in addressing previous year 'other' recommendations in relation to both performance management and procurement arrangements, we continue to raise 'other' recommendations in these areas:

1. The Council should implement a formal data quality policy or similar process for providing assurance on Key Performance Indicators which are used as part of its performance management reporting.
2. The Council should ensure that:
   - A formal Service Level Agreement is in place covering the shared service procurement arrangements with Staffordshire County Council.
   - Regular reports are provided to members on single tender waivers, including information on values and the reasons for the single tender waiver being necessary.
   - Its contract register, covering those procurement contracts not managed by Staffordshire County Council, is complete and accurate.

Value for money: significant weaknesses and statutory recommendations

Significant weakness identified	Criteria	Sub criteria	Statutory recommendation	Management Response
Financial monitoring and the capacity of the finance team We have identified a significant weaknesses in the arrangements in place for ensuring effective processes and systems are in place to ensure budgetary control, for communicating relevant, accurate and timely management information, and for meeting statutory reporting requirements.	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; and ensures corrective action is taken where needed, including in relation to significant partnerships.	We recommend that the Council: Undertake a comprehensive review of the structure and capacity of the finance team during 2026/27 to ensure it has sufficient resources in place to report in-year financial reporting information quarterly, meet its statutory requirements to publish draft Statements of Accounts by the 30 June deadline, and facilitate the audit recovery work needed to meet MHCLG's expectations to return to an unmodified audit opinion by 2027/28.	Response: Reviewing and revisiting the structure and capacity of the finance team is unlikely to resolve the resourcing pressures being faced if taken in isolation. The capacity issues faced by the team are not just due to vacancies; this has been exacerbated by the number of major projects that the Council is delivering. It is therefore essential that the Council reviews its priorities and the number of projects to be delivered to assist in alleviating the capacity issues for the Finance Team and other corporate support services. The team has also faced increasing pressures from the public with large numbers of queries reducing the teams ability to deliver on priorities, as highlighted in this report.

Value for money: significant weaknesses and statutory recommendations

Significant weakness identified	Criteria	Sub criteria	Statutory recommendation	Management Response
Financial monitoring and the capacity of the finance team	Governance			Following the Statutory recommendation in January 2024, the Councils allocated £300k to support a restructure and fund additional posts for the Finance Team. However, there has been limited success in recruiting to the new posts created in the team. The biggest impact has been the inability to appoint to the two senior finance business partner posts, which is having a significant impact on service delivery. Temporary staff have been used to cover some specific roles or pieces of work. Recruitment difficulties are ongoing and are part of wider sector issue; it is difficult for the District Council to compete with the salaries offered by larger councils and the private sector, especially when there is a shortage of experienced qualified staff.

Value for money: significant weaknesses and statutory recommendations

Significant weakness identified	Criteria	Sub criteria	Statutory recommendation	Management Response
Financial monitoring and the capacity of the finance team	Governance			That said, a report is being prepared to seek permission for a market supplement for the two senior posts, and another attempt will be made to recruit. Depending on the success of this, a further review of the team structure will be undertaken. **Responsible Officer:** Deputy Chief Executive – Resources and s151 Officer **Implementation Due Date:** Recruitment to 2 Senior Finance Business Partners to commence February 2027 Review of priorities for 2027/28 to take place in February/March 27

Value for money: other recommendations

Observation	Criteria	Other recommendation	Management Response
Capital programme slippage The Council reported significant slippage on its capital programme. While the Council actively manages the delivery of its Capital Programme, continued slippage puts pressure on overall achievement of the Council's asset plans.	Financial Sustainability	We recommend that the Council focus on timely delivery of their capital programme to ensure that they are minimising projects being delayed into future years where possible. The Council should therefore ensure that factors inside their control are considered as early as possible to minimise this perpetuating into future years.	**Response**: Delivery of the capital programme will be discussed with Leadership Team to ensure this is planned and monitored effectively **Responsible Officer**: Deputy Chief Executive – Resources and s151 Officer **Implementation Due Date**: March 2027 ready for new financial year
Departmental risk registers Further work is required to develop departmental risk registers across all Council departments and ensure a process is put in place for the Risk Manager to oversee the departmental risk registers.	Governance	We recommend that departmental risk registers are in place for all service areas, which are subject to regular review and oversight by the Risk Manager to ensure that appropriate mitigating actions are being taken in a timely manner.	**Response**: Departmental Risk Registers are to be put in place and these will be progressed in phases during 2027. The Chief Internal Auditor & Risk Manager will have oversight of this work and this will include establishing appropriate monitoring and reporting arrangements to Leadership Team. **Responsible Officer**: Head of Business Support & Assurance **Implementation Due Date**: First phase - April 2027 and second phase September 2027

Value for money: follow up of prior recommendations

The recommendations we made in previous years are set out below, together with actions taken by the Authority in 2025/26 to address them.

Recommendation previously made	Criteria	Auditor update 2025/26
Key recommendation 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. • produce draft financial statements in line with statutory requirements and working with external auditors to deliver audits effectively.	Governance	Insufficient progress has been made by the Council for this recommendation, and this has been rolled forward into the 'statutory' recommendation made in the current year.
Key recommendation The Council should update the anti-Fraud and Bribery Framework and the Confidential Reporting Framework.	Governance	We are satisfied that the Council has appropriately updated the anti-Fraud and Bribery Framework and the confidential Reporting Framework. This recommendation has been addressed and is therefore closed.

