



Civic Centre, Riverside, Stafford

Contact Jackie Allen

Direct Dial 01785 619552

Email jackieallen@staffordbc.gov.uk

Dear Members

Audit and Accounts Committee

A meeting of the Audit and Accounts Committee will be held in the **Craddock Room, Civic Centre, Riverside, Stafford on Thursday 25 June 2026 at 6.30pm** to deal with the business as set out on the agenda.

Please note that this meeting will be recorded.

Members are reminded that contact officers are shown in each report and members are welcome to raise questions etc in advance of the meeting with the appropriate officer.

A handwritten signature in black ink, appearing to read "I. Curran".

Head of Law and Governance

AUDIT AND ACCOUNTS COMMITTEE

25 JUNE 2026

Chair - Councillor R A James

AGENDA

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Chair - Councillor R A James

J A Barron
M G Dodson
R A James

A R McNaughton
A Nixon
D P Rouxel



Stafford Borough Council

Auditor's Annual Report - update
Year ended 31 March 2025

June 2026

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Headlines from our audit



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 2024/25. 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 Authority alongside the annual report and accounts.

Our responsibilities

Financial statements

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

Due to the challenges of undertaking an audit where the previous 3 years have been disclaimed because of the local authority backstop, it was not possible for us to undertake sufficient work to support an unmodified audit opinion ahead of the backstop date of 27 February 2026. The limitations imposed from this lack of assurance on opening balances and closing balances in key areas means we are unable to form an opinion on the 2024/25 financial statements. We therefore disclaimed our 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 Authority.

We were unable to conclude the other information included in the statement of accounts is consistent with our knowledge of the Council and the financial statements we have audited. This is because it has not been possible to undertake sufficient audit work to reach a conclusion.

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 identified two significant weaknesses in the Council’s governance arrangements for 2024/25. Further details are included in the Value for Money section of 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
<p>We may issue a Public Interest Report if we believe there are matters that should be brought to the attention of the public.</p> <p>If we issue a Public Interest Report, the Authority is required to consider it and to bring it to the attention of the public.</p> <p>We did not issue a Public Interest Report for 2024/25.</p>	<p>We may make written recommendations to the Council under Schedule 7 of the Local Audit and Accountability Act. If we do this, the Authority 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.</p> <p>We did not make any statutory recommendations for 2024/25.</p>	<p>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 Authority 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.</p> <p>We did not issue an advisory notice for 2024/25.</p>	<p>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.</p> <p>We did not make an application for judicial review for 2024/25.</p>	<p>We may apply to the courts for a declaration that an item of expenditure the Authority has incurred is unlawful.</p> <p>We did not apply to the courts for 2024/25.</p>



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, are communicated in the following reports:

- audit opinion on the financial statements for the year ended 31 March 2025
- audit completion (ISA 260) report to Those Charged with Governance

Our audit completion report will be reported to the Council's Audit Committee in February 2026.

Requests for our audit completion (ISA260) report should be directed to the Council.

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.

Requests for our audit completion (ISA260) report should be directed to the Council.

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.

Two key recommendations arising from our Value for Money assessment are included in the Value for Money section of this report.

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.

Four other recommendations arising from our Value for Money assessment are included in the Value for Money section of this report.



Value for money



Value for money

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

We have completed our value for money work. Our detailed findings are reported in the following commentary in this report.

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. Our auditor's report referred to the significant weaknesses in arrangements we have identified.

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	Yes	No	No	No	Yes
Governance How the body ensures it makes informed decisions and properly manages risk	Yes	Yes	No	Yes	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	Yes	No	No	No	Yes



Value for money: Risks of significant weakness identified for 2024/25

Potential risk of significant weakness identified at the planning stage	Final 2024/25 assessment
<p>Financial sustainability and governance - arrangements for financial planning and financial monitoring and finance team capacity not being adequate.</p>	<p>We have concluded that a significant weakness in governance arrangements remains in 2024/25 in relation to arrangements for financial monitoring and capacity of the finance team.</p>
<p>Financial sustainability - arrangements to ensure an understanding of costs of delivering core statutory services.</p>	<p>We have concluded that this previously reported significant weakness can be removed for 2024/25.</p>
<p>Governance -internal controls in respect of Information Technology (IT)</p>	<p>We have concluded that this previously reported significant weakness can be removed for 2024/25.</p>
<p>Governance - internal controls relating to fraud</p>	<p>We have concluded that a significant weakness in governance arrangements remains in 2024/25 in relation to internal controls relating to fraud.</p>
<p>Improving economy, efficiency and effectiveness - lack of a performance management framework to deliver the Council’s business plan.</p>	<p>We have concluded that this previously reported significant weakness can be removed for 2024/25.</p>



Value for money: significant weaknesses and key recommendations

The significant weaknesses we have identified and the key recommendations made are set out below. Our detailed commentary is set out in this Auditor’s Annual Report.

Significant weakness identified	Criteria	Sub criteria	Key recommendation
Significant weakness in governance arrangements remains in 2024/25 in relation to arrangements for financial monitoring and capacity of the finance team.	Governance	How the body ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information (including non-financial information where appropriate); supports its statutory financial reporting requirements.	<p>The Council should:</p> <ul style="list-style-type: none"> 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.
Significant weakness in governance arrangements remains in 2024/25 in relation to internal controls relating to fraud.	Governance	How the body monitors and assesses risk and how the body gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud.	The Council should update the anti-Fraud and Bribery Framework and the Confidential Reporting Framework.



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.

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 committee meetings
- Reviewing reports from third parties
- Considering the findings from our audit work on the financial statements
- 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

Overview

Stafford Borough Council is a borough 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 Staffordshire Police. The Council serves a population of circa 142,000 people and has entered into a number of capital and investment schemes to promote regeneration and attract business to the area.

In common with other councils and the wider local government sector, the Council continues to face significant challenges. The sector faces high levels of uncertainty over future levels of government funding and, for a number of years, has had to plan on the basis of single-year settlements. This makes it harder to produce comprehensive multi-year plans as part of medium-term financial planning. The government has returned to multi-year settlements from 2025/26 and has announced a national overhaul of local government, reorganizing multi-tier council areas into a series of unitary authorities with devolved powers at a regional, mayoral level. The changes proposed would impact the Council and could potentially mean it being absorbed into a larger unitary council from 1 April 2028, with proposals for re-organisation across Staffordshire now having been submitted to Government and subjected to a consultation process. A final decision on proposals for reorganisation is expected later in 2026.

High inflation over recent years has increased cost pressures on all councils' revenue and capital expenditure, indicating reduced certainty about what the future may hold, economically. High interest rates have provided the Council with fortuitously higher than expected interest income on cash balances, but the combination of higher inflation and higher interest rates impacts local communities, including the community the Council serves in Stafford. This can lead to increases in demand for council services and impact on council income in areas such as car parking and collection rates for council tax, business rates and rents.

The Local Government Association continues to estimate that the costs to councils of delivering their services will exceed core funding in the future. Nationally, there has been an increase in the number of councils issuing s114 notices or indicating one may be likely.

The Council has arrangements in place to mitigate the macro-risks posed by the national context and, at present, a strong useable reserves position. 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.

Prior to 2024/25, auditors reported five significant weaknesses in the Council's Value for Money assessment relating to financial sustainability, governance and arrangements for securing economy, efficiency and effectiveness. The Council has developed a VFM Improvement Plan in response and has been working to implement agreed actions. A key focus of our 2024/25 VFM assessment has been to determine to what extent previously reported significant weaknesses have now been addressed.



Value for money

Local government reorganisation

On 5 February 2025, the Minister for State for Local Government and English Devolution asked all councils in two-tier areas to develop unitary proposals, which will bring together upper and lower tier local government services in new unitary councils. Organisations across Staffordshire submitted proposals in November 2025 and these have now been through a public consultation process, with the final decision expected from Government later in 2026. The current likely timescale would mean the potential establishment of a shadow Council in May 2027 and the transition to the unitary authority in April 2028, marking the cessation of the existing councils in Staffordshire.

This means the next few years will be ones of significant change and uncertainty. Councils will need to consider the risk of the loss of key individuals and corporate memory in the lead-up to and transition into the new unitary authority. There may be an incentive for more short-term decision making in respect of the use of reserves and concerns, where reserves have been built up over previous years, either via strong management or for the implementation of a particular redevelopment scheme, that these reserves may end up being repurposed to cover an overspend incurred by a successor body. Whilst Authorities retain powers to make some spending decisions in advance of the reorganisation, it is important to make sure that proper governance arrangements remain in place, and that due consideration is given to any schemes which are likely to run beyond the date of transition to the new body.

Transition and reorganisation on this scale will require significant management time to ensure the benefits are identified and plans are in place to realise them post-transition. It may also require experience and skill-sets outside of the 'business as usual' skills and experience in place at the Council. It will be important for the Council to assess the skills it has in place, identify any gaps and take steps to mitigate those gaps to reduce risks arising during or post transition. Plans and arrangements for reorganisation will utilise increasing capacity of senior officers and this may divert attention from the realisation of savings plans or make the achievement of previously planned savings less likely. Such risks will need to be incorporated into updated medium term financial plans.

Members, and in particular Audit and Accounts Committee members, will need to be satisfied that where earmarked reserves are being utilised, they are being utilised for their intended purpose and that reserve balances remain at an appropriate and prudent level, as well as be satisfied that balanced budgets continue to be set up to and including the Council's final period of account, in line with the statutory duties placed on key staff. Effective governance and stewardship will remain key, particularly in the operation of the Audit and Accounts Committee, delivery of internal audit and execution of the risk management process.



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.

Follow up on areas of previously reported significant weakness

In 2021/22, 2022/23 and 2023/24, significant weaknesses were reported in the Council's arrangements for medium term financial planning, and arrangements for ensuring an understanding of costs of delivering core statutory services.

Key recommendations were raised as a result of these significant weaknesses:

- put in place a Medium-Term Financial Strategy (MTFS) built on robust modelling and assumptions and an updated Capital Strategy that complies with the revised Prudential Code; and
- develop an understanding of the cost of delivering its core statutory services and discretionary spend where it meets clear Council priorities and identify reductions to non-essential spending.

Our assessment for 2024/25 is that the significant weaknesses previously identified in this area was no longer in place for the financial year ended 31 March 2025, and as such the key recommendations noted above are no longer relevant.

Basis of the 2024/25 assessment

Annual budget setting process

The annual budget is developed based on discussions with service leads and then taken to Cabinet and Scrutiny Committees for approval in February each year. The Council had agreed budgets in place for 2024/25 and for 2025/26.

Stafford Borough Council maintains a Medium-Term Financial Strategy (MTFS) which is updated annually alongside the budget, and is also reported to Cabinet and Scrutiny Committee in February each year.



Value for money: financial sustainability

Budget and Medium-Term Financial Strategy (MTFS) – 2024/25 and 2025/26

Review of the information reported to Committees show that:

- For 2024/25, the Council set a balanced budget with a £79k contribution to reserves. The MTFS as prepared in 2024/25 did not identify the need for significant savings over the course of the MTFS to the end of 2026/27
- For 2025/26, the Council set a balanced budget with a £22k contribution to reserves. The MTFS as updated in 2025/26 again did not identify the need for significant savings over the course of the MTFS to the end of 2027/28.
- The Council further updated MTFS in January 2026 which showed a balanced position through to the end of the 2028/29 financial year based on the funding settlement announced in December 2025.

The funding settlement was subsequently amended in February 2026 which impacted on the position per the MTFS. The initial updated MTFS still shows a balanced position to the end of 2026/27, although it did identify a funding gap of around £500k in 2027/28 and £1.3m in 2028/29.

Detailed review of the papers setting out the budgets do not highlight any apparent significant issues or weaknesses in the underlying approach taken to setting these budgets or the underlying assumptions, which are consistent with the approach we would expect to be followed for any district or borough Council in Stafford's position. The budget setting papers presented to cabinet and scrutiny committee include commentary on the robustness of the budget setting process, underlying assumptions and include a risk assessment of the budgets.

The extent of the changes in funding information across 2024/25 and 2025/26 as set out above is an indication of the significant uncertainties which have faced Stafford Borough Council in recent years. Proposals for Local Government Reorganisation are proceeding, and in November 2025 Stafford Borough Council together with Cannock Chase District Council submitted a proposal for a new unitary structure for Staffordshire with a North/South split. This together with four other proposals entered a period of public consultation in February 2026. The government is expected to make a decision on the outcome of this consultation in Summer 2026, with the new structures then expected to be effective from April 2028.



Value for money: financial sustainability

In addition the local government finance settlement for 2026-27 announced in December 2025 included implementation of the fairer funding review, and this was used by the Council as the basis for the updated to the MTFS presented to Cabinet in January 2026 which showed a balanced position to the end of 2028/29. However, this settlement was subsequently updated in February 2026 which reduced the level of revenue support grant and transitional protection grant in both 2026/27 and 2027/28 by around £1.3m. Applying this updated funding settlement to the MTFS as updated in February 2026 would mean a funding gap of around £500k in 2027/28 and £1.3m in 2028/29.

The Council is assessing further changes required to the MTFS in the light of the updated settlement and the plans for local government reorganisation. A key element of this assessment is consideration of the Council's levels of reserves, which are set out below.

Levels of reserves

The projected reserve position as shown in the updated MTFS at January 2026 shows revenue reserves of £16.4m at 31/3/26 and £20.2m at 31/3/29. The detailed analysis of reserves shows that the Council has specific reserves for budget support which were projected to total £2,750k at 31 March 2028 and £3,400k at 31 March 2029.

As such the Council has planned to have budget support reserves in place which would cover the potential funding gaps identified as a result of the changes to the funding settlement announced in February 2026.

2024/25 outturn

Actual outturn for 2024/25 was a £446k underspend against the net revenue budget. As such there is no evidence of significant issues with the accuracy of budget setting for 2024/25.

Approach to delivery of savings

The latest budgets as prepared in January 2026 did not indicate a need for delivery of significant savings for Stafford Borough Council. However, as highlighted above, subsequent changes to the funding settlement in February have impacted on this position and show funding gaps in 2026/27 and 2027/28, although the Council does have reserves to cover the extent of these funding gaps.



Value for money: financial sustainability

Stafford Borough Council has undertaken a range of initiatives in recent years to deliver savings, including:

- Implementation of shared service arrangements with Cannock Chase District Council
- Retendering of leisure and waste services for Stafford

The Council has existing Transformation and Delivery Plans in place, however the implementation of these have now largely been put on hold due to the potential impact of local government reorganisation.

The Council are now at a point where they consider that further savings would result in a significant reduction in service provision. Given the ongoing uncertainty around LGR, long term funding arrangements and the extent of the financial risk in MTFS compared to the level of available reserves, the Councils have taken a decision not to implement further savings/service cuts and to instead use available reserves to fund the requirement as per the MTFS.

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. We have raised an improvement recommendation relating to the need for Stafford Borough Council to further consider what action is required given the potential funding gaps in 2026/27 and 2027/27 following the changes to the financial settlement in February 2026, after the MTFS had been approved by Cabinet in January 2026.

Overall conclusion – financial sustainability

The Council continues to review its MTFS in the light of the above issues but given ongoing significant uncertainty across the sector has not determined that significant further changes to the MTFS or financial plans for 2025/26 onwards as presented to Cabinet in January 2026 are required at this stage. Nevertheless, it is essential that Councils maintain their financial sustainability irrespective of plans for local government reorganisation.

Given the position as set out above we have not identified a significant weakness in arrangements for financial sustainability for 2024/25, but have raised an improvement recommendation relating to the need to further consider the MTFS and the need for revenue savings ahead of local government reorganisation.



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.

Follow up on areas of previously reported significant weakness

In 2021/22, 2022/23 and 2023/24, significant weaknesses were reported in the Council's:

- financial planning, financial monitoring and finance team capacity not being adequate;
- internal controls in respect of Information Technology (IT), which could expose the Council to significant financial or service loss including fraud and cyber-attacks and the Council has failed to follow-up on external audit recommendations in these areas;
- internal controls relating to fraud, which could expose the Council to significant financial loss, and the Council has failed to follow-up on external audit recommendations in this area.

Our assessment for 2024/25 is that the significant weaknesses in relation to internal controls in respect of IT were no longer in place, but we have concluded that significant weaknesses remained for 2024/25 in relation to:

- annual accounts production and in year financial reporting;
- Internal controls relating to fraud, specifically relating to the need to update the Council's anti-Fraud and Bribery Framework and the Confidential Reporting Framework which are dated 2014.