Value for money: follow up of prior recommendations (continued)

Recommendation previously made	Criteria	Auditor update 2025/26
Key recommendation 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.	Governance	Appropriate risk management arrangements have been in place for the full financial year. However, further work is required to develop departmental risk registers across all Council departments. This has been partially rolled forward into the 'other' governance recommendation in the current year.

Value for money: follow up of prior recommendations (continued)

Observation	Recommendation previously made	Criteria	Auditor update 2025/26
MHCLG published guidance to bodies in July 2025 entitled Financial Decisions before local government reorganisation" which stated that decisions regarding ongoing service delivery and the medium-term financial strategy of existing councils must not compromise the future sustainability of new councils. In the light of this all councils need to continue to consider financial sustainability across the period of the MTFS irrespective of any potential plans for reorganisation.	Other recommendation The Council should review the need to implement further savings ahead of potential local government reorganisation given the potential funding gaps now identified in 2026/27 and 2027/28 as a result of changes to the financial settlement in February 2026, after the Cabinet had reviewed and approved the updated MTFS and 2026/27 budgets in January 2026.	**Financial sustainability**	The indicative budget positions for 2026/27 to 2028/29 do not indicate a need for delivery of significant savings for the Council. The Council has considered the impact of Local Government Reorganisation within its MTFS. **This recommendation has been addressed and is therefore closed.**

Value for money: follow up of prior recommendations (continued)

Observation	Recommendation previously made	Criteria	Auditor update 2025/26
Whilst there is evidence that individual service areas do take action to review the validity of data used for KPIs, the Council does not have a formal data quality policy or an overall a process for providing assurance on KPIs	Other recommendation The Council should implement a formal data quality policy or similar process for providing assurance on Key Performance Indicators which are used as part of its performance management reporting.	Improving economy, efficiency and effectiveness	Individual service areas do take action to review the validity of data used for KPIs but there is no formal data quality or overall process for providing assurance on KPIs in place. This recommendation remains open.
We identified a number of areas for improvement in the Council's procurement arrangements, which are managed under a shared service arrangement with Staffordshire County Council.	Other recommendation The Council should ensure that • a formal Service Level Agreement is in place covering the shared service procurement arrangements with Staffordshire County Council. • Regular reports are provided to members on single tender waivers, including information on values and the reasons for the single tender waiver being necessary. • its contract register, covering those procurement contracts not managed by Staffordshire County Council, it complete and accurate	Improving economy, efficiency and effectiveness	Limited activity has been undertaken in the year by the Council to address our previous recommendation as they relate to improvements to the Council's procurement arrangements. This recommendation remains open.

Item No. 4.38

AZETS





Cannock Chase District Council

Audit build back plan

November 2026

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Executive summary

Our planned approach to the 2025/26 audit was set out in our Audit Plan presented to the Audit and Governance 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 (LARRIGs).

An audit of financial statements is directed towards forming and expressing an opinion on those statements. However, as disclaimed audit opinions have been issued on the financial statements for the four years from 2021/22 to 2024/25, the LARRIGs recognise that the auditor may need to issue a further disclaimed audit opinion in the current year due to lack of assurance on opening balances in the disclaimed audit period. LARRIGs also recognise that additional risk-based audit procedures will need to be carried out by the auditor to rebuild the missing assurance.

We are committed to working with the Council to design a programme of work to build back the missing assurance and have invested heavily in developing a risk-based audit approach that complies with all relevant auditing standards and guidance.

This report sets out our proposed build-back plan for the transactions and balances which occurred during the Council's disclaimed audit period from 1 April 2021 to 31 March 2025, based on our risk assessment of the Council. We started this work during our 2024/25 audit and reported details of the work completed in our Audit Completion Report. The remaining work is planned to be undertaken over the next two accounting periods to provide the potential basis for a clean audit opinion by 2027/28.

Our build-back approach is split between balance sheet/non-reserves testing and income and expenditure/reserves testing. The balance sheet/non-reserves element is expected to be completed by May 2027, while the income and expenditure/reserves element is expected to continue until May 2028 due to the more extensive audit procedures required as a result of our risk assessment.

This report also sets out the fees associated with the build back work. These will be raised through fee variations that require approval by Public Sector Audit Appointments (PSAA).

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 issued for the 2020/21 financial year involves a significant amount of audit work. We will also need to complete our required in-year audit procedures for 2025/26, 2026/27 and 2027/28 alongside the process of rebuilding assurance on disclaimed periods. As a result, overall audit input is likely to be higher than normal and some work may occur outside normal timeframes. 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, the Council will need to ensure that:

- The Council's finance function is sufficiently resourced to support both the annual audit process for 2025/26 and future financial years, and the build-back testing on 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:

- 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.

Indicative recovery timeline

A key requirement as we move through the build-back process is to assess at what stage we may be 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 each annual audit opinion reflects the level of assurance obtained to date.

Our current anticipated recovery timeline, which underpins the rest of this build-back plan, is set out below. Achievement of this indicative timeline is subject to completion of all work set out in this plan.

	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 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 revisit and update our approach throughout the build back process.

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

Planning risk assessment

We are required by LARRIG 06 to evaluate the inherent risk of material misstatement in the opening reserve balances following prior year disclaimers. We completed our initial risk assessment in line with the requirements of LARRIG 6 in 2024/25 and reported this in our Audit Completion Report. The risk assessment is repeated below as it guides the overall approach we need to take to build-back assurance on reserves and so the level of detailed substantive testing required on income and expenditure transactions in disclaimed periods.

Activity	Outcome
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 8 to 10 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.	

Balance sheet/non reserves testing

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	By May 2027	By May 2028
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	In progress**	In progress**	In progress**	In progress**	✓	
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

* Subject to ongoing Audit Manager and Key Audit Partner review procedures.
** Indicates changes since the last build back report.

Income and expenditure/reserves testing

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 7 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	By May 2027	By May 2028
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	N/A	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	In progress**	In progress**	In progress**	In progress**	✓	

** Indicates changes since the last build back report – fees have been adjusted into 25/26.

Income and expenditure/reserves testing (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	By May 2027	By May 2028
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					£75,744	£69,384

Estimated build back 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 Report.

	Estimated fees				
	2024/25 (actuals)	2025/26 (estimated)	2026/27 (estimated)	2027/28 (estimated)	Total
Planning and reporting (see indicative recovery timeline)	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	75,744	69,384		190,527
Total	78,430	219,270	121,087		418,787



AZETS

Internal Audit Update - October 2026

Committee: Audit & Governance

Date of Meeting: 26 November 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 October 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 October 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 October 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 since the last update. 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.
0	**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. In addition there is a correction to an error in the last follow-up where the Pest and Dog Control was incorrectly marked as having improved from Partial to Substantial Assurance when it had remained Partial Assurance.

5.6 It is pleasing to report that the Customer Relationship Management (CRM) System has improved from Limited to Partial Assurance at the time of the follow-up. Work is still required to improve the level of assurance to Substantial.

5.7 Food Safety Arrangements and Licensing remain Partial Assurance, with further work required to fully implement the remaining agreed actions.

5.8 The current indicative list of areas for review in 2026-27 which had not commenced at the end of October is contained in **Appendix 5**. This list has been compiled following discussions with Heads of Service and is kept under review throughout the year.

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 October 2026

Appendix 2: Audits Completed 1 September 2026 to 31 October 2026

Appendix 3: Audits in Progress

Appendix 4: Follow-ups Completed 1 September 2026 to 31 October 2026

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

8 Previous Consideration

None.

9 Background Papers

Audit Files.

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Telephone Number: 01543 464415

Report Track: Audit & Governance Committee: 26/11/26

Item No. 6.4

Appendix 1

Progress Monitoring - 1 April 2026 to 31 October 2026

Audits Completed Year to Date	Audits In Progress
5	7

The completed and in-progress figures include audits carried forward from the 2025-26 Audit Plan.

Level of Assurance	No Assurance	Limited	Partial	Substantial	N/A
Number of Audits Issued in Year to date	0	0	4	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.

Included in the 5 audits above are the 2 reports issued since the previous progress update (August 2026) more detail is contained in Appendix 2 for these reports.

Level of Assurance	No Assurance	Limited	Partial	Substantial	N/A
Number of Audits Issued since last update	0	0	2	0	0

Item No. 6.5

Appendix 2

Audits Completed 1 September 2026 to 31 October 2026

Audit	Head of Service	Status	Number of High Recommendations	Number of Medium/Moderate Recommendations	Assurance	Comments and Key Issues
Land Charges Transfer to Land Registry Project	Regulatory Services	Final	0	1	Partial ▲	• There is still a need to establish a full project plan and process to follow. It is recognised that the absence of a clear timescale from HM Land Registry is part of the reason this is not in place.
Private Sector Housing	Regulatory Services	Final	0	3	Partial ▲	• Not all supporting evidence was retained on file as part of the House of Multiple Occupation (HMO) licensing process. This included an absence of evidence to ensure safety condition compliance was being followed (e.g. lack of evidence of Gas Safety Checks being submitted). • There was no effective monitoring of overdue inspections of HMOs. • There was a lack of comprehensive performance monitoring for Private Sector Housing activities.

Item No. 6.6

Appendix 3

Audits in Progress October 2026

Audit	Head of Service
CCTV	Wellbeing
Housing Allocations	Housing & Corporate Assets
Stores	Housing & Corporate Assets
Waste Management Contracts	Operations
Housing Benefits	DCE Resources
Fleet Management Compliance	Operations
Contracts and Contract Variation Management	Corporate

Item No. 6.7

Appendix 4

Follow-ups Completed 1 September 2026 to 31 October 2026

Audit	Head of Service	Original Assurance	Recommendations Implemented	Recommendations In Progress	Recommendations Not Implemented	Total	Revised Assurance	Comments/Key Issues
CRM Application (GOSS)	Business Support & Assurance	Limited !	2	1	0	3	Partial ▲	• There was still a need to develop a formal policy for user authentication for the citizen facing services.
Food Safety Arrangements (2nd Follow-up)	Regulatory Services	Partial ▲	0	5	0	5	Partial ▲	• Food safety Plans are in progress but have not been finalised • Identity/Authorisation cards still need to be updated following the Senior Management Restructure and new Head of Service being appointed. • Competency Reviews for staff were in progress but not yet completed. • Inspection Checklists/Record Templates have been developed but not yet fully rolled out. • There was still a need to produce a formalised training plan to ensure staff receive the mandated 20hours continuing professional development.