We set out below detailed of our 2024/25 assessment for these areas, and then provide commentary on other areas of the Council's governance arrangements.

Value for money: governance

Financial monitoring and finance team capacity

Follow up of previous key recommendations raised

In 2021/22, 2022/23 and 2023/24 the following key recommendations were raised as a result of a significant weakness identified in the Council's Value for Money (VFM) assessment:

- 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.

Our assessment for 2024/25 is that the significant weakness previously identified in this area was still in place for the financial year ended 31 March 2025, and as such the key recommendations noted above are still relevant.

Basis of the 2024/25 assessment - financial monitoring and finance team capacity

Internal financial reporting

The Council has not been able to deliver a normal routine for in year reporting throughout 2024/25. For 2024/25, period 6 and period 12 finance reports were produced and issued to budget holders, and so they were receiving some level of financial information, but we do not consider that this meets the requirement under the NAO VFM criteria in relation to accurate and timely production of finance reports and finance engagement with budget holders to review financial performance.

Budget holders do have access to real time financial information through budget holder dashboards, and training has been provided to budget holders on this at the moment. (not operating blind, have their own dashboards as budget holders, to login and look at real time) and so do have access to financial information. He rolled out training to all budget holders and managers on how to use these finance reports at the start of 2025/26. However, we consider that this is still short of the expectation as per the VFM criteria that finance engage with budget holders to review financial performance, as this has not been happening for 2024/25.

As such based on the above we consider that a significant weakness in this area remains for 2024/25.



Value for money: governance

Publication of draft 2024/25 accounts

The Council issued draft 2024/25 accounts on 19 August 2025, significantly later than the statutory deadline of 30 June 2025 under the Accounts & Audit Regulations

Discussions with the Council throughout the 2024/25 audit planning process have indicated that it continues to struggle with finance team capacity and although it has been able to publish the draft accounts ahead of the backstop dates for 2024/25, it has been unable to fully support the annual audit process. Towards the end of 2025 the Council appointed an additional temporary staff member to support on the audit process which has seen an increase in activity to support audit queries and samples, but for 2024/25 this remained an area of significant weakness.

Conclusion - financial monitoring and finance team capacity

We consider that a significant weakness in governance arrangements in relation to capacity of the finance team, which impacts on internal financial reporting and the arrangements for statutory financial reporting, remained for 2024/25



Value for money: governance

Internal controls in respect of Information Technology (IT)

Follow up of previous key recommendations raised

In 2021/22, 2022/23 and 2023/24 the following key recommendation was raised as a result of weaknesses identified in the Council's Value for Money (VFM) assessment:

We recommend that the Council address significant weaknesses in its internal controls relating to IT by ensuring

- Systems are fully supported by IT, Cyber and Network Security and all policies are up to date
- Regular performance monitoring addresses any evolving security weaknesses identified
- Appropriate arrangements to meet information governance requirements
- ICT controls and information governance are embedded in procurement and commissioning decisions.

Our assessment for 2024/25 is that the significant weakness previously identified in this area no longer applied for the financial year ended 31 March 2025, and as such the key recommendation noted above is no longer relevant.

Basis of the 2024/25 assessment - Internal controls in respect of Information Technology (IT)

We noted in our 2023/24 assessment that the Council had taken action to implement a number of the recommendation previously raised in relation to Information Technology, including:

- Completion of staff cyber security training
- Approval of the IT change management strategy and Information Governance Framework
- Update of IT security and cyber security policies.



Value for money: governance

For 2024/25 our IT audit team have undertaken a full assessment of the Council's internal controls relating to IT. This assessment did not identify any significant weaknesses or significant control issues relating to the arrangements in place for 2024/25. We did identify

- four medium risk recommendations relating to management of user accounts within Civica and Active Directory, these were reported to management who have confirmed that appropriate action would be taken or has already been taken to address the issues noted
- two further areas of opportunity for improvement relating to updates to meet best practice guidance to its Record of Processing Activities (RoPA) as required under GDPR, and carrying out periodic testing of its Incident Response Plan.

Based on the updated assessment as set out above, we do not consider that a significant weakness remains in the Council's arrangements in this area.

Conclusion - Internal controls in respect of Information Technology (IT)

We do not consider that a significant weakness remains for 2024/25 in relation to internal controls in respect of Information Technology (IT).



Value for money: governance

Governance – counter fraud arrangements

Follow up of previous key recommendations raised

In 2021/22, 2022/23 and 2023/24 the following key recommendations were raised as a result of significant weaknesses identified in the Council's Value for Money (VFM) assessment:

Address its significant weaknesses in its internal controls relating to fraud by:

- Ensuring there is central coordination for the National Fraud Initiative (NFI) matches.
- Putting in place a dedicated counter fraud officer.
- Updating the anti-Fraud and Bribery Framework and the Confidential Reporting Framework.
- Ensuring work to detect fraud is extended to cover the finance system and procurement arrangements in the Council.

Our assessment for 2024/25 is that the Council has addressed a number of points raised. However, it has not yet updated the anti-Fraud and Bribery Framework and the Confidential Reporting Framework, with the current documents as published on the Council's website being dated 2014.

We consider that, as these documents which represent a key element of the Council's arrangements in this area continue to be significantly out of date, that this represents a significant weaknesses in this specific area and as such have raised a key recommendation relating to the need to update these key documents.

Basis of the 2024/25 assessment - counter fraud arrangements

For 2024/25 we have confirmed that

- The Council has arrangements for review and follow up of National Fraud Initiative (NFI) matches, this is undertaken by the Internal Audit team. They do not have the capacity to investigate all matches raised each year, but instead undertake a risk assessment and then follow up those areas considered to be highest risk, such as housing benefits, payroll and creditors matches. Internal Audit produce summaries of the progress made in follow up of matches throughout the year, we have been provided with copies of the NFI summary at December 2025 which shows the progress on the 2024/25 matches and demonstrates that reasonable progress has been made



Value for money: governance

- The Council does not have a dedicated counter fraud officer as they do not consider that this can be justified based on the resources or capacity which would be required, instead the Chief Internal Auditor & Risk Manager leads on counter fraud work undertaken and this is resourced from within the Internal Audit team. We consider that this approach is reasonable and proportionate and in line with the position we see at other district and borough councils.
- The Chief Internal Auditor & Risk Manager carries out an annual risk assessment to determine fraud risks and carry out work based on this risk assessment. This would mean that work is undertaken on areas such as the finance system and procurement arrangements should these be assessed as high risk, but the approach means that work would not necessarily be carried out in these areas every financial year. Again we consider that this approach is reasonable and proportionate.

However in relation to the recommendation to update the anti-Fraud and Bribery Framework and the Confidential Reporting Framework, review of the documents on the website confirms that these are dated 2014 and so have not now been updated for over 10 years. We consider that this is a significant weakness in arrangements as the Council does not have effective and up to date policies and procedures in this area.

Conclusion - counter fraud arrangements

We consider that a significant weakness in governance arrangements remained for 2024/25 specifically in relation to the Council's out of date anti-Fraud and Bribery Framework and the Confidential Reporting Framework, as these documents have not been reviewed and updated since 2014.



Value for money: governance

Other governance areas

Risk management

Although previous VFM assessments have not reported significant weaknesses in relation to risk management, they have raised improvement recommendations relating to the need to update strategies, policies and other aspects of the Council's arrangements in this area. We have considered key elements of risk management arrangements for 2024/25 as set out below.

Risk Management Strategy and Policy Framework

The Council updated its Risk Management Strategy and Policy document during 2024/25. This was approved by Cabinet on 5 December 2024. As such the revised documents were not in place for the full financial year, but will be fully effective for 2025/26.

Strategic risk register

The Council has undertaken considerable work in 2024/25 to develop the strategic and departmental risk registers. Training sessions and workshops were held with the Leadership Team which led to the first draft of the Strategic Risk Register and was the starting point for directorate risk registers. The Strategic Risk Register was developed in late 2024/25 and so was not in place for the full financial year, but again will be effective for 2025/26. It is now reported to Cabinet and the Audit and Accounts Committee on a quarterly basis.

The Council has also created an operational risk register to capture those corporate risks which were not included strategic risk register, but were still considered significant enough to warrant review. The operational risk register was created in August 2025.

Directorate risk registers

A session took place with each of the Deputy Chief Executive and Heads of Service in 2025 to review directorate risk registers and the plans to develop and implement these. Directorate risk registers have not been in place across all service areas for 2024/25, but the Council has been reviewing the status of these and all were reviewed by Internal Audit 2025.

Work continues to develop the directorate risk registers in place across the Council during 2025/26.



Value for money: governance

Training for officers and members

Training on risk management for officers and members has been rolled out in 2025. This included Member workshops on risk management which were delivered to both the cabinet and Audit & Accounts Committee in July 2025, facilitated by an external consultant.

Training sessions and workshops also took place with Leadership Team which led to the first draft of the Strategic Risk Register and was the starting point for directorate risk registers.

The Council also trained Service Managers and other key officers in April 2025.

Conclusion – risk management

The Council has shown clear evidence of progress in 2024/25 in the development of risk management arrangements which included

- approval of a new Risk Management Strategy and Policy document in December 2024
- development of an updated Strategic Risk Register which went live in late 2024/25 and is now reported quarterly to Cabinet and Audit & Accounts Committee in 2025/26
- development of directorate risk registers, which we have confirmed have been in place in draft for a number of directorates from around June 2025.

We are satisfied that there is not a significant weakness in the Council's arrangements for 2024/25. Further work is required to develop directorate risk registers and we have raised an improvement recommendation in relation to this point.

Value for money: governance

Governance – other areas

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 to the Audit & Accounts Committee.

We reviewed the draft Annual Governance Statement for 2024/25. This notes the previously reported VFM significant weaknesses and refers to the VFM improvement plan in place. We have specifically followed up all of these previously reported significant weaknesses as part of this years VFM assessment. The AGS does not highlight any other areas of significant weaknesses in internal controls.

The Council operates an appropriate structure of Committees to support decision making, including Cabinet, Scrutiny Committee and Audit & Accounts Committee.

Overall conclusion - governance

As set out above, the Council has made progress in 2024/25 in developing a number of areas in its governance arrangements following the reporting of previous significant weaknesses through VFM assessments.

We are satisfied that previously reported significant weaknesses in relation to internal controls relating to IT no longer apply for 2024/25.

However, for 2024/25 we have concluded that significant weaknesses remain in relation to

- annual accounts production and in year financial reporting
- Internal controls relating to fraud, specifically relating to the need to update the Council's anti-Fraud and Bribery Framework and the Confidential Reporting Framework which are dated 2014.

We have raised key recommendations in relation to these areas.



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.

Follow up on areas of previously reported significant weakness

In 2021/22, 2022/23 and 2023/24, significant weaknesses were reported in the Council's arrangements for performance management, relating to the lack of a performance management framework to deliver the Council's business plan.

Our assessment for 2024/25 is that the significant weaknesses previously identified in relation to performance management no longer applies for the financial year ended 31 March 2025. As such we are no longer reporting any significant weaknesses in the Council's arrangements for securing economy, efficiency and effectiveness.



Value for money: improving economy, efficiency and effectiveness

Performance management

Follow up of previous key recommendations raised

In 2021/22, 2022/23 and 2023/24 the following key recommendations were raised as a result of significant weaknesses identified in the Council's Value for Money (VFM) assessment:

The Council needs to improve its performance management arrangements by:

- Establishing a golden thread for the Council, by creating a performance management framework at corporate and service levels linking outcomes to expected annual measures
- Developing annual delivery plans aligned with the Corporate Plan
- agreeing performance outcomes, that can be measured, at least annually as part of the new performance management framework;
- Improving performance reporting and project management
- developing a strategic approach to assessing the levels of statutory services needed to save money:
- Agreeing corporate programme and project management methodology and ensuring its understood and applied across the Council and when commissioning these services.
- Developing a data quality policy and ensuring the quality of the Council's core datasets.
- Developing a strategic approach to asset management including putting in place a comprehensive asset register and a detailed improvement plan for asset management.
- Ensuring the Council learns from complaints and external Ombudsman recommendations to improve its performance.

Our assessment for 2024/25 is that the significant weakness previously identified in this area no longer applies for the financial year ended 31 March 2025, and as the such the key recommendation noted above is no longer relevant.



Value for money: improving economy, efficiency and effectiveness

Basis of the 2024/25 assessment – performance management

For 2024/25 we have confirmed that the Council has performance management arrangements in place which are based on:

- Corporate plan which sets out key priorities
- Annual delivery plan including key milestones
- Priority delivery plans to support this
- Monitoring and reporting of performance is then reported to Cabinet on a quarterly basis.

The Council accepts that they do not have a formal Performance Management Framework, but consider that the arrangements in place as noted above provide suitable arrangements to ensure effective performance management. We have raised an improvement recommendation in relation to the need to implement a formal Performance Management Framework.

We obtained evidence to support these arrangements being in place for 2024/25 which included:

- Corporate Plan for Stafford Borough Council which sets out overall objectives and covers the period 2025/26 to 2027/28.
- For 2024/25 the Council was in the process of updating the corporate plan in the light of plans for the town centre redevelopment, which had become a key focus but had not been reflected in the existing corporate plan. As a result for 2024/25 it prepared a separate priority summary for 2024/25 which set out the four agreed priority areas for 2024/25.
- These four priority areas then formed the basis of the new corporate plan developed for 2025/26 to 2027/28 and covered – Economy, Community, Climate Change, The Council.
- This was supported by a delivery plan for 2024/25 based around these four priority areas. The focus of the Council’s reporting was on Economy, Community and the Council.
- Priority delivery plans for each areas included Key Performance Indicators (KPIs) which were then used to monitor performance across the year
- Quarterly performance reports prepared which was presented to Cabinet showing performance against these KPIs
- A year end summary report which was again presented to Cabinet and set out the overall position on KPIs



Value for money: improving economy, efficiency and effectiveness

The year-end report shows that the Council had achieved 22 of 39 KPIs, with a further 8 within 5% of target, 3 outside of 5% of target and 6 no longer applicable.

Assurance over data used for Key Performance Indicators (KPIs)

The Council does not have a formal data quality policy or an overall a process for providing assurance on KPIs. We have raised an improvement recommendation in relation to this area.

However there is evidence that individual service areas do take action to review the validity of data used for KPIs. In particular we note that for revenue and benefits, the directorate operate an arrangements whereby monthly data quality checks are carried out on the data which is used for KPIs on benefit assessments and collection rates.

Conclusion – performance management

Based on the above we have concluded that, although the Council does not have a specifically documented Performance Management Framework, it does have adequate and effective arrangements in place to set out clear strategic objectives and then performance manage the delivery of these objectives. As such we do not consider that a significant weakness in performance management arrangements remains for the financial year to 31 March 2025.

Economy, efficiency and effectiveness - other areas

Procurement

Stafford Borough Council operate a shared service arrangement with Staffordshire County Council for their procurement service. This is a long standing arrangement, however the council was unable to provide a documented Service Level Agreement or other formal contract covering the arrangement. We have raised an improvement recommendation in relation to this point.

Staffordshire County Council have a procurement strategy which is used for procurement activities, and as such as the Council use the Staffordshire County Council procurement arrangements, the Council is also covered by this procurement strategy. Given the shared service arrangement in place the Council does not have a dedicated client lead for procurement activities, as it relies on the shared service arrangement to fulfil this function.

The Council has undertaken a review of the application of procurement regulations during 2024/25. Staffordshire County Council procurement team gave a presentation to Council staff on applicable procurement regulations and the Procurement Act 2023 in March 2025, after the Act came in to force in February 2025. In addition the Council prepared a briefing pack for managers on the new Procurement Act and Regulations in March 2025.



Value for money: improving economy, efficiency and effectiveness

The Council monitors single tender waivers used as part of its procurement activities, however these are not currently formally reported to members. We have raised an improvement recommendation to report these members on a regular basis (e.g. the Audit & Accounts Committee and/or Cabinet on a quarterly basis).

Staffordshire County Council operate a contracts register for all contracts with a value over £60,000. Stafford Borough Council maintains a register for other contracts but recognise that this is in need of further development to ensure it captures all relevant contracts and is then used effectively to manage these contracts. We have raised a further improvement recommendation in relation to this point.