Audit	Head of Service	Original Assurance	Recommendations Implemented	Recommendations In Progress	Recommendations Not Implemented	Total	Revised Assurance	Comments/Key Issues
Licensing	Regulatory Services	Partial ▲	1	0	3	4	Partial ▲	There was a need to: • update and develop income reconciliation and collection processes. • develop a structured reporting framework for management. • develop a risk assessed compliance monitoring regime for licences

Correction to the last update.

Due to an error in the collation of the last update the Pest Control follow-up was reported as having improved to substantial. However this was incorrect as the audit had remained Partial Assurance. A corrected update is below.

Audit	Head of Service	Original Assurance	Recommendations Implemented	Recommendations In Progress	Recommendations Not Implemented	Total	Revised Assurance	Comments/Key Issues
Pest and Dog Control (4th Follow-up)	Operations / Regulatory Services	Partial ▲	1	2	0	3	Partial ▲	• A service review has been undertaken but the results still need to be developed into an income policy and breakeven analysis for the service. • There remains a need to develop financial and performance data collection and reporting processes

Item No. 6.10

Appendix 5

Provisional Audit Plan Work for 2026-27 Not Yet Started

Audit Area	Head of Service	Note
Recruitment & Selection (Deferred 2025-26)	Business Support & Assurance	
Payroll	Business Support & Assurance	
Local Government Reorganisation	Corporate	No work will be performed on this whilst LGR is paused
Use of Consultants	Corporate	
Bank Reconciliation (Deferred 2024-25)	DCE Resources	
Council Tax	DCE Resources	
Grants Procedures	DCE Resources	
National Non-Domestic Rates	DCE Resources	
CCDC Levelling Up / Town Centre Development	Economic Development & Planning	
Planning Enforcement (deferred from 2024-25)	Economic Development & Planning	
Housing Adaptations	Housing & Corporate Assets	
Housing Void Management	Housing & Corporate Assets	
Industrial & Commercial Lease Management (Deferred 2025-26)	Housing & Corporate Assets	
Property Management Compliance / Stock Condition Surveys	Housing & Corporate Assets	
Public Buildings - (Deferred 2025-26)	Housing & Corporate Assets	
Food Waste Project	Operations	
Tree Management IT Project	Operations	
Pest and Dog Control	Operations/ Regulatory Services	
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	

Governance Improvement Plan – Progress Report for Quarter 2 2026/27

Committee: Audit & Governance Committee

Date of Meeting: 26 November 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 2 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 2 2026/27. Of the 27 actions due to be completed, 19 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

			Not Applicable	Total Actions
Action Complete	Work in progress but behind schedule	Work due but not yet started		
7	**12**	**6**	**2**	**27**

5.5 At the end of quarter 2, of the 27 actions due for delivery 70% are in progress or have been completed.

5.6 Progress continues to be made across the improvement plan but this has been hampered by a lack of capacity and competing priorities, with key officers supporting the delivery of major projects such as regeneration of the town centre, tree management improvement plan etc. LGR also had an impact in the first part of Q2 with preparatory work well underway, before work on this was paused in September. A business support post is being recruited to in Q3 which should provide additional capacity to support work on a number of the actions in the improvement plan.

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 464 411

Report Track: Audit & Governance Committee: 26/11/26

Governance Improvement Plan - Progress Report

Summary of Progress at 30 June 2026

✓	▲	✖	Not Applicable	Total Number of Actions Due to End of Quarter 2
Action Complete	**Work in progress but behind schedule**	**Work due but not started**	**N/A**	
7	**12**	**6**	**2**	**27**

Commentary on Progress

Progress continues to be made across the improvement plan but this has been hampered by a lack of capacity and competing priorities, with key officers supporting the delivery of major projects such as regeneration of the town centre, tree management improvement plan etc.

LGR also had an impact in the first part of Q2 with preparatory work well underway, before work on this was paused in September.

A business support post is being recruited to in Q3 which should provide additional capacity to support work on risk management and procurement (contracts register).

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	Work is underway on developing a fraud risk register. Input is awaited from services across the Council	▲
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	Email sent to senior managers raising awareness of update Code of Conduct	✓
			Quarter 2 – Employee Review process	Reminder included in the updated employee review template. This has been approved by Leadership Team and will be launched in Q3. Training has also been included in the new Learning & Development Portal – launched in Q2	✓
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		
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	A checklist has been drafted. It is intended to finalise and issue this in Q3.	▲

No	Action	Lead Officer	Timescale	Progress Update	Rating
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	The report checklist will require authorisation by 2 out of the 3 statutory officers to fast track any reports directly to Cabinet / Council where the item is urgent.	
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	The workplans have not been finalised yet. However, work has commenced on a Consultation & Engagement Framework which will support the delivery of this work going forwards.	
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. Now LGR has been paused the position on this will be reviewed. It will depend on how long LGR is paused.	
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 Revised to Quarter 4	Following review of options as to how best to report on waivers and collate the information needed, it has been decided to produce an annual report for the first year and review future report cycle after this	N/A
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	Work has not progressed during Q2 due to other work taking priority. But a new post is being recruited to which will help with this work.	
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	Work is underway on reviewing the policy and Equality Impact Assessment template. Aiming to finalise this in Q3 for approval by Leadership Team.	

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. Now LGR has been paused the position on this will be reviewed. It will depend on how long LGR is paused.	
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 have been reviewed and feedback to be given to Heads of Service in Q3	
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		
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	This action has not been progressed due to other work taking priority. It has been rescheduled for Q4	
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	These have continued to place at ad hoc intervals during Q1 and Q2 but there are plans in place to formalise the meeting from Q3 onwards	

No	Action	Lead Officer	Timescale	Progress Update	Rating
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	The employee review process has been refreshed and will be launched in early Q3	✓
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	The review of the hybrid trial has been completed and the way forward agreed. Hybrid working policy to be drafted in Q4.	▲
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 • 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)	Head of Business Support & Assurance, Chief Internal Auditor & Risk Manager and Leadership Team	Quarter 2	Work on the departmental risk registers has not progressed due to a lack of capacity and other work taking priority. A discussion has taken place at Leadership Team to move this work forward in Q3	✗
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.	Head of Business Support & Assurance and Chief Internal Auditor & Risk Manager	Quarter 2	Health & Safety policy has been updated and is due to come to Leadership Team for approval in Q3	▲
	• Deliver targeted training to Leadership Team and Managers.		Quarter 2	Training will follow once the updated Health & Safety policy has been approved. Now planned for Q4	✗
	• Determine a programme for reviewing and updating H&S policies.		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	Agency staff continue to be used to fill vacant posts but expecting a new starter in Q3. P6 monitoring reports are being prepared Draft financial statements have been produced and published	  
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.	
6.3	Review of Financial Regulations and training for managers (Outstanding action from 2025/26)	Deputy Chief Executive (Resources) & S151 Officer	Quarter 2	Not progressed due to work on LGR and Regeneration Schemes taking precedence. Will now be done in Q1 27/28 due to budget taking precedence in Q3/4	
6.6	Develop a structured approach / framework to the management of corporate assets	Head of Housing & Corporate Assets and Corporate Asset Manager	Quarter 4		

No	Action	Lead Officer	Timescale	Progress Update	Rating
6.7	**Assurance & Scrutiny** - Development of Assurance Model, to include: • Annual Assurance Report for Health & Safety	Head of Business Support & Assurance and Chief Internal Auditor & Risk Manager	All rescheduled to Q4 • Quarter 2	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
	• Annual Assurance Report for Technology (Outstanding action from 2025/26) • Heads of Service Assurance Statements		• Quarter 1 • Quarter 1		
6.9	**Data and IT Security –** AI policy to be developed	Technology Manager	Quarter 2	Guidance on the use of AI has been included in the updated draft of the Technology Security and Acceptable Use Policy. This is due to go to Leadership Team for approval in Q3	
6.10	**Data and IT Security** – Ensure that annual refresher training is undertaken	Technology Manager / Data Protection Officer	Quarter 4		
7.	**Implementing good practices in transparency, reporting and audit to deliver effective accountability**				
7.1	Develop a lessons learnt approach eg 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	Work is in progress to develop a suite of screensavers, which will be rotated, to remind all staff of key elements of the Council's governance framework. The first phase will be launched in Q3 and will include:	

No	Action	Lead Officer	Timescale	Progress Update	Rating
				• Code of Conduct • Values • Declaration of Interests • Health & Safety • Speaking Up • Data Protection • IT Security • Safeguarding	

Updated Strategic Risk Register

Committee: Audit & Governance Committee

Date of Meeting: 26 November 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 September 2026.

2 Recommendations

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

Reasons for Recommendations

2.2 The Audit & Governance Committee is responsible for monitoring the progress made in managing the strategic risks identified. Cabinet is responsible for approving the Strategic Risk Register.

3 Key Issues

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

Risk Status	Number of Risks at 30th June 2026	Number of Risks at 30th September 2026
Red (High)	**7**	**6**
Orange (Medium)	**5**	**5**
Yellow (Moderate)	**0**	**1**
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 updated Strategic Risk Register summary 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 summary risk register as at 30th September 2026 is attached at Appendix 1 and detailed information on all red risks and the risk revised from red this update 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 September, one risk has seen its score decrease from a red to a yellow and one risk has had an increase in residual risk score although this was already a Red Risk.

5.9 2025-03 Local Government Reorganisation has reduced from a risk score of 12 to residual risk of 4 due to the pause on LGR reducing the likelihood of LGR having an impact on organisational capacity. The risk is being retained as a strategic risk until we know the outcome of the Government review of LGR, and it will then be reviewed.

5.10 Risk 2025-15, Delivery of the Town Centre Regeneration Project, has increased from a residual risk score of 12 at the previous update to 16. The revised score reflects the current stage of the programme. It also takes account of the programme timetable, including the requirement to spend the grant funding by 31 March 2028 although an extension is being requested this may not be approved.