Given the shared service arrangements in place for procurement with Staffordshire County Council, we do not consider that the previously reported areas of significant weakness apply for Stafford Borough Council for 2024/25.

Partnership arrangements

The Council operates in partnership arrangements with other bodies such as Staffordshire County Council, Cannock Chase District Council and local NHS bodies. However it does not have formal strategies or work which is delivered in partnership.

Based on our 2024/25 assessment, the Council has suitable governance arrangements around the arrangements in place including representation on key groups which oversee partnership working.

Overall conclusion – economy, efficiency and effectiveness

Based on the above, we have not identified any significant weaknesses in arrangements for securing economy, efficiency and effectiveness for 2024/25. However, we have raised improvement recommendations in relation to implementation of:

- a formal data quality policy to provide assurance on KPIs used for performance management
- a formal Service Level Agreement covering the shared service procurement arrangements with Staffordshire County Council
- regular reports to members on single tender waivers, including information on values and the reasons for the single tender waiver being necessary.
- a complete and accurate contracts register, covering those procurement contracts not managed by Staffordshire County Council.



Recommendations



Value for money: significant weaknesses and key recommendations

The significant weaknesses we have identified and the key recommendations made are set out below. Our detailed commentary is set out in this Auditor’s Annual Report.

Significant weakness identified	Criteria	Sub criteria	Key recommendation	Management response
<p>Governance arrangements in relation to arrangements for financial monitoring and capacity of the finance team.</p>	<p>Governance</p>	<p>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.</p>	<p>The Council should:</p> <ul style="list-style-type: none"> 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. 	<p>Efforts will continue to recruit to vacancies in the Finance Team and/ or to continue to use agency staff where appropriate. However, given the increase in workload facing the team and the challenges experienced in recruitment over the last 3+ years, it is not anticipated that capacity will improve sufficiently to produce more regular budget monitoring reports.</p> <p>In terms of the financial statements, it is planned that the statements for 2025/26 will be produced by the end of Summer 2026.</p> <p>Good working relationships will be maintained with the External Auditors to support the delivery of the audit.</p>

Value for money: significant weaknesses and key recommendations

The significant weaknesses we have identified and the key recommendations made are set out below. Our detailed commentary is set out in this Auditor’s Annual Report.

Significant weakness identified	Criteria	Sub criteria	Key recommendation	Management response
Governance arrangements in relation to internal controls relating to fraud.	Governance	How the body monitors and assesses risk and how the body gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud.	The Council should update the anti-Fraud and Bribery Framework and the Confidential Reporting Framework.	This has been completed and both policies were approved by Cabinet 9 April 2026.



Value for money: other recommendations

The other recommendations made are set out below. Our detailed commentary is set out in this Auditor’s Annual Report.

Observation	Criteria	Other recommendation	Management response
<p>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.</p>	<p>Financial sustainability</p>	<p>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.</p>	<p>Due to the high uncertainty around the settlement and the previous late interventions by central government to ensure no decrease in core funding, a savings programme is not deemed appropriate for 2026/27 at this stage. There are sufficient reserves in place to be able to prudently adopt this approach should central government not change the current settlement amounts.</p>
<p>Whilst the Council has made progress in 2024/25 in the development of risk management arrangements, further work is required to develop directorate risk registers</p>	<p>Governance</p>	<p>The Council should ensure that:</p> <ul style="list-style-type: none"> • 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. 	<p>Departmental risk registers to be developed. They will be reviewed quarterly as a minimum and any significant risks will be reported to Leadership Team for inclusion in the Strategic Risk Register.</p>



Value for money: other recommendations

Observation	Criteria	Other recommendation	Management response
<p>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</p>	<p>Governance</p>	<p>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.</p>	<p>Whilst it is acknowledged that it would be useful to have a data quality policy, in light of limited capacity and LGR it has been agreed not to implement this recommendation. It would take several months to develop the policy and would at best have 18 months of use, assuming that LGR proceeds to the current timetable.</p>
<p>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.</p>	<p>Economy, Efficiency and Effectiveness</p>	<p>The Council should ensure that</p> <ul style="list-style-type: none"> • 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 	<p>Due to the advent of LGR, this is not deemed a priority. Working practices have been in place for several years and this will continue for the foreseeable future. Should LGR be delayed then this will be revisited.</p> <p>Waivers to be reported on to the Resources Scrutiny Committee quarterly.</p> <p>The contracts register will be updated as part of the preparations for LGR.</p>



Value for money: follow up of prior recommendations

We have provided a commentary on follow of prior recommendations in the detailed sections with our report.





Agenda Item 3(b)

Governance Improvement Plan - Progress Report for 2025-26

Committee:	Audit and Accounts
Date of Meeting:	25 June 2026
Report of:	Head of Business Support and Assurance
Portfolio:	Resources

1 Purpose of Report

- 1.1 To advise Members on the progress in the delivery of the Governance Improvement Plan at the end of 2025-26.

2 Recommendations

- 2.1 To note the progress made in the delivery of the Governance Improvement Plan set out at **APPENDIX 1**.
- 2.2 To approve the revised Governance Improvement Plan for 2026/27 set out at **APPENDIX 2**, subject to any further additions arising from the Annual Governance Statement for 2025/26.

Reasons for Recommendations

- 2.3 The information allows Cabinet 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 2024-25 were reported to the Audit and Accounts Committee on 25 June 2025. 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 2025/26. Of the 42 actions due to be completed, 40% have been completed or are on target.
- 3.3 Taken together with the actions completed in 2024/25, this gives a total of 61%.

- 3.4 The External Auditors have recognised the considerable progress made in their VFM review for 2024/25 and have reduced the number of key recommendations from 4 to 2 and this follows the removal of the 1 statutory recommendation last year.

4 Relationship to Corporate Priorities

- 4.1 Good governance and financial management specifically links to the Council's priority to be "an effective Council" and the objectives relating to:

- value for money to local taxpayers
- good governance across the 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 2024-25 was approved by the Audit and Accounts Committee on 25 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 quarter 3 (31 December 2025). 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

Quarter					No longer applicable	Total Actions
	Action completed	Work on target	< 3 months behind schedule	> 3 months behind schedule		
2024/25	5			5	3	13
Q1 2025/26	9			3	2	14
Q2 2025/26	1			4	2	7
Q3 2025/26	2			2	1	5
Q4 2025/26			1		2	3
TOTAL	17	0	1	14	10	42

- 5.5 At the end of 2025/26 of the 42 actions due for delivery:

- 17 (40%) have been completed or are in progress;
- 15 (36%) of actions are behind schedule; and
- 10 (24%) are no longer applicable or not being actioned.

- 5.6 A number of outstanding actions were completed in the final quarter of the year but it has not been possible to catch up on all of the slippage from earlier in the year. When taken with the 22 actions completed in 2024/25, a total of 39 actions have been completed which amounts to 61% of the original number of actions planned.

- 5.7 The External Auditor's draft VFM assessment for 2024/25 has recently been received. The report recognises the considerable progress that has been made over the last 2 years and as a result, the number of key/significant recommendations has been reduced from 4 to 2. This follows the removal of the 1 statutory recommendation last year. Four minor improvement recommendations have been identified. In light of this, and the anticipated work expected to prepare for Local Government Reorganisation, a full review of the outstanding actions has been undertaken and a revised action plan for 2026/27 has been produced. The review has considered the resources available and the priority of the recommendations in order to determine which actions are to be progressed. The revised action plan is attached at Appendix 2.

6 Implications

6.1 Financial

There are no direct financial implications arising from the report.

6.2 Legal

None

6.3 Human Resources

None

6.4 Risk Management

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

6.5 Equalities and Diversity

None

6.6 Health

None

6.7 Climate Change

None

7 Appendices

Appendix 1: Governance Improvement Plan - Summary of Progress

Appendix 2: Revised Governance Improvement Plan for 2026/27

8 Previous Consideration

None

9 Background Papers

Report to Audit and Accounts Committee 25 June 2025

Contact Officer: Judith Aupers

Telephone Number: 01543 464411





Ward Interest: All

Report Track: Cabinet 18 June 2026
Audit and Accounts Committee 25 June 2026

Key Decision: No

Governance Improvement Plan - Progress Report

Summary of Progress at 31 March 2026

Quarter					No longer applicable	Total Number of Projects
	Action completed	Work on target	Work < 3 months behind schedule	Work > 3 months behind schedule	N/A	
2024/25	5			5	3	13
Q1 2025/26	9			3	2	14
Q2 2025/26	1			4	2	7
Q3 2025/26	2			2	1	5
Q4 2025/26			1		2	3
TOTAL	17		1	14	10	42

Commentary on Progress


A number of outstanding actions have been completed in Q4 but it has not been possible to catch up on all of the slippage from earlier in the year.

The External Auditor's draft VFM assessment for 2024/25 has recently been received. The report recognises the considerable progress that has been made over the last 2 years and as a result, the number of key/significant recommendations has been reduced from 4 to 2. This follows the removal of the 1 statutory recommendation last year. In light of this, and the anticipated work expected to prepare for Local Government Reorganisation, a full review of the outstanding actions has been undertaken and a revised action plan for 2026/27 has been produced.





No	Action	Lead Officer	Revised Timescale	Progress Update	Progress Rating
VFM	Significant Governance Issues from the former VFM Improvement Plan				
VFM1	Financial Sustainability (Statutory Recommendation 1)				
17.	Regular performance monitoring to be re-established with budget managers and Leadership Team.	Deputy Chief Executive (Resources) and S151 Officer	Quarter 3 2024/25	Due to ongoing capacity issues within the Finance Team, budget monitoring for 25/26 has not been restored to quarterly, and reporting will remain as twice yearly. The outturn for period 6 2025/26 has been completed and is to be reported as part of the budget to Cabinet in January.	N/A
26.	Lesson learnt exercise to be undertaken of implementation of the finance system	Deputy Chief Executive (Resources) and S151 Officer	Quarter 3 2024/25	Given the length of time that has elapsed, and the ongoing capacity issues within the Finance Team, it has been decided not to proceed with this action.	N/A
27.	Training of managers in budget management and use of the new finance system.	Deputy Chief Executive (Resources) and S151 Officer	Quarter 3 2024/25	Completed	★
28.	Review of Financial Regulations	Deputy Chief Executive (Resources) and S151 Officer	Quarter 1 - 2025/26	Work has not started on this due to other priorities taking precedence. This has been rescheduled for Q2 26/27.	✘
29.	Training for managers on Financial Regulations	Deputy Chief Executive (Resources)	Quarter 2 - 2025/26	This has been rescheduled to Q2 26/27 to follow the review of Financial Regulations.	✘
4.	Implementation of remaining module of the finance system, ongoing development and maximising use of system functionality	Deputy Chief Executive (Resources) and S151 Officer	Quarter 2 - 2025/26	In light of LGR and ongoing capacity issues, the s151 Officer has decided not to implement the outstanding module of the Finance system.	N/A






No	Action	Lead Officer	Revised Timescale	Progress Update	Progress Rating
55.	Performance reporting for Cabinet and Scrutiny to be developed. This will be done alongside the review and development of performance and risk reporting.	Deputy Chief Executive (Resources) and S151 Officer	Quarter 2 - 2025/26	Due to ongoing capacity constraints and LGR, a decision has been taken not to pursue this action.	N/A
42.	Follow-on zero-based budgeting session with managers to continue work started as part of the 2024/25 budget setting process	Deputy Chief Executive (Resources) and S151 Officer	Quarter 3 - 2025/26 for 26/27 budget setting	Follow on sessions have taken place with budget managers to discuss budget variations that are needed for 26/27.	★
VFM2	Corporate Service Transformation and Efficiency Programme (Key Recommendation 1)				
44.	Consultation and engagement to be embedded into the planning for the delivery of key projects where appropriate to ensure schemes meet community needs eg regeneration projects, redevelopment of play areas	Deputy Chief Executive (Resources) and Head of Business Support and Assurance	Quarter 1 - 2025/26	Due consideration is given in all key projects as to whether consultation/engagement is required.	★
VFM3	IT / Technology (Key Recommendation 2)				
19.	Update IT security policy and adopt a cyber security policy.	Head of Business Support and Assurance and Chief Technology Officer	Quarter 3 2024/25	Completed	★
30.	Develop assurance reporting for IT eg report on outcome of annual health check/penetration testing to Leadership Team and Audit Committee	Head of Business Support and Assurance and Chief Technology Officer	Quarter 4 - 2024/25	Work has progressed on the IT Assurance report and this is now due to be reported as part of end of the year end cycle in Q1 26/27.	✘

No	Action	Lead Officer	Revised Timescale	Progress Update	Progress Rating
31.	Review of what we include in procurements re ICT controls and information governance	Head of Business Support and Assurance, Chief Technology Officer and Information Manager	Quarter 4 - 2024/25	Completed.	★
VFM4	Fraud (Key Recommendation 3)				
56.	Assess fraud risks and include in risk registers as appropriate	Chief Internal Auditor and Risk Manager and Leadership Team	Quarter 4 - 2024/25	Work in progress as part of the development of directorate and operational risk registers and should be completed in Q2 26/27.	✘
45.	Review Anti - Fraud and Bribery Policy	Chief Internal Auditor and Risk Manager	Quarter 1 - 2025/26	Policy has been updated and approved by the Audit Committee and Cabinet.	★
46.	Review of Confidential Reporting Policy	Chief Internal Auditor and Risk Manager	Quarter 1 - 2025/26	Policy has been updated and approved by the Audit Committee and Cabinet.	★
47.	Assess compliance against Cipfa 2014 Code for Fraud and develop an action plan as necessary	Chief Internal Auditor and Risk Manager	Quarter 1 - 2025/26	This has been undertaken as part of the review of the Anti-Fraud and Bribery Policy.	★
61.	Review the information we report on fraud work (including data matching) to the Audit Committee.	Chief Internal Auditor and Risk Manager	Quarter 1 - 2025/26	The review has been completed and additional information will be included in the Annual Internal Audit Report which will be presented to the Audit Committee in Q1 2026/27.	★



No	Action	Lead Officer	Revised Timescale	Progress Update	Progress Rating
VFM5	Performance Management (Key Recommendation 4)				
33.	Establish corporate project resources to support transformation work (funding allocated in 2024/25 budget)	Deputy Chief Executive (Resources) and S151 Officer and Head of Business Support and Assurance	Quarter 3 2024/25	Although proposals for a Transformation Team were approved by Cabinet as part of the Transformation Strategy (5 December 2024), a report was considered by Cabinet in November 2025 which agreed to the redirection of the transformation resources to support the preparatory work needed for LGR and a more modest programme of change.	N/A
34.	Review of all projects, the current governance arrangements and establish project reporting to Leadership Team	Deputy Chief Executive (Resources) and Deputy Chief Executive (Place)	Quarter 4 - 2024/25	This work has been refocused to develop work plans for all Heads of Service to cover the next 2 years. Work has commenced and is due to be completed in Q1 26/27. This will include a framework for performance reporting on delivery of the work plans.	
57.	Develop and adopt a performance management framework to establish golden thread from Corporate Plan to service plans through to employee reviews. Framework to include protocols for ensuring data quality	Head of Business Support and Assurance	Quarter 1 - 2025/26	This has not progressed due to work on LGR taking precedence and it is not now planned to complete this action.	N/A
58.	Review our performance report style - delivery plans and KPIs. To consider the development of performance outcome measures	Head of Business Support and Assurance	Quarter 1 - 2025/26	As for comment above	N/A