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 September 2026

Appendix 2 – Strategic Risk Register – Red Risks – 30 September 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 464 415
Ward Interest:	All
Report Track:	Audit & Governance Committee 26/11/26 Cabinet: 03/12/26
Key Decision:	No

Item No. 8.5

Appendix 1

Cannock Chase Council

Summary of Strategic Risk Register as at 30 September 2026

Risk Ref	Risk Owner	Risk Name	Inherent Risk Score	Residual Risk Score June	Residual Risk Score September	Direction of Travel in Period	Target Score
2025-15	Economic Development & Planning	Delivery of Town Centre Regeneration Project	16	12	16	↑	8
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
2025-09	Operations	Safe Management of Trees	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
2025-03	Chief Executive	Local Government reorganisation	16	12	4	↓	8

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 September 26

Risk Ref	2025-01
Risk Owner	Deputy Chief Executive (Resources)
Risk Name	Financial Stability
Risk Description	Central government policy changes which impact 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.

Controls	**Assurances**
Medium term financial plan in place	Council approval and s151 Officer
Working Balances maintained, with tentative proposals to maintain over the medium term	S151 Officer and Deputy
Review of the capital programme is complete	S151 Officer and Deputy
Evaluation of consultations on changes to government funding regimes	S151 Officer
Financial regulations in place to be followed	Internal Audit periodic checks and Finance Team
Membership of appropriate bodies to gain insights into government funding direction	S151 Officer
Business cases required for drawdown of reserves to ensure VFM and appropriate use of monies	S151 Officer and Deputy / Leadership Team

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 and was reported on in Q2
Service reviews and review of ongoing projects	S151 Officer and appropriate support	Q3	This is currently underway as part of the budget process

Progress Updates

Current Position	No change - a balanced 3-year budget was approved in February.

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.

Controls	**Assurances**
Compliance data is held for all properties	Monthly data validation by managers – New Asset Condition & Safety Report in place for full assurance reporting Quarterly
TIO system for recording regular compliance checks on all Housing blocks	Monitoring of spreadsheets by management
Policies approved by Leadership Team and published online, regularly reviewed.	Internal Audit Reviews Housing Board - monitoring Improvement Plan External Audit - VFM Reviews
Updated policies and procedures for compliance areas.	
Periodic training for staff. Training database records.	
Compliance Checks carried out by appropriately qualified staff	

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	Ark consultancy has carried out an in-depth review of the data used to assess performance against the Decent Homes Standard (DHS). At the time around 25% of homes had no stock condition data and HHSRS was available for just over half. No Cat 1 hazards were reported. HPS is now reporting 92% of homes have received a stock condition survey. Ark have identified some strengths and made a number of recommendations to improve accuracy of data and improve survey design to ensure compliance with the 2026 DHS. Head of Housing & Corporate Assets will work through the recommendations with HPS. Next step will be to develop the investment plan with support from Ark
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. Looking to progress NEC development to allow this.
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 live system. Process map to be developed alongside testing and training in Q3. Reportability from Log book system (Tio) has been tested and can be uploaded weekly. Once testing complete will be built into the Live system. Target completion month November 2026

Actions Planned	Person Responsible	Timescale	Progress/Comments
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.

Progress Updates Housing - 2A

Current Position	Ensuring NEC holds building safety information in process. Elements built and being tested by HPS team. Damp & Mould work complete with a basic system in place. NEC Housing Information System to be further developed to ensure data is collected - this is resource intensive project, and the initial timescales were ambitious. Procurement delays due to competing challenges and priorities within the delivery team.

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.

Controls	**Assurances**
Fire Evacuation procedure	Monitoring of spreadsheets by management
-	Internal Audit Reviews
Periodic training for staff. Training database records.	
Compliance & FM Tracker in place for Corporate Assets.	Weekly monitoring in place

Actions Corporate Property - 2B

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 This action of 'review' was completed by the target date and the new tracker has been set up – it did however confirm that not all areas of compliance are 100% which will be an ongoing WIP weekly. Completed
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.
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 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 have now been recruited to. The Estates Lead is in post as of August 2026 and the FM Lead starts Nov 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	1	4
	Target Score	8

Comment on Target Score:

The residual score has been revised to reflect the current position following the Government's announcement on 7 September 2026 to pause work on LGR.

The target score is based on the position before the Government announcement whereby it is considered we can potentially reduce the likelihood to a 2 giving a target score of 8. Progress with this risk is also linked to the risk regarding capacity (ref 2025-06).

This will need to be revisited as and when a decision is taken to recommence work on LGR.

Please see current position

Controls	**Assurances**
LGR lead officers identified	Cabinet
	Scrutiny Committee
	Leadership Team

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 were being developed but are now on hold. See current position.

Progress Updates

Current Position	On 7 September 2026, the Government announced that plans for LGR have been paused pending a further review. All work by the Council has been put on hold until we have an update. The risk is being retained until we have a clearer understanding of the Government's intentions.

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.

Controls	**Assurances**
Corporate Plan sets out priorities and key projects	Performance reporting
Use of agency staff and contractors to cover posts which are difficult to recruit to	
Market supplements to enhance salary to attract candidates	
Management of absences	Oversight by HR

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.
Monitoring delivery of workplans	Leadership Team	From Quarter 2 onwards	Progress monitoring template being developed
Monitoring capacity	Leadership Team	From Quarter 2 onwards	Work on the vacancy template paused during Q2 due to other work priorities but will be picked up in Q3 Sickness reporting re-established with leadership Team.
Management of expectations / discussion with Cabinet	Chief Executive / Leadership Team	Revised to Q4 from Q2 2025-26 and ongoing (Jan 26)	Discussions with Cabinet Members are ongoing.