No	Action	Lead Officer	Revised Timescale	Progress Update	Progress Rating
59.	Performance reporting for waste and leisure: <ul style="list-style-type: none"> review of KPIs for monitoring and reporting on performance; establish internal validation process of contract performance; and review information reported to Cabinet/Scrutiny 	Head of Business Support and Assurance, Head of Operations and Head of Wellbeing	Quarter 1 - 2025/26	The waste contract performance reporting has been reviewed and processes are in place to validate the contractor's data. The contractor will be required to present an annual report to the Scrutiny Committee in Q3 for the preceding year. Annual performance reporting for the leisure the contract has also been reviewed. The contractor is to be asked to present their report to the Scrutiny Committee in Q3.	★
32.	Establish a Corporate Project Management Methodology. Provide templates, guidelines, and training for key officers (LT, Service Managers and key Principal Officers/Team Leaders).	Deputy Chief Executive (Resources) and S151 Officer and Head of Business Support and Assurance	Quarter 2 - 2025/26	Work has not commenced on this due to the work on LGR taking priority. It has been agreed with the Deputy Chief Executive - Resources that a corporate methodology will not be developed but appropriate project management training is to be sourced and delivered instead. This is to be scheduled for Q2 26/27.	✘
VFM6	HR related issues (Improvement Recommendations 1 and 3)				
23.	Complete review of hybrid working. This will inform the development of the workforce strategy and the review of the Code of Conduct as well as support the development of an asset strategy.	Head of Business Support and Assurance and HR Manager	Quarter 3 2024/25	Report discussed at Leadership Team on 15 July 2025. Further work has been completed but has not yet been reported back to Leadership Team due to other work taking precedence. This will now be completed in Q1 26/27.	✘
22.	Establish our culture, values and type of organisation we want to be. This work will inform the following actions	Deputy Chief Executive (Resources) and S151 Officer and Head of Business Support and Assurance	Quarter 4 - 2024/25	Values have been developed and embedded into the new Code of Conduct for Employees which has been approved by Council.	★

No	Action	Lead Officer	Revised Timescale	Progress Update	Progress Rating
48.	Develop a hybrid working policy and review other related policies and processes.	Head of Business Support and Assurance and HR Manager	Quarter 2 - 2025/26	Work cannot commence on this until the review has been completed and agreement reached on the future direction of hybrid working.	
49.	Review and update the Employee Code of Conduct	Head of Business Support and Assurance and Head of Law and Governance	Quarter 3 2025/26	The Code of Conduct for Employees has been revised and approved by Council.	
62.	Development of a workforce strategy that links to long term transformation/shared services	Head of Business Support and Assurance and HR Manager	Quarter 4 - 2025/26	This action is not being pursued due to LGR. Instead, those elements which are relevant will be progressed over the next 12 months eg recruitment and retention, learning and development	N/A
VFM7	Risk Management (Improvement Recommendation 2)				
24.	Training for Leadership Team, managers, team leaders/principal officers on risk management	Head of Business Support and Assurance and Chief Internal Auditor and Risk Manager	Quarter 4 - 2024/25	Completed	
35.	Develop risk registers for each Directorate and ICT	Deputy Chief Executive (Resources), Deputy Chief Executive (Place) and Head of Business Support and Assurance	Quarter 1 - 2025/26	Risk registers are being developed for the HRA and ICT. Instead of producing directorate risk registers, it is now proposed to develop departmental risk registers (Head of Service level) to accompany workplans which are currently being developed. The workplans will be completed in Q1 and the risk registers in Q2 2026/27.	

No	Action	Lead Officer	Revised Timescale	Progress Update	Progress Rating
36.	Establish escalation process between other risk registers and the SRR eg services, projects	Head of Business Support and Assurance and Chief Internal Auditor and Risk Manager	Quarter 1 - 2025/26	Once the new departmental risk registers are in place, it is intended that they will be reviewed quarterly as a minimum and any significant risks will be reported to Leadership Team for inclusion in the Strategic Risk Register. This will take effect from Q2 2026/27.	
VFM8	Procurement and Contract Management (Improvement Recommendation 5)				
15.	Update the contracts register and ensure it is compliant with transparency requirements	Head of Business Support and Assurance and Leadership Team	Quarter 4 - 2024/25	Work on this has not progressed but will now be picked up in Q1 2026/27 as part of the preparations for LGR.	
39.	Provide training for managers on procurement and contract management	Head of Business Support and Assurance	Quarter 1 - 2025/26	Training on Procurement and the new Regulations was completed in Q4 24/25.	
50.	Work with managers and the County's Procurement Team to develop a procurements pipeline	Head of Business Support and Assurance and Leadership Team	Quarter 3 2025/26	This action has been superceded. Instead a plan will be produced as part of the development of work plans and the preparation for LGR as to which contracts need to be re-tendered in the next 2 years. This will be completed in Q2 26/27	
51.	Process to be established for publication of key data on the Council's website to meet transparency requirements re spend data, contracts register	Deputy Chief Executive (Resources) and Head of Business Support and Assurance	Quarter 3 2025/26	The contracts register data will be published in Q2 and quarterly from there onwards	

No	Action	Lead Officer	Revised Timescale	Progress Update	Progress Rating
VFM9	Other Related Actions				
41.	Preparation of a transformation plan for Development Management to further reduce the backlog of planning applications and to manage this within the approved budget. (From AGS 2023-24)	Head of Economic Development and Planning	Quarter 1 - 2025/26	The review of Development Management has been completed and a transformation plan has been produced.	★
60.	Review of Code of Governance	Head of Business Support and Assurance	Quarter 1 - 2025/26	The Code has been reviewed and updated. It will be taken to Audit Committee in June and Council for approval.	★
53.	Review of Scheme of Delegations as part of shared services transformation. (From AGS 2023-24)	Monitoring Officer and Leadership Team	Quarter 3 2025/26	In light of LGR and the decision not to proceed with Shared Services Transformation, the Monitoring Officer has decided not to undertake a full review of the Scheme of Delegations. Updates will continue to be made as part of the annual Constitution review process.	N/A
52.	Establish an inventory of key policies and a programme of periodic reviews	Leadership Team	Quarter 4 - 2025/26	Decision taken not to proceed with this action unless it becomes essential to LGR preparatory work	N/A
63.	Development of Assurance Model	Head of Business Support and Assurance and Chief Internal Auditor and Risk Manager	Quarter 4 - 2025/26	Some preparatory work is underway with regard to developing corporate assurance reports for Technology and Health and Safety. An assurance statement for Heads of Service has also been prepared.	▲

No	Action	Lead Officer	Revised Timescale	Progress Update	Progress Rating
New Significant Governance Issues Arising from the 2024/25 Governance Review					
GOV	Governance Framework				
GOV1	Training and reminders for managers on good governance and key components of the framework	Deputy Chief Executive (Resources), Head of Business Support and Assurance and Head of Law and Governance	Initial session Quarter 2 - 2025/26	This has been deferred to follow the launch of the revised Code of Governance. This is now planned for Q2 26/27	
GOV2	Monitoring compliance with the governance framework	Deputy Chief Executive (Resources), Head of Business Support and Assurance and Head of Law and Governance	Mid Year Review to be undertaken in Q2 2025/26	Assessment undertaken as part of preparatory work for the Annual Governance Statement and Assurance Statement template developed for future reviews	

Governance Improvement Plan for 2026-27

RECOMMENDATIONS FROM VFM REVIEW 2024/25

No	Recommendation	Lead Officer	Revised Timescale	Actions
SIGNIFICANT RECOMMENDATIONS				
Financial Monitoring (Significant Recommendation 1)				
S1	<p>Ensure adequate capacity in the Finance Team and ensure that budget holders receive formal financial monitoring reports.</p> <p>Produce draft financial statements in line with statutory requirements and work with external auditors to deliver the audits effectively</p>	Deputy Chief Executive (Resources)		<p>Efforts will continue to recruit to vacancies in the Finance Team and/ or to continue to use agency staff where appropriate. However, given the increase in workload facing the team and the challenges experienced in recruitment over the last 3+ years, it is not anticipated that capacity will improve sufficiently to produce more regular budget monitoring reports.</p> <p>In terms of the financial statements, it is planned that the statements for 2025/26 will be produced by the end of Summer 2026.</p> <p>Good working relationships will be maintained with the External Auditors to support the delivery of the audit.</p>
Fraud (Significant Recommendation 2)				
S2	Update the Anti Fraud and Bribery Framework and the Confidential Reporting Framework	Chief Internal Auditor and Risk Manager	Complete	Completed April 2026

Governance Improvement Plan for 2026-27

No	Recommendation	Lead Officer	Revised Timescale	Actions
IMPROVEMENT RECOMMENDATIONS				
Financial Sustainability (Other Recommendation 1)				
I1	Review the need to implement further savings ahead of LGR given the potential funding gaps identified in 26/27 and 27/28 as a result of changes to the financial settlement after the MTFS and 26/27 budgets were approved in January 26	Deputy Chief Executive (Resources)		Due to the high uncertainty around the settlement and the previous late interventions by central government to ensure no decrease in core funding, a savings programme is not deemed necessary for 2026/27. There are sufficient reserves in place to be able to prudently adopt this approach should central government not change the current settlement amounts.
Risk Management (Other Recommendation 2)				
S2	<ul style="list-style-type: none"> Put in place directorate risk registers for all service areas Risk registers to be subject to regular review to ensure mitigating actions are being taken Process to be put in place to escalate risks to the strategic risk register where appropriate 	Head of Business Support and Assurance, Chief Internal Auditor and Risk Manager and Leadership Team	Q2 2026/27	<p>Develop departmental risk registers</p> <p>Review departmental risk registers quarterly as a minimum, report any significant risks to Leadership Team for inclusion in the Strategic Risk Register</p>
Performance Management (Other Recommendation 3)				
I3	Develop a data quality policy or similar process for providing assurance on KPIS as part of performance management reporting	Head of Business Support and Assurance	N/A No further action	Whilst it is acknowledged that it would be useful to have a data quality policy, in light of limited capacity and LGR it has been agreed not to implement this recommendation. It would take several months to develop the policy and would at best have 18 months of use, assuming that LGR proceeds to the current timetable.

Governance Improvement Plan for 2026-27

No	Recommendation	Lead Officer	Revised Timescale	Actions
Economy, Efficiency and Effectiveness / Procurement (Other Recommendation 4)				
14	Put in place a formal SLA with Staffs County Council re the shared procurement arrangements	Head of Business Support and Assurance	N/A No further action	Due to the advent of LGR, this is not deemed a priority. Working practices have been in place for several years and this will continue for the foreseeable future. Should LGR be delayed then this will be revisited.
15	Provide regular reports to Members on single tender waivers	Head of Law and Governance	Q1 2026/27 onwards	Waivers to be reported on to the Responsible Council Scrutiny Committee quarterly.
16	Update the contracts register and ensure it is compliant with transparency requirements	Head of Business Support and Assurance and Leadership Team	Q1 2026/27 Q2 2026/27	Contracts register 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.

OUTSTANDING ACTIONS FROM 2025/26

No	Action	Lead Officer	Revised Timescale
VFM1	Financial Sustainability		
35.	Review of Financial Regulations and training for managers	Deputy Chief Executive (Resources) and S151 Officer	Quarter 2 2026-27
VFM4	Fraud		
73.	Develop a fraud risk register	Chief Internal Auditor and Risk Manager	Quarter 2 2026/27

Governance Improvement Plan for 2026-27

No	Action	Lead Officer	Revised Timescale
VFM5	Performance Management		
47.	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	Deputy Chief Executive (Resources) and Deputy Chief Executive (Place)	Quarter 1 2026/27
45.	Provide training for key officers (LT, Service Managers and relevant Principal Officers/Team Leaders) on project management.	Deputy Chief Executive (Resources) and S151 Officer and Head of Business Support and Assurance	Quarter 2 2026/27
VFM6	HR related issues		
31.	Complete review of hybrid working and develop a hybrid working policy.	Head of Business Support and Assurance and HR Manager	Quarter 2 2026/27
GOV	Governance Framework		
81.	Development of Assurance Model, to include: <ul style="list-style-type: none"> • Annual Assurance Report for Health and Safety • Annual Assurance Report for Technology • Heads of Service Assurance Statements 	Head of Business Support and Assurance and Chief Internal Auditor and Risk Manager	<ul style="list-style-type: none"> • Quarter 2 2026/27 • Quarter 1 2026/27 • Quarter 1 2026/27
GOV1	Training and reminders for managers on good governance and key components of the framework	Deputy Chief Executive (Resources), Head of Business Support and Assurance and Head of Law and Governance	Q2 2026/27

No	Action	Lead Officer	Revised Timescale
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 and Assurance	Rollout in Quarter 1 Training in Quarter 2
1.2	Ethical Values - Update the Anti-Fraud and Bribery Framework and the Confidential Reporting Framework (External Audit - Significant Recommendation 2)	Chief Internal Auditor and Risk Manager	Completed April 2026
1.3	Ethical Values - Develop a fraud risk register (Outstanding action from 25/26)	Chief Internal Auditor and Risk Manager	Quarter 2
1.4	Ethical Values - declaration of conflict of interests – awareness to be raised and annual review to be built into Employee Review process	Head of Business Support and Assurance / HR Manager	Quarter 1 – awareness raising Quarter 2 – Employee Review process
1.5	Respecting the rule of law - managers checks on compliance with the law and local policies/guidance needs to be evidenced. Guidance on this to be issued	Head of Business Support and Assurance / Chief Internal Auditor and 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 and Governance	Quarter 2
2.2	Reports which are not coming to Leadership Team for consideration prior to going to Cabinet, Council etc must be identified and agreement reached in advance - to be embedded into sign-off checklist (action above)	Leadership Team	Quarter 2

No	Action	Lead Officer	Revised Timescale
2.3	Engaging with Stakeholders – plan of key consultation for next 2 years to be developed	Communications Manager	Quarter 2 - dependent on Leadership Team completing work plans
3. Defining the vision and outcomes for the local area and determining the actions necessary to achieve the intended outcomes			
3.1	<p>Ensuring VFM - Put in place a formal SLA with Staffs County Council re the shared procurement arrangements</p> <p>Due to the advent of LGR, this is not deemed a priority. Working practices have been in place for several years and this will continue for the foreseeable future. Should LGR be delayed then this will be revisited.</p> <p>External Audit - Other Recommendation 4)</p>	Head of Business Support and Assurance	No further action
3.2	<p>Ensuring VFM - Provide regular reports to Members on single tender waivers. Waivers to be reported on to the Responsible Council Scrutiny Committee quarterly.</p> <p>External Audit - Other Recommendation 4)</p>	Head of Law and Governance	Quarter 1 onwards
3.3	<p>Ensuring VFM - Update the contracts register and ensure it is compliant with transparency requirements - to be updated as part of the preparations for LGR.</p> <p>This will also include the development of a plan of those contracts which need to be re-tendered in the next 2 years.</p> <p>External Audit - Other Recommendation 4)</p>	Head of Business Support and Assurance and Leadership Team	Quarter 1 Quarter 2
3.4	<p>Fair access to services - Equality, Diversity and Inclusion Policy, Equality Impact Assessment Template and guidance to be updated and training provided</p>	Head of Business Support and Assurance and HR Manager	Quarter 2

No	Action	Lead Officer	Revised Timescale
4.	Determining the interventions necessary to achieve the intended outcomes		
4.1	<p>Performance Management - Develop a data quality policy or similar process for providing assurance on KPIS as part of performance management reporting</p> <p>Whilst it is acknowledged that it would be useful to have a data quality policy, in light of limited capacity and LGR it has been agreed not to implement this recommendation. It would take several months to develop the policy and would at best have 18 months of use, assuming that LGR proceeds to the current timetable.</p> <p>(External Audit - Other Recommendation 3)</p>	Head of Business Support and Assurance	No further action
4.2	<p>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</p> <p>(Outstanding action from 25/26)</p>	Deputy Chief Executive (Resources) and Deputy Chief Executive (Place)	Quarter 1
4.3	<p>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.</p>	Head of Business Support and Assurance and Leadership Team	Quarter 3
4.4	<p>Facilitated session with Leadership Team to progress developing a culture of ownership and accountability.</p>	Deputy Chief Executive (Resources) and S151 Officer and Head of Business Support and Assurance	Quarter 3
4.5	<p>Provide training for key officers (LT, Service Managers and relevant Principal Officers/Team Leaders) on project management.</p> <p>(Outstanding action from 25/26)</p>	Deputy Chief Executive (Resources) and S151 Officer and Head of Business Support and Assurance	Quarter 2

No	Action	Lead Officer	Revised Timescale
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
5.2	Employee induction process to be refreshed	HR Manager	Quarter 3
5.3	Employee review process to be refreshed and relaunched	HR Manager	Quarter 2
5.4	Complete review of hybrid working and develop a hybrid working policy. (Outstanding action from 25/26)	Head of Business Support and Assurance and HR Manager	Quarter 2
6.	Managing risks and performance through robust internal control and strong public financial management		
6.4	<p>Risk Management</p> <ul style="list-style-type: none"> 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 - any significant risks identified from the quarterly reviews will be reported to Leadership Team for inclusion in the Strategic Risk Register <p>(External Audit - Other Recommendation 2)</p>	Head of Business Support and Assurance, Chief Internal Auditor and Risk Manager and Leadership Team	Quarter 2
6.5	<p>Deliver the health and safety action plan which aims to embed a pro-active Health and Safety culture. The key actions include:</p> <ul style="list-style-type: none"> Update the overarching Health and Safety Policy Deliver targeted training to Leadership Team and Managers Determine a programme for reviewing and updating H and S policies 	Head of Business Support and Assurance and Chief Internal Auditor and Risk Manager	<p>Quarter 2</p> <p>Quarter 2</p> <p>Quarter 3</p>

No	Action	Lead Officer	Revised Timescale
6.1	<p>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.</p> <p>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.</p> <p>Produce draft financial statements in line with statutory requirements and work with external auditors to deliver the audits effectively</p> <p>(External Audit – Significant Recommendation 1)</p>	Deputy Chief Executive (Resources)	Quarter 2 - End of Summer 2026
6.2	<p>Financial Management - Review the need to implement further savings ahead of LGR given the potential funding gaps identified in 26/27 and 27/28 as a result of changes to the financial settlement after the MTFS and 26/27 budgets were approved in January 26</p> <p>Due to the high uncertainty around the settlement and the previous late interventions by central government to ensure no decrease in core funding, a savings programme is not deemed appropriate for 2026/27 at this stage. There are sufficient reserves in place to be able to prudently adopt this approach should central government not change the current settlement amounts.</p> <p>(External Audit - Other Recommendation 1)</p>	Deputy Chief Executive (Resources)	No further action
6.3	<p>Review of Financial Regulations and training for managers</p> <p>(Outstanding action from 2025/26)</p>	Deputy Chief Executive (Resources) and S151 Officer	Quarter 2
6.6	<p>Develop a structured approach / framework to the management of corporate assets</p>	Head of Housing and Corporate Assets and Corporate Asset Manager	Quarter 4

No	Action	Lead Officer	Revised Timescale
6.7	<p>Assurance and Scrutiny - Development of Assurance Model, to include:</p> <ul style="list-style-type: none"> • Annual Assurance Report for Health and Safety • Annual Assurance Report for Technology • Heads of Service Assurance Statements <p>(Outstanding action from 2025/26)</p>	Head of Business Support and Assurance and Chief Internal Auditor and Risk Manager	<ul style="list-style-type: none"> • Quarter 2 • Quarter 1 • Quarter 1
6.9	Data and IT Security - AI policy to be developed	Technology Manager	Quarter 2
6.10	Data and IT Security - Ensure that annual refresher training is undertaken	Technology Manager / Data Protection Officer	Quarter 4
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 and 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 and Assurance and Head of Law and Governance	Quarter 2

Agenda Item 3(c)**Updated Strategic Risk Register**

Committee:	Audit and Accounts
Date of Meeting:	25 June 2026
Report of:	Head of Business Support and Assurance
Portfolio:	Resources and Transformation

1 Purpose of Report

- 1.1 To set out details of the Council's Strategic Risk Register as at 1 April 2026

2 Recommendations

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

Reasons for Recommendations

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

3 Key Issues

- 3.1 All strategic risks and associated action plans have been reviewed and updated for 1 April 2026, and the Council's risk profile is summarised in the table below:

Risk Status	Number of Risks at 30 Dec 2025	Number of Risks at 1 April 2026
Red (High)	5	5
Orange (Medium)	4	4
Yellow (Moderate)	0	0
Green (Low)	0	0
Blue (Negligible)	0	0
TOTAL	9	9

4 Relationship to Corporate Priorities

- 4.1 Risk Management as a process supports the Council's Effective Council priority.
- 4.2 The Risk Register 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 and 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 A new risk management framework was approved for implementation by Cabinet on 28 November 2024 and this has been used to do a fundamental review of the Council's Strategic Risks. This resulted in a fully revised risk register being produced for 1 April 2025.

5.5 A further full review has been carried out, and the updated Strategic Risk Register is attached as **APPENDIX 1**. Work has continued to enhance and refine the risks and actions identified to manage them as the Strategic Risk Register matures. As such it is anticipated that risks and wordings may continue to change as Leadership Team develops a better understanding of the risks.

5.6 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 by Cabinet/Audit Committee)

Orange Medium risk, score 6 to 9 (action plan required to reduce risk and monitored by Leadership Team)

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)

5.7 **APPENDIX 1** and detailed information of all risk at **APPENDIX 2**.

5.8 Cabinet and Audit Committee will receive the summary risk register and detailed information on Red Risks throughout the year with Leadership Team monitoring the actions on all risks.

5.9 At the 1 April some actions had been completed, and others are being progressed. Progress updates against the position in December is set out in **APPENDIX 2**. An additional comment has been added to each risk to explain any movement or stability in the residual risk score across the 2025-26 year.

5.10 Risk 2025-08 has had the scope of the risk reviewed and amended to remove the internal factors relating to the financial stability risk and focus solely on external factors.

The wording has changed from

“Internal - Poor budget planning, over commitment of financial resources or significant use of reserves to fund schemes leading to a financial shortfall, reduced financial resilience or overspends that undermine the Council’s ability to deliver services or corporate priorities.

External - central government policy changes which impact the Council's financial position."

to

"Central government policy changes which impact the Council's financial position."

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 - 1 April 2026

Appendix 2 - Strategic Risk Register Red Risks - 1 April 2026

8 Previous Consideration

None

9 Background Papers

File of papers held by the Chief Internal Auditor and Risk Manager

Contact Officer: Stephen Baddeley

Telephone Number: 01543 464415

Ward Interest: All

Report Track: Cabinet 18 June 2026

Audit and Accounts Committee 25 June 2026

Key Decision: N/A

Appendix 1

Stafford Borough Council

Summary of Strategic Risk Register as at 1 April 2026

Risk Ref	Risk Owner	Risk Name	Inherent Risk Score	Residual Risk Score Dec	Residual Risk Score April	Direction of Travel in Period	Target Score
2025-03	Chief Executive	Local Government reorganisation	16	12	12	↔	8
2025-06	Chief Executive	Corporate capacity	16	12	12	↔	12
2025-09	Operations	Safe Management of Trees	16	12	12	↔	8
2025-16	Economic Development and Planning	Delivery of Town Centre Regeneration Project	16	12	12	↔	8
2025-08	Deputy Chief Executive (Resources)	Financial Stability - SBC	16	9	9	↔	9
2025-04	Business Support and Assurance	IT Resilience	16	8	8	↔	8
2025-10	Deputy Chief Executive (Resources)	Failure to deliver good governance	16	8	8	↔	4

Risk Ref	Risk Owner	Risk Name	Inherent Risk Score	Residual Risk Score Dec	Residual Risk Score April	Direction of Travel in Period	Target Score
2025-02	Housing and Corporate Assets	Safety and compliance arrangements for properties	12	12	12	↔	8
2025-12	Chief Executive	Health and safety arrangements for people	12	8	8	↓	4

Key to Direction of Travel

↓	Risk has decreased	↔	Risk level unchanged	↑	Risk has increased
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Appendix 2

Stafford Borough Council - Strategic Risk Register as at 1 April 2026

Risk Ref	2025-02
Risk Owner	Head of Housing and Corporate Assets
Risk Name	Safety and compliance arrangements for 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 and prosecution by HSE and private legal action. Reputational damage. Deterioration in condition of buildings Depreciation of buildings
Corporate Objective SBC	Effective Council
Main Risk Category	Health and Safety

Inherent Impact	Inherent Likelihood	Inherent Risk Score
4	3	12
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 mangers
	Monitoring of spreadsheets by management
	Internal Audit Reviews

Actions

Actions Planned	Person Responsible	Timescale	Progress/Comments
Monthly validation of corporate assets data to ensure all properties are recorded centrally. Asset register is continually being updated with new information as and when received along with the leased properties register to ensure tenancy data is up to date.	Complete Asset Manager	Q4 2025/26	A central list has been collated and is being checked on a regular basis. Completed
Review of Health and Safety Compliance Records of Contractors	Corporate Asset Manager	Q1 2026-27	Contractors continue to return updated information. Those that have not responded or are out of date have been contacted again.
Appoint Contractor to undertake Building Condition Surveys (prioritise top 5 - 60 in total)	Corporate Asset Manager	Q1 2026-27	Orders placed with Townsend and Renaudon for the remaining 15 properties to be completed. Surveys due in before the end of May 26.
Asset Reviews will be carried on all Council properties.	Corporate Asset Manager	Quarter 4 2026-27 (on-going)	Owing to lack of resources and direction regarding a large-scale review ahead of LGR this is on hold but reviews will be carried out on an ad-hoc basis when vacant or other activity prompts the need for review. (Asset Transfer Request etc)

Progress Updates

Current Position	<p>Fire Risk Assessments have all been completed and the associated works identified have been actioned.</p> <p>Fire Compartmentation works are being scheduled for the Civic Centre.</p> <p>Work on the Asset Reviews is being dealt with on a reactive basis.</p> <p>Lease reviews and compliance checks continue and progress is being made.</p>
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	Due to the nature of actions identified it will take time to reduce the risk score as some of the actions require specialist skill set of which there is limited availability within the existing team.
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Risk Score April 2025	Risk Score April 2026	Direction of Travel in the Year
12	12	↔

Comment on Direction of Travel in the Year	The risk score has remained at a 12 as detailed work is required. These actions will take a significant time to produce results that will reduce the residual risk score.
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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 SBC	Effective Council
Main Risk Category	Capacity/Service Delivery

Inherent Impact	Inherent Likelihood	Inherent Risk Score
4	4	16
Residual Impact	Residual Likelihood	Residual Risk Score
4	3	12
Target Score		8
Comment on Target Score: As planning for LGR is still in its infancy, it is too soon to be confident that we can mitigate this risk fully and reduce it to a 4. At present it is considered we can reduce the likelihood to a 2 giving a target score of 8. As planning and work progresses, actions and the target score will be reviewed. Progress with this risk is also linked to the risk regarding capacity (ref 2025-06).		

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 26-27	

Progress Updates

Current Position	All of the actions planned for 25/26 have been completed and the proposal has been submitted to the government for consideration. Whilst a decision is awaited from the Government of a County wide project structure has been set up to oversee the planning for LGR and initial preparatory work. As part of this workstreams have been set up and will meet for the first time in April. Preparatory work continues to focus on corporate and support services at this stage. Alongside this work, planning has commenced on the internal preparatory work needed and an internal action plan is being developed.
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Risk Score April 2025	Risk Score April 2026	Direction of Travel in the Year
12	12	↔

Comment on Direction of Travel in the Year	<p>Although work regarding LGR has not impacted on front line service delivery to date, there has been an impact on corporate and support services who have been leading on the work relating to the proposals for the new unitary council model for Staffordshire.</p> <p>In view of this, the wider capacity issues that the Council is facing and the ongoing uncertainty around LGR until a decision is made, the residual risk score remains unchanged.</p>
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Risk Ref	2025-04
Risk Owner	Business Support and Assurance
Risk Name	IT Resilience Risk
Risk Description	Risk of unplanned disruptions to the IT infrastructure, network and systems which prevent accessibility and service delivery. This includes but is not limited to cyber-attacks, equipment failure, natural disasters, and human error.
Consequences	<ul style="list-style-type: none"> • Data, Systems and Applications inaccessible potentially for several months • Inability to deliver Council services including a reduction of services to the public • Cybercrime/ Fraud/ Ransom demands/Financial harm • Reputational damage locally and nationally • Data Loss causing a breach of Data Protection Act (DPA) and GDPR. Possible fine from the ICO. • Financial Loss
Corporate Objective SBC	Effective Council
Main Risk Category	IT/Technology

Inherent Impact	Inherent Likelihood	Inherent Risk Score
4	4	16
Residual Impact	Residual Likelihood	Residual Risk Score
4	2	8
Target Score		8
Comment on Target Score: All reasonable/affordable steps will be taken to manage this risk. However, it is only considered feasible to reduce the likelihood to a 2 giving a residual score of 8, due to the evolving nature of cyber-attacks.		

Controls	Assurances
IT Policies and Procedures including the IT Security Policy	External compliance checks - PSN Certification, Cyber Essentials Plus Certification (annual IT Health Check and penetration testing conducted by GCHQ approved consultants). Internal compliance checks by Technology Team and Internal Audit
Access controls to network e.g. complex password configuration and Multi Factor Authentication	Enforced for all users and third parties.
Vulnerability Monitoring - proactive monitoring of our entire network 24/7 to alert us to any signs of threat	

Controls	Assurances
Firewall and Anti-Virus System	
Protective Domain Name Service (PDNS) - prevents access to domains known to be malicious	
Standards Group - regulate any exceptions to the standard software/hardware in use.	
Third Party Agreement - used to manage access to systems by suppliers/contractors.	
Privileged Access Controls - role based access controls (RBAC) are in place for all staff and IT administrators.	
User education and awareness training	
Incident management - response and disaster recovery procedures in place	
IT risk register - assessment, management and monitoring of IT risks	
Replacement of IT systems in line with digital strategy	

Actions

Actions Planned	Person Responsible	Timescale	Progress/Comments
Replacement of network infrastructure hardware	Infrastructure Manager	Q3 2025	This work has now been completed.
Data files will continue to be moved to the cloud (SharePoint) during 2025/26	Technology Service Manager	Ongoing	Approximately 50% of the migration has been completed to date and we are aiming to complete the majority of the remaining files by the end of 2026/27.
Researching options to improve vulnerability scanning –	Technology Service Manager	Quarter 1 26/27	Addition funding has been provided through the budget. Once research has been completed, further actions will be developed to procure and implement the preferred solution

Progress Updates

Current Position	<p>At the end of the year, progress has been made with essential work on upgrading the infrastructure completed. Work on completing the move to SharePoint has slipped but has been rescheduled into 26/27</p> <p>As a result of additional funding secured through the budget, research is to be undertaken into options to improve our ability scan for cyber threats and this work will take place during 2026/27.</p>
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Risk Score April 2025	Risk Score April 2026	Direction of Travel in the Year
8	8	↔

Comment on Direction of Travel in the Year	<p>There has been no change in the direction of travel and we are at our target score. Due to the ever evolving nature of cyber attacks, the focus is on maintaining the risk and the current level and not letting it increase.</p>
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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 SBC	Effective 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:		
<p>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.</p>		

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 2026/27	Work is underway with each Head of Service developing a summary work plan and a detailed delivery plan for their service area.
Monitoring delivery of workplans	Leadership Team	From Quarter 2 2026-27 onwards	Progress monitoring template being developed
Monitoring capacity	Leadership Team	From Quarter 2 2026-27 onwards	Template to monitor vacancies being developed. Sickness reporting being updated
Management of expectations/discussion with Cabinet	Chief Executive/ Leadership Team	Q1 2026-27	Discussions will take place once the work plans have been drafted. Likely to be March/April 2026.