Progress Updates

Current Position	Despite the pausing of work on LGR, capacity and workload continue to be an ongoing issue and this is not expected to change due to the volume of work, complexity of major projects and vacancies in key service areas., The intention is to manage this through regular reviews of the workplans which set out the key projects for the next 2 years. 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	Climate Change, Nature Recovery and the Environment
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.

Controls	**Assurances**
Trained Manager, Tree Officers, and Arboriculturists. Tree and TPO officers covered by consultants	IA Reviews.
Tree Surveys	Management Information
Policies and Procedures for Tree Management, urban forest strategy best practice.	
Trees maintained using recognised tree risk management process	
Urban Forestry Strategy	

Controls	Assurances
Allocation of semi-dedicated management resource.	
Knowledge of tree locations	
Historic/recent tree inspections	
Historical tree database/system in place	

Actions

Actions Planned	Person Responsible	Timescale	Progress/Comments
Review tree service, policies and procedures	Natural Environment Manager	Q3 2026-27	Review completed and Action Plan developed Completed
Joint Tree Team Structure to be developed and implemented	Natural Environment Manager	Q1- 2027/28	Scheduled interviews for all seven posts were held during Q2. Three posts were appointed into; two Tree Officers, and one Arborist Team Leader. Request to be made to Leadership Team for Market supplements to be applied to the Principal Tree Officer and Senior Tree Officers posts
Implement new full risk-based tree management procedure	Natural Environment Manager	Q3 2026-27	In progress, trees are now being managed on a shared risk based methodology. Which is continuing to be developed.
Implement new joint tree management ICT GIS based system	Natural Environment Manager	Q2 2027/28	Data inputting and verification is underway. 699 sites have been zoned to enable the production of specification documents for outsourcing the inspection work for red zones trees.
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 to be prioritised. Procurement process to commence in Q3 with inspections of redzone trees to begin in Q4. Amber zone trees will be programmed for reinspection following-on.
Deliver and monitor tree risk-based works and ongoing inspections	Natural Environment Manager	Ongoing	Progress against Tree Management action plan is monitored and reported to Trees Oversight Group. This includes monitoring the delivery of identified works

Progress Updates

Current Position	Part-time 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 continues to be contracted out. Interviews undertaken during Q2 with limited success; only three of the seven posts appointed. A market supplement will be applied where possible for the unfilled posts, and they will go back out to advert in the market during Q4. The limited capacity currently within the team continues to be prioritised and focused on responsive inspections and tree works, while recruitment takes place and alternative arrangements are sought, where available. Prioritisation also continues around the outsourcing of the redzone trees. 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 the procurement process for a contractor to undertake inspections of trees in red zones as a priority, with inspections of other areas to follow. Specification to be issued in Quarter 3. 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.

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.
Consequences	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 or criteria Increased pressure on already stretched services/functions of the council which have capacity issues. Cleared sites could sit empty for indeterminate period. 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
Corporate Objective CCDC	Economic Prosperity
Main Risk Category	Reputation, Customer/ Public Perception, Financial

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

Comment on Target Score:

The risk score has been reviewed and re-assessed to reflect the current level of uncertainty of delivery of the project and spending

of the grant funding by the required deadline of 31 March 2028.

Until the Council receives confirmation that the grant funding deadline can be extended, it will not be possible to fully mitigate the key project risks or reduce the residual risk score below 16.

Controls	Assurances
Monitoring / finance returns being prepared and submitted to MHCLG in line with timescales in agreed memorandum of understanding	Project Sponsor S151 Officer
Key decisions taken by Cabinet in relation to the project with relevant delegations and budget approvals in place	Project Sponsor
Procurement using approved frameworks to select and appoint key contractors	SCC Procurement team Project Sponsor
Detailed risk registers and project plans to Operational Group	Project Board Project Sponsor Internal Audit reviews. External Audit overview
Governance arrangements to ensure oversight of programme delivery, spend and risks; with Programme Boards, Steering groups and project delivery meetings taking place on a regular basis	Project Board Project Sponsor Internal Audit reviews.
Ensure that the Council is effectively managing contractors and consultants	Project Sponsor
Ensure that the Council has sufficient Programme / project management arrangements and capacity to deliver the projects	Project Sponsor
Ensure that the Council's Health & Safety / CDM requirements are met, and demolition / construction works are managed safely and in line with regulations	Project Sponsor

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)	Report presented to Cabinet in August 2026 set out options for future direction of Town Centre Regeneration Programme. Initial communications have been issued following the Cabinet decision, with further communications to take place during Q3.

Actions Planned	Person Responsible	Timescale	Progress/Comments
Agree approach to securing development delivery	Head of Economic Development & Planning	Quarter 2 2026-27 (Updated from Q1 2026-27 June 26)	In August, a report was presented to Cabinet setting out two potential options for the next stage of the Town Centre Regeneration Programme. Cabinet resolved that the preferred strategic approach for the regeneration of Cannock town centre, in principle, was to retain and refurbish the Prince of Wales Theatre. Cabinet also resolved that further detailed due diligence, design work and a full business case would need to be undertaken by officers and presented to Cabinet before any final commitment was made to delivery by the Council of the preferred approach.
Formal procurement process to appoint development partner(s)	Head of Economic Development & Planning	N/a	Cabinet have decided to not progress the wider Development Framework, therefore work on this will not continue.
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	Cabinet have decided to not progress the wider Development Framework, therefore work on this will not continue.