Progress Updates

Current Position	<p>Capacity has been an ongoing issue throughout 2025/26. Recruitment in a number of service areas is difficult and there continues to be a reliance on the use of agency staff and consultants to cover vacancies.</p> <p>Workload continues to increase with a number of major projects underway which impact a range of front line and corporate/support services. In order to help to manage this workplans are being developed setting out the key projects for the next 2 years.</p> <p>At present the workplans only include some initial preparatory work for LGR; this will increase substantially once the Government announces the decision on the unitary council model for Staffordshire which is expected in July 2026. As the work required for LGR becomes clearer, the workplans will be reviewed and it may be necessary to stop work on some projects.</p> <p>Whilst some funding has been made available in the budget for 2026/27 to provide additional support, this is directed at services currently experiencing problems and is not expected to significantly improve the situation. Leadership Team is continuing to focus on managing capacity within the current resources and maintaining the current position so that this does not deteriorate.</p>
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Risk Score April 2025	Risk Score April 2026	Direction of Travel in the Year
12	12	↔

Comment on Direction of Travel in the Year	<p>The status quo has been maintained, in line with the stated position for this risk.</p> <p>However, workloads are expected to increase in 2026/27 with preparatory work for LGR due to commence so it will be essential to keep capacity under review.</p>
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Risk Ref	2025-08
Risk Owner	Deputy Chief Executive (Resources)
Risk Name	Financial Stability
Risk Description	Central government policy changes which impact the councils financial position.
Consequences	Damage to reputation with stakeholders May affect ability to bid for funding Poor PR
Corporate Objective SBC	Effective Council
Main Risk Category	Financial

Inherent Impact	Inherent Likelihood	Inherent Risk Score
4	4	16
Residual Impact	Residual Likelihood	Residual Risk Score
3	3	9
Target Score		6
Comment on Target Score: The three-year financial settlement announced 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	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	

Progress Updates

Current Position	<p>A balanced 3 year budget has been approved. This is a major step forwards for the council. As above, this required the use of reserves which could be safely released to fund the position and increased investment in services.</p> <p>The internal risk has been removed. This is due to the council not currently planning to restart more regular budget monitoring as LGR is imminent and the focus being on delivering existing on going projects and LGR. Budgets will be reported on twice a year as part of outturn and budget setting. In year budget managers have been trained to use real time dashboards to monitor their budgets</p>
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Risk Score April 2025	Risk Score April 2026	Direction of Travel in the Year
9	9	↔

Comment on Direction of Travel in the Year	Due to the uncertainties of future funding this risk has remained static in the year.
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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	<ul style="list-style-type: none"> • Death/Serious Injury • Damage to property • HSE Investigation/Prosecution • Corporate Manslaughter • Insurance Claims
Corporate Objective SBC	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
<p>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.</p>		

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	
SBC - Urban Forestry Strategy	
Allocation of semi-dedicated management resource.	
Knowledge of tree locations	
Historic/recent tree inspections	

Controls	Assurances
Historical tree database/system in place	

Actions

Actions Planned	Person Responsible	Timescale	Progress/Comments
Review tree service, TPOs and procedures	Natural Environment Manager	Q3 2026/27	In progress – several requirements identified including tree team, full TPO review.
Joint Tree Team Structure to be developed and implemented	Natural Environment Manager	Q1- 2027/28	In progress, structure has been agreed and costed and the first posts going out to recruitment have been job evaluated. Posts going out to advert in Q1 27/28
Implement new full risk-based tree management procedure	Natural Environment Manager	Q3 2026/27	In progress, trees are now in the process of being managed on a developing shared risk basis methodology
Implement new joint tree management ICT GIS based system	Natural Environment Manager	Q2 2027/28	System procured, data cleansing and preparation in progress. Data cleansing will take several months. Priority to be given to uploading tree data so that inspection work for red zones can be commissioned
Outsource next round of tree inspections for all trees to create new baseline data (78,000 trees) and ongoing inspections	Natural Environment Manager	Q4 2026/27	Trees in red zones are to be prioritised. Procurement process to commence in Q1.
Deliver and monitor tree risk-based works and ongoing inspections	Natural Environment Manager	Ongoing	Progress against Tree Management action plan to be monitored and reported to Trees Oversight Group

Progress Updates

Current Position	<p>Consultant tree officers have been brought in to cover vacant posts until permanent staff can be recruited and a large amount of tree maintenance works are being contracted out.</p> <p>The limited capacity currently available within the team is being prioritised and focussed on responsive inspections and tree works.</p> <p>Notwithstanding this, progress is being made to deliver the actions planned to improve the service.</p>
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	<p>The Tree Management structure across both Councils has been finalised and provision made within the budget for 2026/27. The recruitment process for all Tree Officer posts will commence in Q1.</p> <p>Work is in progress to catalogue SBC’s area and other Tree Protection Orders for integration into the Council’s new ICT tree system. Two officers are to be seconded in Q1 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.</p> <p>Work is to commence in Q1 on procuring a contractor to undertake inspections of trees in red zones as a priority, with inspections of other areas to follow.</p> <p>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.</p>
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Risk Score April 2025	Risk Score April 2026	Direction of Travel in the Year
12	12	↔

<p>Comment on Direction of Travel in the Year</p>	<p>Although the risk score remains at 12, actions are progressing but will take time to complete. Delivery of project work has been affected by vacancies with resources focussed on operational response. The plans have been reviewed and refocussed for 2026/27 to allow for work to commence in stages with a focus on higher risk areas.</p>
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Risk Ref	2025-10
Risk Owner	Deputy Chief Executive (Resources)
Risk Name	Failure to deliver good governance
Risk Description	The Council does not have in place or comply with Governance Best Practice processes leading to negative Annual Governance Statement, External Audit or other regulator comment, and/or Statutory Intervention. E.g. Statutory Officer Advice is not complied with, Members and Employees fail to follow Codes of Conduct and the Constitution
Consequences	Government intervention Negative PR/reputation damage
Corporate Objective SBC	Effective Council
Main Risk Category	Reputation, Customer/Public Perception

Inherent Impact	Inherent Likelihood	Inherent Risk Score
4	4	16
Residual Impact	Residual Likelihood	Residual Risk Score
4	2	8
Target Score		4
Comment on Target Score:		

Controls	Assurances
Code of Governance	Audit Committee
Annual Governance Review/Statement	Scrutiny Committees
Policy and Procedures e.g. Financial Regulations, Procurement Regulations, HR policies	Statutory Officers/Responsibilities
	Chief Internal Auditor's Annual Report and Opinion

Actions

Actions Planned	Person Responsible	Timescale	Progress/Comments
Review of Code of Governance	Head of Business Support and Assurance	Quarter 1 2026/27	Further work on the review of the Code of Governance has been undertaken. It will now be taken through the democratic cycle for approval in Q1 2026/27.
Regular Statutory Officer meetings - golden triangle	Chief Exec/ s151 Officer/ Monitoring Officer/Chief Internal Auditor	Q1 2025/26 onwards	Meetings are taking place on an ad hoc basis

Actions Planned	Person Responsible	Timescale	Progress/Comments
Reminders and training for Leadership Team and Service Managers on key policies, processes and good governance	Deputy Chief Executive (Resources)/ Head of Business Support and Assurance/ Head of Law and Governance	Q2 2026/27 (Revised from Q2 Sept 25)	This has been deferred to 26/27 and will now take place once the updated Code of Governance has been approved.
Delivery of Governance Improvement Plan	Deputy Chief Executive (Resources)/ Head of Business Support and Assurance/ Head of Law and Governance	Quarter 4 2026/27	Work on this is ongoing and will not be completed until 2026/27

Progress Updates

Current Position	Some progress has been made in delivering a number of the actions in the Governance Improvement Plan. The outstanding actions in the improvement plan will be reviewed and rescheduled at the end of March, alongside consideration of the findings of the External Auditor's VFM review for 2024/25 a draft of which has been received recently.
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Risk Score April 2025	Risk Score April 2026	Direction of Travel in the Year
8	8	↔

Comment on Direction of Travel in the Year	A stable position has been maintained during 2025/26. Some progress has been made in completing the outstanding actions in the Governance Improvement Plan, but not sufficient to reduce the risk score.
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Risk Ref	2025-12
Risk Owner	Chief Executive
Risk Name	Inability to demonstrate and implement adequate health and safety arrangements for people
Risk Description	Operational procedures and working practices are not sufficient to adequately ensure the safety of tenants, employees, leaseholders or visitors leading to death or serious injury.
Consequences	HSE Investigation Prosecution, Injury to employees, Personal Injury Claims, Corporate Manslaughter,
Corporate Objective SBC	Effective Council
Main Risk Category	Health and Safety

Inherent Impact	Inherent Likelihood	Inherent Risk Score
4	3	12
Residual Impact	Residual Likelihood	Residual Risk Score
4	2	8
Target Score		4
Comment on Target Score:		

Controls	Assurances
Health and Safety Policies	Health and Safety Officer
Health and Safety Training	Health and Safety Audits
Health and Safety Risk Assessments, COSHH, PPE etc	Accident Reports/Stats
CDM Training	
IOSH Managing Safety for Service Managers	

Actions

Actions Planned	Person Responsible	Timescale	Progress/Comments
A review of Health and Safety Training will be carried out in to determine a new package of mandatory training and refreshers.	Chief Internal Auditor and Risk Manager and Health and Safety Team	Q2 2026-27	
An awareness campaign and reminders on Health and Safety matters will be rolled out	Chief Internal Auditor and Risk Manager and Health and Safety Team	Q2 2026-27	
Specific Health and Safety Training to be delivered to Leadership Team and managers/supervisors	Chief Internal Auditor and Risk Manager and Health	Q3 2026-27	

Actions Planned	Person Responsible	Timescale	Progress/Comments
	and Safety Team		
A programmed review of High Risk Service Areas will be carried out to cover reviewing risk assessments and regular engagement with relevant management teams.	Chief Internal Auditor and Risk Manager and Health and Safety Team	Q2 2026-27	
Work will be carried out to determine a corporate approach to monitoring Health and Safety compliance on outsourced contracts.	Chief Internal Auditor and Risk Manager and Health and Safety Team	Q3 2026-27	
A more formalised Assurance and Reporting regime will be established for the Health and Safety Team to ensure that regular information and reports are passes to Leadership Team covering Health and Safety compliance and incidents	Chief Internal Auditor and Risk Manager and Health and Safety Team	Q2 2026-27	

Progress Updates

Current Position	A review of the Health and Safety training will be carried out and a new mandatory list of training and refreshers will be developed. There is a need to raise awareness and to do more substantive assurance work to provide additional assurance to those charged with governance.
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Risk Score April 2025	Risk Score April 2026	Direction of Travel in the Year
8	8	↔

Comment on Direction of Travel in the Year	The risk has remained the same across the year and additional actions have been identified to reduce the score.
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Risk Ref	2025-16
Risk Owner	Head of Economic Development and Planning
Risk Name	Delivery of Town Centre Regeneration Project
Risk Description	<p>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.</p> <p>There is a risk that either the Council may not be able to complete the demolition phase of the project or secure a development partner to re-develop the cleared sites.</p>
Consequences	<ul style="list-style-type: none"> • Major reputational risk for the Council in terms of not delivering the schemes that local residents expect; potential that Council may be unsuccessful with future funding bids • Reduced growth and economic prosperity for local residents • Decline of town centres/impact on major redevelopment proposals • Council exposed to unplanned financial risks and pressure on revenue resources which impacts on delivery of core services • Clawback of funding for non-delivery • Increased pressure on already stretched services/functions of the council which have capacity issues. • Cleared sites could sit empty for indeterminate period if developer interest doesn't materialise
Corporate Objective SBC	Prosperous Economy
Main Risk Category	Reputation, Customer/Public Perception

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

Comment on Target Score:

Inherent nature of the risk profile of the regeneration schemes makes it difficult to reach a score of 4, therefore a target score of 8 has been set at this stage. External influences may affect the ability to secure operators/end users to build out development within the agreed footprint of the scheme. Although the main demolition works to the former Guildhall Shopping Centre and co-op have completed and there has been a strong level of interest in the town centre from potential operators, the residual risk score will remain at 12 until the Council completes the demolition works to the former Wilko site and properties at 10 - 12 Gaolgate Street and secures agreements with developers/operators following a competitive procurement process.

It should be noted that the risk profile of the scheme will change over time as the Council secures development partners/operators to bring forward development on the cleared sites.

Controls	Assurances
Monitoring/finance returns being prepared and submitted to MHCLG in line with timescales in agreed memorandum of understanding	Project Sponsor Statutory Officer Meetings
Key decisions taken by Cabinet in relation to the project with relevant delegations and budget approvals in place	Statutory Officer Meetings Project Sponsor
Procurement using approved frameworks to select and appoint key contractors/developers/operators	SCC Procurement team Internal Audit Reviews Project Sponsor
Detailed risk registers and project plans to Operational Group	Project Board Project Sponsor Internal Audit reviews. External Audit overview Statutory Office Meetings
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. External Audit overview. Statutory Officer Meetings External Audit
Ensure that the Council is effectively managing contractors and consultants	Project Sponsor Statutory Officer Meetings
Ensure that the Council has sufficient capacity to deliver the projects including dedicated programme management support, commercial advice, legal, finance and comms resource.	Project Board Project Sponsor Deputy Chief Executive Resources (S151)
Ensure that the Council's Health and Safety/CDM requirements are met, and demolition/construction works are managed safely and in line with regulations	Review by Statutory Officers Project Sponsor

Actions

Actions Planned	Person Responsible	Timescale	Progress/Comments
Approval of Development Framework to set out Council's vision for the regeneration opportunity and proposed uses/parameters for development	Head of Economic Development and Planning	Q1 2026/27	Presented to Cabinet for approval on 9 April 2026

Actions Planned	Person Responsible	Timescale	Progress/Comments
Approval of refreshed Governance structure for the project and additional resource/capacity to deliver the project	Deputy Chief Executive - Place Deputy Chief Executive - Resources (S151) Head of Economic Development and Planning	Q1 2026/27	Report being prepared and will be presented to Cabinet for consideration on 21 May 2026
Communications to stakeholders, partners and the public - development of Comms Strategy and Plan	Head of Economic Development and Planning, Communications Manager	Q1 2026-27	A revised comms plan for the project will be developed when the Development Framework has been presented to Cabinet and agreed (see next action)
Agree approach to securing development delivery	Head of Economic Development and Planning	Q1 2026/27	A Development Framework has been produced and will be presented to Cabinet for approval on 9 April 2026. The report to Cabinet will set out a recommended development delivery route for each parcel within the Development Framework.
Formal procurement process to appoint development partner(s)	Head of Economic Development and Planning	Q1 - 2026/27	Officers have completed work to research procurement frameworks and other routes to market that could be used to select developers/operators. The recommended route for developer/operator selection will be presented to Cabinet for approval on 9 April 2026.

Progress Updates

Current Position	<p>Performance Dashboards and Risk Registers have been produced and reported to Project Boards and LT.</p> <p>Meetings with developers/operators are being organised to discuss the regeneration opportunity being created by the Council utilising the Future High Street Fund (FHSF) grant.</p> <p>A Development Framework has been produced which sets out the Council's vision for the regeneration scheme and proposed uses for the 6 development parcels identified within the red line boundary.</p> <p>Procurement frameworks have been researched with the view to taking a paper to Cabinet on 9 April 2026 to recommend a preferred approach to selecting operators/end users for the scheme.</p>
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Risk Score April 2025	Risk Score April 2026	Direction of Travel in the Year
12	12	↔

Comment on Direction of Travel in the Year	<p>Whilst the Council has made positive progress with the regeneration scheme during 2025/26, the risk profile and score remains at the same level until the Council moves forward with the recommended development delivery route and secures developers/operators to deliver the regeneration opportunity.</p>
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Agenda Item 3(d)**Internal Audit Annual Report 2025-26**

Committee:	Audit and Accounts
Date of Meeting:	25 June 2026
Report of:	Chief Internal Auditor and Risk Manager
Portfolio:	Resources

1 Purpose of Report

- 1.1 To present the Internal Audit Annual Report for 2025-26

2 Recommendations

- 2.1 That the Committee notes the Internal Audit Annual Report for 2025-26 and the annual conclusion contained within it.

Reasons for Recommendations

- 2.2 The Chief Internal Auditor and Risk Manager is required to present an annual report to the Audit Committee setting out a summary of the work carried out during the year and a conclusion on the effectiveness of the Council's governance, risk management and internal control arrangements.

3 Key Issues

- 3.1 From Internal Audit work this year we have identified the following:
- the overall pattern of audit opinions is low, with a significant proportion of reviews assessed as Partial or Limited Assurance;
 - ongoing weaknesses in control effectiveness across a number of audit areas; and
 - slower than expected progress by management in implementing agreed audit recommendations.
- 3.2 Based on these factors the Annual Conclusion is that **Limited Assurance** can be provided that the Council's framework of governance, risk management and internal control was operating effectively in 2025-26.

- 3.3 The findings indicate that further improvement is required by management to strengthen the consistency and effectiveness of the Council's governance, risk management and internal control environment.

4 Relationship to Corporate Priorities

- 4.1 A sound framework of governance, risk management and internal control underpins the effective delivery of all Corporate Plan priorities and particularly the Effective Council priority.

5 Report Detail

Assurance

- 5.1 Management are responsible for the framework of governance, risk management and internal control and should put in place policies and procedures to help ensure that the system functions effectively.
- 5.2 Internal Audit reviews, appraises and reports on the effectiveness of the framework of governance, risk management and internal control.
- 5.3 The Internal Audit Annual Report (attached as Appendix 2) is the culmination of the work of the Section during the course of the year and seeks to:
- provide a conclusion on the adequacy of the governance, risk management and internal control environment;
 - comment on significant governance weaknesses;
 - comment on the nature and extent of significant risks; and
 - report the incidence of significant internal control failings or weaknesses.
- 5.4 Work completed since the last progress update and not previously been presented to the Committee is included in **APPENDIX 1**.
- 5.5 The Annual Report summarises the internal audit activity undertaken during 2025-26 and provides the Chief Internal Auditor and Risk Manager's overall conclusion for the year.
- 5.6 The Internal Audit Annual Report is one of the sources of assurance used to support the Council's Annual Governance Statement. The Annual Conclusion given in the report is based on the work of the Internal Audit Section and other information of which the Chief Internal Auditor and Risk Manager is aware, such as performance and risk management information and awareness of other work, including the delivery of projects.

- 5.7 The Chief Internal Auditor and Risk Manager's Annual Conclusion for 2025-26 is to give **Limited Assurance** that the Council's framework of governance, risk management and internal control was operating adequately, but there were no instances where any breakdown of control resulted in a material discrepancy.
- 5.8 This is based on the high number of Limited and Partial assurance audit conclusions issued during the year and the slow progress made by management in addressing audit recommendations made.

Internal Audit's Performance

- 5.9 The Internal Audit Team completed 20 audits during the year, an increase from 15 in 2024-25. The Team also spent significant time following up 14 previous audits covering 66 recommendations.
- 5.10 Internal Audit capacity reduced following the departure of a Senior Auditor. This created additional delivery pressure during the year, although some audit work was commissioned externally to mitigate the impact.

Review of the Effectiveness of Internal Audit

- 5.11 The Annual Report contains a summary of the outcome of the Review of Internal Audit and the associated action plan.

6 Implications

6.1 Financial

None

6.2 Legal

None

6.3 Human Resources

None

6.4 Risk Management

The report relates directly to the Council's framework of governance, risk management and internal control. The issues identified in the Annual Report inform the Council's understanding of control weaknesses and areas requiring management action.

6.5 Equalities and Diversity

None

6.6 Health

None

6.7 Climate Change

None

7 Appendices

Appendix 1 - Summary of Significant Findings March 2026 Audits

Appendix 2 - Internal Audit Annual Report for 2025-26

8 Previous Consideration

None

9 Background Papers

File of work held by the Chief Internal Auditor and Risk Manager

Contact Officer: Stephen Baddeley

Telephone Number: 01543 464415

Report Track: Audit and Accounts 25 June 2026 only

Summary of Significant Findings for Audits Issued in March 2026

Audit Reports Issued in March 2026

Audit	Service Lead Officer	Number of High/Medium/Moderate Recommendations	Assurance	Comments and Key Issues
New Customer Relationship System (GOSS)	Business Support and Assurance	3	Limited !	<ul style="list-style-type: none"> • There was a lack of regular access reviews to ensure all users were still valid. • There was a need to improve the contents of the User Guide and User Authentication Guide for Citizen Facing Online Services • There was a need to create a formal policy for user authentication for the citizen facing online services.

Audit	Service Lead Officer	Number of High/Medium/Moderate Recommendations	Assurance	Comments and Key Issues
Closed Churchyards	Operations	7	Limited !	<ul style="list-style-type: none"> • It was not possible to verify documentation for 5 of the 7 Closed Churchyards to ensure they were closed and validly transferred to the Council • There is no approved budget for spending in relation to Closed Churchyards. The costs are currently part of the Streetscene budget. • There was a lack of a documented regular inspection of the churchyards • It was not possible to find evidence of past faculties applied for work completed where permission was required from the Diocese. • Tree inspections appeared to be overdue in the churchyards from the records available • No routine memorial testing had been carried out in closed churchyards and clarification needed to be sought on whether this was a requirement on the Council. • No records of routine work were retained for the churchyards

Audit	Service Lead Officer	Number of High/Medium/Moderate Recommendations	Assurance	Comments and Key Issues
Payroll (Variations and Deductions)	Business Support and Assurance	6	Partial ▲	<ul style="list-style-type: none"> • Guidance on the mileage claim process should be produced along with clarification on the rules around home to work mileage. • Forms to process mileage should be reviewed and updated. A harmonised form and process across both Councils should be considered. • There was little resilience in the process due to there being only one individual able to do some actions so training another member of the team on the processes would be beneficial • Some overpaid mileage was identified, and action should be taken to recover this. • It was found that receipts for fuel, etc. were not routinely being retained by managers as required by the process to support VAT claims. • There was no evidence of the validation/checking by Payroll Supervisors of manual calculations in all instances.
Civica Finance	DCE (Resources)	1	Partial ▲	It was identified that clarification was needed from the supplier in relation to Business Continuity/Disaster Recovery arrangements and formal documentation being issued to the Council.

Audit	Service Lead Officer	Number of High/Medium/Moderate Recommendations	Assurance	Comments and Key Issues
Licensing Arrangements	Regulatory Services	4	Partial ▲	<ul style="list-style-type: none"> • The Flare system was not updated with all details/notes relating to the investigation of complaints received about Licence Holders • Annual fees were not always recorded on the Flare system, and there was not a joined-up recovery/payment monitoring process between Finance and Licensing. • No formal performance monitoring/ management information was available for Licensing. • There was no structured compliance monitoring of licence holders in place.
Creditors	DCE (Resources)	0	Substantial ✓	
UKSPF Grants and Projects	Economic Regeneration and Planning	0	Substantial ✓	
AI - (Advisory)	Business Support and Assurance	0	N/A	

Audit Follow-ups Completed in March 2026

Audit	Service Lead Officer	Original Assurance	Implemented	In Progress	Not Implemented	Total	Revised Assurance	Comments
Civil Contingencies	Regulatory Services	Partial ▲	2	7	0	9	Partial ▲	<ul style="list-style-type: none"> • Further work was still required to implement a formal process for all incidents including debrief and learning • There was still a need to review the Communications Plan • Work was still required to finalise and issue the Business Continuity Management Policy • Work was still required to review and update the Rest Centre Plan. • The list of venues for rest centres needed to be reviewed. • There was still a need to review the contact list for key staff and volunteers to ensure it is accurate and up to date. • There was a need to review and reissue the incident response guide and in particular the Control Centre elements.

Stafford Borough Council Internal Audit Annual Report 2025-26

June 2026



working together

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1. INTRODUCTION

1.1 The Internal Audit Service is a shared service with Cannock Chase District Council. This report highlights the work carried out by Internal Audit to deliver the Annual Audit Opinion for Stafford Borough Council.

The Annual Reporting Process

1.2 Internal Audit is an assurance function that primarily provides an independent and objective opinion to the Council on its governance arrangements comprising of risk management and internal control. Internal Audit objectively examines, evaluates and reports on the adequacy of the Council's governance arrangements as a contribution to the proper, economic, efficient and effective use of resources. Responsibility for governance rests fully with Managers, who should establish and maintain an adequate system of internal control to enable them to discharge their responsibilities and to ensure that the Council's resources are properly applied in the manner and on the activities intended.

1.3 This report is the culmination of the work of the Internal Audit Section during the course of the year and seeks to:

- provide a conclusion on the adequacy of the governance, risk management and internal control environment;
- comment on significant governance weaknesses;
- comment on the nature and extent of significant risks; and
- report the incidence of significant internal control failings or weaknesses.

1.4 It provides a summary of the work of the Section throughout 2025-26. As such it presents a snapshot picture 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 any relevant areas where significant weaknesses have not been addressed by managers to the attention of the Audit and Accounts Committee if and when it is deemed appropriate.

1.5 Internal Audit has adopted an exception-based reporting methodology, as such only those areas where issues have been identified are reported on.

Mandate for Internal Audit

1.6 The requirement for an Internal Audit function derives from local government legislation, including section 151 of the Local Government Act 1972 which requires authorities to "make arrangements for the proper administration of their financial affairs". Proper administration is interpreted in this legislation to include Internal Audit. More specific requirements are detailed in the Accounts and Audit Regulations 2015, in that a relevant body must "undertake an effective

internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal audit standards or guidance”.

Review of Internal Audit

- 1.7 A review of Internal Audit has been undertaken within the year as part of the Quality Assurance and Improvement Programme as required by the Global Internal Audit Standards in the UK Public Sector (GIAS (UK Public Sector)) which came into force for the Council from 1 April 2025 .
- 1.8 As previously reported an External Quality Assessment (EQA) was carried out in Autumn of 2022 by Business Risk Management Ltd. The outcome of the review and the agreed action plan was presented to the Audit and Accounts Committee on 16 November 2022. The view of the EQA Assessor was that “The Internal Audit Shared Service is delivering to a standard that generally conforms with the Public Sector Internal Audit Standards with the service demonstrating a high standard of delivery within its peer group”. In line with the standards a new External Quality Assessment will be required in 2027.
- 1.9 In the interim and in line with the standard for an annual internal review, the Chief Internal Auditor has conducted a self-assessment of the section in relation to compliance with the GIAS (UK Public Sector) and the Cipfa Code of Practice for the Governance of Internal Audit in Local Government
- 1.10 The review concluded that the Internal Audit Service is effective and conforms sufficiently with the requirements GIAS (UK Public Sector) and the Cipfa Code of Practice for the Governance of Internal Audit in Local Government to ensure that the conclusion given in this Annual Report can be relied upon for assurance purposes. Where improvements have been identified these are included in the Improvement Plan in Appendix 3 at the end of this report.
- 1.11 In order to ensure the quality of each audit, the Senior Auditor, the Principal Auditor or the Chief Internal Auditor carries out a file review for each audit prior to the reports being issued. The Chief Internal Auditor also reviews and signs-off every report before it is issued. These processes form part of the internal quality assurance process and helps to provide a consistent approach between the auditors.

2. REVIEW OF CONTROL ENVIRONMENT

How the Control Environment is Reviewed

- 2.1 Internal Audit operates to a risk based audit plan. The audit plan is risk assessed each year to ensure that suitable audit time and resources are devoted to reviewing the more significant areas of risk.
- 2.2 This risk based approach to audit planning results in a comprehensive range of audits being undertaken during the course of the year to support the overall conclusion on the governance, risk management and internal control environment.

- 2.3 The Audit Plan for 2025-26 was focused around a number of core themes as set out in the Internal Audit Strategy:
- Local Government Reorganisation/Transformation
 - Work relating to the delivery of both Council's Improvement Plans
 - The External Auditor's requirements/requests for the Internal Audit Team
 - Delivery of a number of high-profile major projects
- 2.4 There was also an underlying theme to focus Internal Audit work on compliance in the year and focus on the Corporate Plan priorities and Strategic Risks following the launch of a revised and more comprehensive risk management framework for the Council from April 2025.
- 2.5 It is believed that sufficient work has been undertaken on which to provide a conclusion on the effectiveness of the Councils governance, risk management, and internal controls as required by GIAS (UK Public Sector).

Internal Audit Conclusion for 2025-26 and the Annual Governance Statement (AGS)

- 2.6 Regulation 3 of the Accounts and Audit Regulations 2015 require that the Council:

“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.

- 2.7 In addition regulation 6 of the Accounts and Audit Regulations 2015 requires that the Council:-

“must, each financial year—

(a) conduct a review of the effectiveness of the system of internal control required by regulation 3; and

(b) prepare an annual governance statement;”

- 2.8 Internal Audit has a responsibility to provide assurance from the work they undertake during the year in respect of the control environment operating within the Council to feed into this review.

- 2.9 The results of internal audit work this year has again seen an increase in the number of audits given a limited or partial assurance. In addition the lack of progress in addressing the recommendations made by Internal Audit has demonstrated that management are not addressing the issues fully within a reasonable timeframe.
- 2.10 No Audits were given No Assurance in the year. However 2 Audits were given Limited Assurance.
- 2.11 It is noted that for work completed over the last 4 years (2022-23 to 2025-26) there are 32 audit areas which remained below substantial assurance including 3 which are Limited Assurance.
- 2.12 This has been taken into account in forming the Annual Conclusion below. More details on common issues identified in the audit work which have fed into this conclusion can be found in paragraph 3.10.
- 2.13 In addition to the work carried out by Internal Audit, the Opinion is also based on other knowledge and information collected by the Chief Internal Auditor. This will include key risks of the organisation, other work and activities of the Council such as performance information and accident reports, awareness of the progress and delivery of key projects as well as topics discussed by Leadership Team and Members.
- 2.14 The conclusion continues to take into account the findings set out in the External Auditor’s Value for Money reports. The VFM report re-iterated the findings of Internal Audit and also cited the lack of progress made by management to implement Internal Audit recommendations.
- 2.15 Management has developed an improvement plan which has been approved by Cabinet and Audit Committee. Internal Audit has reviewed progress in delivering the improvement plan and whilst good progress is being made, there has been some slippage and there are further actions planned for delivery in 2026-27.

2.16 Based on the work undertaken during the year and the implementation by management of the audit recommendations, Internal Audit can provide **Limited assurance** that the Council’s governance arrangements including risk management and systems of internal control were operating adequately and there were no instances where any breakdown of control resulted in a material discrepancy.



- 2.17 No system of control can provide absolute assurance against material misstatement or loss, nor can Internal Audit give that assurance. This statement is intended to provide reasonable assurance that there is an ongoing process for identifying, evaluating and managing the key risks. These risks are reflected in the audit plan and are the subject of separate reports during the course of the year.

3. SIGNIFICANT ISSUES ARISING 2025-26

3.1 Each system/area audited is given a level of assurance based on the presence and effectiveness of the controls in place. Four levels of assurance are currently used and the definitions for each are contained in appendices 1a to 1d.

3.2 A summary of the level of assurance given to each audit is given in the table below.

	Substantial Assurance	Partial Assurance	Limited Assurance	No Assurance
Number of Audits	3	12	2	0
Reference for further information	See Appendix 1d	See Appendix 1c	See Appendix 1b	See Appendix 1a

3.3 In addition to the Assurance work Internal Audit completed 3 pieces of work which were either consultancy reviews on specific issues or grant claim audit work where it was not deemed appropriate to issue an assurance conclusion. These were:

- Standby and Overtime - due to the narrow focus of the audit and testing
- Artificial Intelligence - Advisory
- Disabled Facilities Grants - sign-off of grant spending for Staffs CC.

3.4 In addition to the main audit work, the Section also followed up progress made in implementing recommendations arising from audits where the original opinion was below Substantial Assurance. Follow-up work is generally undertaken around six months after the original report has been finalised, although some areas have required more than one follow-up where progress to deliver the recommendation has been slow.

3.5 Appendix 2 summarises the outcome of follow-up work completed during the year, including both areas where the original assurance level was unchanged and areas where assurance improved following implementation of agreed actions. The position at the year end is set out below:

- 2 areas remained Limited Assurance
- 1 areas had improved from Limited to Partial
- 8 areas remained Partial Assurance.
- 4 areas had improved from Partial to Substantial.

- 3.6 In total, 61 recommendations were subject to follow-up across the 14 audits during the year (One audit was followed-up twice in the year). The implementation position at the time of review is summarised below:
- 26 recommendations (42.6%) had been implemented;
 - 28 recommendations (45.9%) were in progress at the time of the follow-up; and
 - 7 recommendations (11.5%) had not been at least partially implemented at the time of follow-up.
- 3.7 This is a drop in the implementation of recommendations from 2024-25 where 52.9% had been implemented, 53.2% were in progress and 7.5% had not been started at the time of the follow-up.
- 3.8 Overall, the follow-up results show that progress has been made in a number of areas and that some assurance opinions have improved following the implementation of agreed actions. However, a significant number of areas remain below Substantial Assurance and some recommendations are still either in progress or outstanding. This continues to highlight the importance of timely and sustained management action to address agreed recommendations in full.
- 3.9 No significant issues were identified in audits of the key financial systems for 2025-26. However, a number of Partial Assurances were given for
- Council Tax
 - National Non-Domestic Rates
 - Purchasing Cards
 - Payroll
 - Civica Finance System

3.10 Some common reoccurring themes were identified from the audit work in the year and these mirrored themes found in previous years and were referenced in the External Auditor’s VFM Report; there is limited evidence of improvements being made to address the issues. The most significant issues were:

- Procurement processes not always being followed correctly and an overreliance on the use of waivers. This meant that contracts were not always market tested fully or work was issued outside of contractual agreements or on contracts that had expired.
- Lack of knowledge of current contracts, end dates and the timescales needed to re-tender major works.
- Poor project management processes including missing or poor-quality project risk registers and lack of post-implementation reviews.
- Employees lack of awareness of key governance documents including Financial Regulations, Procurement Regulations, Schemes of Delegation and the Code of Conduct.
- Data Protection Impact Assessments and Confidentiality Agreements not always completed when data is transferred to third parties.
- Key policies and strategies not being in place or being out of date leaving employees with limited guidance and lack of clear direction.
- Lack of clarity over responsibilities for buildings and their maintenance and routine compliance inspections.