Progress Updates

Current Position	In August 2026, Cabinet considered a report setting out the current position of the regeneration programme and the options available to secure regeneration delivery using the remaining capital funding. Cabinet resolved to progress the option of retaining and refurbishing the Prince of Wales Theatre, subject to the completion of detailed design work, due diligence and a full business case before a final investment decision is made. Options to spend the balance of the funding are to be considered. Work will now be undertaken to progress these activities, with a further report to Cabinet setting out the proposed governance arrangements and key decisions required to commission and undertake the necessary technical work. Delivery of the theatre refurbishment will require an extension to the current grant expenditure deadline. The Council will formally request an extension as part of the next quarterly monitoring return to be submitted in October 2026. Existing commitments within the regeneration programme, including the demolition of the former Cabot units on Church Street and the refurbishment of Beecroft Road car park and associated public realm improvements will continue to be developed. Given the significant risks and uncertainties associated with the programme, the overall risk profile has increased. Until the detailed due diligence work has been completed and the outcome of the funding extension request is known, it is not possible to reduce the residual risk score below 16.

Annual RIPA Review

Committee: Audit & Governance Committee

Date of Meeting: 26 November 2026

Report of: Head of Law and Governance

1 Purpose of Report

1.1 This annual report provides details of the use of powers under the Regulation of Investigatory Powers Act (RIPA) by the Council.

2 Recommendations

2.1 That the report be noted.

Reasons for Recommendations

2.2 This is an annual report to members, in accordance with good practice, and is for information only.

3 Key Issues

3.1 Local authorities carry out investigations for a variety of regulatory services. In carrying out these duties, they have general powers to conduct surveillance of individuals suspected of committing offences. The Regulation of Investigatory Powers Act 2000 (RIPA) was introduced to regulate public authority use of covert surveillance powers to ensure that any use is compliant with human rights.

3.2 The Home Office Code of Practice for Covert Surveillance and Property Interference, recommends that elected members of an authority should review the authority's use of RIPA and set the policy at least once a year.

4 Relationship to Corporate Priorities

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

(i) Regular review of the Councils use of surveillance ensures that enforcement is carried out lawfully and proportionately and assists in improving community wellbeing

5 Report Detail

5.1 The Regulation of Investigatory Powers Act 2000 (RIPA) regulates the use of certain surveillance powers by public authorities, including:

- Directed Surveillance (covert surveillance conducted as part of a specific investigation likely to result in obtaining private information about an individual),
- Use of Covert Human Intelligence Sources (CHIS), and
- Access to communications data (e.g. details of subscribers to telephone numbers or email accounts)

5.2 The Council is a very rare user of these powers. However, it is important that it has sufficient oversight of its activities to ensure that any considered use is compliant with the subject's human rights.

5.3 The Home Office publishes national Codes of Practice on the use of RIPA powers by public authorities. The Council must have regard to the relevant Code of Practice whenever exercising powers covered by RIPA. The Investigatory Powers Commissioner conducts regular inspections of all public authorities to ensure compliance with RIPA, and the Codes of Practice. The Commissioner undertook a paper evaluation of the Council's RIPA functions in August 2026 and was satisfied that there was assurance of ongoing compliance with RIPA 2000 and the Investigatory Powers Act 2016 at the Council. The next inspection will be due in 2029.

5.4 The Council has adopted its own Surveillance Policy to advise officers on RIPA obligations and to regulate any use of these powers. The Policy was last updated by Cabinet in September 2019 to reflect changes in the law and Codes of Practice.

The Inspector noted that the Policy documents were well structured and had been updated in the interim period but advised that the Policy would benefit from some further amendment. The Policy has been amended and will be put before Cabinet for approval. The Inspector has been advised of the proposed amendments and forthcoming Cabinet review.

5.5 The Head of Law and Governance acts as the Senior Responsible Officer for RIPA, with oversight of the Council's internal procedures. The Legal Services Manager acts as the RIPA Co-ordinating Officer, ensuring that any request to use RIPA powers is co-ordinated through, and recorded in, a central register. The Legal Services Manager also acts as a source of advice to regulatory officers and supports the Senior Responsible Officer in keeping the Council's policy up to date.

5.6 As part of the policy, the use of any RIPA powers must first be approved by a Chief Officer trained to be a RIPA Authorising Officer. The number of Authorising Officers certified to act is limited to a maximum of three to ensure consistency and experience in procedures. The Council has three Chief Officers who received suitable training in November 2025. Training will be repeated in November 2026.

In addition, surveillance awareness raising communications went out to all staff in October 2025 and January 2026. If the Chief Officer gives approval, then an application must still be made to the Magistrates Court for independent judicial approval before the surveillance takes place (NB. the Office for Communications Data Authorisations gives judicial approval in respect of accessing communications data).

5.7 The Council has not used RIPA powers in the last 12 months.

6 Implications

6.1 Financial

None.

6.2 Legal

Set out in the report

6.3 Human Resources

None.

6.4 Risk Management

None.

6.5 Equalities and Diversity

None.

6.6 Health

None.

6.7 Climate Change

None.

7 Appendices

None.

8 Previous Consideration

None.

9 Background Papers

None.

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Report Track: Audit and Governance Committee: 26/11/26 (Only)