3.11 There has also been a lack of progress in the implementation of recommendations and improvement of the assurance conclusions in areas relating to property management and compliance and the use of agency staff.

4 AUDIT PERFORMANCE

4.1 The Internal Audit Section has moved away from having a set Internal Audit Plan for the year approved in March. Instead an audit planning methodology whereby a list of areas for review is agreed and this is kept under review throughout the year. The list contains more areas than can be delivered by the team in the year. As such it is not possible to compare the number of audits completed against a fixed plan as has been historically reported. Instead, we have compared audits completed this year to last year as an of performance and sufficiency of the coverage.

4.2 In 2025-26 a total of 20 audits were completed. This compares to 15 audits completed in 2024-25

4.3 Included in the completed audits above are 5 Audits which were originally part of the 2024-25 Audit Plan. These are

- Development Management - Receipt of Applications and Validations
- Food and safety
- Development Management - Determinations
- Debtors Audit
- Civil Contingencies.

4.4 A further 6 audits had commenced but not been completed in the year. These are:

- Private Water Supply and Distribution
- Asset Management and Compliance
- Contracts and Contract Variation Management (Sub-Contractor Management)
- Regeneration Major Projects - Guildhall site, Coop site, Station Gateway
- Remote Working
- Mobile Device Management

- 4.5 Although the team was fully staffed at the start of 2025-26, one of the Senior Auditors left during the year and it was not possible to recruit a replacement. The Team did give additional work to the contractor but there was an shortfall in resources and as a result, the amount of work completed had to be reduced.
- 4.6 In addition, because of the high number of lower assurance opinions issued in earlier years, the section spent significantly more time following up recommendations and reassessing assurance levels. This reduced the time available to complete new audits.
- 4.7 Alongside the audit plan, the Section also undertook a range of ad hoc and consultancy work during the year, including advice on system changes and new systems.

5 FRAUD and IRREGULARITY WORK

Pro-active Fraud work

- 5.1 The Internal Audit section takes a proactive approach to the prevention/detection of fraud and corruption, within the resources available. During the year it has:-

Continued as a Founding Member of the Staffordshire Counter Fraud Partnership

- Continued membership of the Midlands Fraud Sub Group, and sharing of information at Internal Audit Management Groups;
- Been alert to fraud risks in the audits carried out in the year
- Started work on the development of a Fraud Risk Register.

Fraud/Irregularity Investigations


- 5.2 The team has not been involved in any special investigations relating to fraud or irregularities in the year relating to Cannock Chase District Council; but some input has been provided into other investigations relating to the conduct of employees and particularly around mis-use or inappropriate time recording by employees.

National Fraud Initiative Data Matching

- 5.3 The Council is a statutory participant in the Cabinet Office's National Fraud Initiative (NFI) exercise which is carried out every 2 years. The 2023-24 matches were released in December 2024 some areas have been slow to review the data matches and some areas have not been reviewed at all due to staffing shortages and other work priorities these include the Creditor Data Matches, and Council Tax Single Person Discount Matches, the latter are never reviewed due to the team undertaking alternative data matching which matches to additional information sources.
- 5.4 At the end of 2025-26 1 error had been identified on the Council Tax Reduction Scheme resulting in a saving of £5,817.76 with estimated future savings of £892 relating to this error. Recovery is in progress.


Audits Planned and Completed in 2024-25 by Assurance Level

No Assurance

<p>Definition</p> 	<p>One or more High (Red) risks are lacking appropriate controls and/or controls are not operating effectively to manage the risks.</p> <p>Immediate action is required by management to address the weaknesses identified in accordance with the agreed action plan</p>
--	--


There were no audits which were classified as No Assurance in the year.

Limited Assurance Audits

	<p>Definition</p> <p>One or more Medium (Amber) risks are lacking appropriate controls and/or controls are not operating effectively to manage the risks.</p> <p>Prompt action is required by management to address the weaknesses identified in accordance with the agreed action plan.</p>
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Audit Area	Service Lead Officer	High	Medium	Moderate
Closed Churchyards	Operations	0	4	3
New Customer Relationship Management System	Business Support and Assurance	0	1	2


Partial Assurance Audits

	<p>Definition</p> <p>One or more Moderate (Yellow) risks are lacking appropriate controls and/or controls are not operating effectively to manage the risks.</p> <p>Prompt action is required by management to address the weaknesses identified in accordance with the agreed action plan.</p>
---	--

Audit Area	Service Lead Officer	High	Medium	Moderate
IT Service Desk	Business Support and Assurance	0	0	3
Payroll	Business Support and Assurance	0	0	6
Civica Finance	Deputy Chief Executive (Resources)	0	0	1
Purchasing Cards	Deputy Chief Executive (Resources)	0	0	1
Council Tax	Deputy Chief Executive (Resources)	0	0	1
National Non-Domestic Rates	Deputy Chief Executive (Resources)	0	0	3
Sundry Debtors	Deputy Chief Executive (Resources)	0	0	5
Civil Contingencies	Regulatory Services	0	0	9
Food and Safety	Regulatory Services	0	0	9
Land Charges Transfer and New System	Regulatory Services	0	0	1
Licensing Arrangements	Regulatory Services	0	0	4
Development Management - Determinations	Economic Development and Planning	0	0	2

Appendix 1d

Substantial Assurance Audits

	<p>Definition</p> <p>All High (Red), Medium (Amber) and Moderate (Yellow) risks have appropriate controls in place and these controls are operating effectively.</p>
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Audit Area	Service Lead Officer
Housing Benefits	Deputy Chief Executive (Resources)
Creditors	Deputy Chief Executive (Resources)
UK Shared Prosperity Fund Grants and Projects	Economic Development and Planning

Results of Follow-ups Undertaken in the Year by Assurance Level

This table shows the assurance level at the end of the year. Where more than one follow-up of the same audit has been carried out only the assurance level at the end of the latest follow-up is shown.

Audit	Service Lead Officer	Original Assurance	Implemented	In Progress	Not Implemented	Total	Revised Assurance
IT Asset Management (4 th Follow-up)	Business Support and Assurance	Partial ▲	0	1	0	1	Partial ▲
Payroll (3 rd Follow-up)	Business Support and Assurance	Partial ▲	2	2	0	4	Partial ▲
S106 Agreements and Projects (3 rd Follow-up)	Economic Development and Planning	Partial ▲	0	2	0	2	Partial ▲
Tree Management	Operations	Partial ▲	3	2	2	7	Partial ▲
Streetscene	Operations	Partial ▲	1	4	0	5	Partial ▲
Environmental Protection and Pollution Control (2 nd Follow Up)	Regulatory Services	Partial ▲	2	1	0	3	Partial ▲
Pest and Dog Control (2 nd Follow-up)	Regulatory Services	Partial ▲	0	3	0	3	Partial ▲
Pest and Dog Control (3 rd Follow-up)	Regulatory Services	Partial ▲	0	3	0	3	Partial ▲

INTERNAL AUDIT – ANNUAL REPORT 2025-26

Audit	Service Lead Officer	Original Assurance	Implemented	In Progress	Not Implemented	Total	Revised Assurance
Food Safety Arrangements	Regulatory Services	Partial ▲	0	2	5	7	Partial ▲
Civil Contingencies	Regulatory Services	Partial ▲	2	7	0	9	Partial ▲
Wireless Network Security (3 rd Follow-up)	Business Support and Assurance	Partial ▲	1	0	0	1	Substantial ✓
IT Starters and Leavers	Business Support and Assurance	Partial ▲	5	0	0	5	Substantial ✓
IT Strategy Resources and operational plans	Business Support and Assurance	Partial ▲	1	0	0	1	Substantial ✓
Climate Change (2 nd Follow-up)	Regulatory Services	Partial ▲	4	1	0	5	Substantial ✓
Homelessness and Housing Options	Wellbeing	Partial ▲	5	0	0	5	Substantial ✓

IMPROVEMENT PLAN FOR INTERNAL AUDIT - 2025-26

PROGRESS ON PREVIOUS ACTION PLANS

Ref	Source	Actions	Person Responsible for Implementation	Timescale	Progress Comments
1	Annual Review 2024-25	Work will continue to develop Assurance Maps in line with the GIAS (UK Public Sector).	Chief Internal Auditor and Risk Manager	Ongoing	Due to limited resources in the year this has not progressed as far as we would have liked. With the Local Government Reorganisation pending it is not considered that this work will achieve any practical benefits in the time left. Whilst consideration will be given to gaining a better understanding of the Assurance environment at the Council a detailed assurance map will not be produced.
2	Annual Review 2024-25	A revised Audit Charter and updated Audit Manual will be completed with the changes required by the standards. An Internal Audit Strategy will be produced.	Chief Internal Auditor and Risk Manager	September 2025 Completed	

2025-26 ACTIONS

Ref	Source	Actions	Person Responsible for Implementation	Timescale	Progress Comments
1	2025-26 Review	Work will be carried out to determine Internal Audit's role in the Local Government Reorganisation Processes	Chief Internal Auditor and Risk Manager	Ongoing	

Agenda Item 3(e)

Code of Governance and Annual Governance Statement

Committee:	Audit and Accounts Committee
Date of Meeting:	25 June 2026
Report of:	Head of Business Support and Assurance
Portfolio:	Resources and Corporate Services

1 Purpose of Report

- 1.1 To set out the Council's revised Code of Governance and the Annual Governance Statement for the year 2025/26.

2 Recommendations

- 2.1 That the Committee recommends the Code of Governance to Council for approval.
- 2.2 That the Committee approves the Annual Governance Statement for 2025/26 set out in Appendix 2 and the Governance Improvement Plan set out in Annex 2.

Reasons for Recommendations

- 2.3 The publication of an annual governance statement is a statutory requirement and the review of the Council's governance arrangements is essential in ensuring that they are maintained up to date and operate effectively.
- 2.4 Adopting a Code of Corporate Governance helps to support this obligation and provides a framework for the operation of the Council.

3 Key Issues

- 3.1 The Council's Code of Governance has been revised to reflect the updated guidance from Cipfa/Solace. A copy of the Code of Governance is attached at Appendix 1 and the governance framework is illustrated in Appendix 1 / Annex 1.

- 3.2 The Cipfa/Solace guidance is based on 7 principles of governance and these have been adopted in full. For each of the 7 principles of good governance, the Code outlines what arrangements the Council has in place to support delivery of the principles in practice.
- 3.3 The Accounts and Audit Regulations 2015 require the Council to review the effectiveness of its system of internal control and to prepare an Annual Governance Statement (AGS). The Council's draft Annual Governance Statement (AGS) for 2025/26 is attached as Appendix 2.
- 3.4 The review of the Council's governance arrangements has identified areas for improvement and these are set out in the improvement plan contained within the AGS at Appendix 2 / Annex 2.
- 3.5 An update on the progress in actioning the issues from the AGS for 2024/25 is referred to in the AGS for 2025/26 and a more detailed update is provided in a separate report on this agenda (the Governance Improvement Plan Progress Report for 2025/26).

4 Relationship to Corporate Priorities

- 4.1 The Council's corporate governance framework cuts across all corporate priorities but primarily supports the priority for "Effective Council" – "Good governance across the Council".

5 Report Detail

Code of Governance

- 5.1 In 2016 Cipfa/Solace issued guidance on "Delivering Good Governance in Local Government" setting out a framework based on 7 principles of good governance. An addendum was issued in 2025 as a result of concerns that "governance has not been fit for purpose in all authorities" following a number of high profile cases nationally which resulted in Section 114 reports, reports in the public interest, or other interventions. Examples of the concerns cited include:
- a culture that allows for widespread failure to follow due process, the constitution, and codes of conduct,
 - weak oversight and challenge from those charged with governance,
 - reduced capacity and/or capability in critical areas,
 - a lack of self-assessment and commitment to continuous improvement

- 5.2 The 7 principles of governance have not changed in the addendum but the sub principles used in the 2016 Framework have been updated and replaced with a series of prompts as to what arrangements Councils should have in place to deliver each of the principles.
- 5.3 The Council's Code of Governance has been reviewed and the local arrangements in place to support the principles have been updated. The only change of note is that the updated Code adopts the 7 principles of governance in full; previously the Council had chosen to combine two of the recommended principles into one.
- 5.4 A copy of the Code of Governance is attached at Appendix 1. An illustration of the Governance Framework is given in Annex 1 of Appendix 1.

Annual Governance Statement

- 5.5 The preparation and publication of an annual governance statement is necessary to meet the statutory requirement set out in the Audit and Accounts Regulations 2015 which requires authorities to "conduct a review of the effectiveness of system of internal control" and to "prepare an annual governance statement".
- 5.6 The addendum to the Cipfa/Solace Code of Governance includes more guidance on how to conduct review of effectiveness of the Council's governance arrangements and changes to what should be included in the Annual Governance Statement.
- 5.7 A review of the effectiveness of the governance framework has been undertaken using information from a range of sources. This year's review of effectiveness has included a self-assessment of effectiveness against the local Code and an assessment against the Cipfa/Solace guidance to identify any gaps in our framework.
- 5.8 The Leadership Team has been consulted on the draft AGS to ensure that:
- all of the significant issues have been identified and included, so far as is reasonably possible; and
 - all of the issues included are considered to be significant.
- 5.9 It is not possible to give a single definition as to what constitutes a "significant governance issue" and judgement has to be exercised. But guidance advises that the following factors should 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.

5.10 Following approval of the Annual Governance Statement it will be signed by the Chair of the Audit and Accounts Committee, the Leader and the Chief Executive. The AGS will be reported to full Council as part of the annual report on the work of the Audit and Accounts Committee.

5.11 Progress in addressing the significant issues identified in the Annual Governance Statement will be monitored through reports presented to the Audit and Accounts Committee.

6 Implications

6.1 Financial

None arising directly from the report.

6.2 Legal

None

6.3 Human Resources

None

6.4 Risk Management

A failure to maintain good governance has been identified as a risk in the Council's strategic risk register. Several other risks contained in the Strategic Risk Register are also referred to in the Annual Governance Statement.

6.5 Equalities and Diversity

None

6.6 Health

None

6.7 Climate Change

None

7 Appendices

Appendix 1: Code of Governance

Appendix 1, Annex 1: Governance Framework

Appendix 2: Annual Governance Statement 2025/26

Appendix 2, Annex 2: Governance Improvement Plan for 2026/27

8 Previous Consideration

None

9 Background Papers

Annual Internal Audit Report 2025/26

Strategic Risk Register as at April 2026

External Auditor's Annual Report Year ended 31 March 2025 (issued June 2026)

Code of Governance – Self Assessment of Effectiveness 2025/26

Contact Officer: Judith Aupers

Telephone Number: 01543 464411

Ward Interest: Nil

Report Track: Audit and Accounts Committee 25 June 2026
Council 21 July 2026

Key Decision: No

CODE OF CORPORATE GOVERNANCE

1. INTRODUCTION

- 1.1 Stafford Borough Council recognises that it is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. In discharging this accountability Members and officers will be responsible for putting in place proper arrangements for the governance of the authority's affairs and the stewardship of the resources at its disposal.
- 1.2 To this end the authority has approved and adopted this Code of Corporate Governance which is consistent with the principles and requirements of the CIPFA/SOLACE framework for *"Delivering Good Governance in Local Government"*.
- 1.3 Governance is about how the Council ensures that it is doing the right things, in the right way, for the right people in a timely, inclusive, open, honest and accountable manner.
- 1.4 The seven key principles of good governance are:
- a) Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law;
 - b) Ensuring openness and comprehensive stakeholder engagement;
 - c) Defining outcomes in terms of sustainable economic, social and environmental benefits;
 - d) Determining the interventions necessary to optimise the achievement of intended outcomes;
 - e) Developing the entity's capacity, including the capability of its leadership and the individuals within it;
 - f) Managing risks and performance through robust internal; control and strong public financial management; and
 - g) Implementing good practices in transparency, reporting and audit to deliver effective accountability.
- 1.5 This Code applies to all officers and Members in the discharge of their duties.

2. PRINCIPLES OF GOOD CORPORATE GOVERNANCE

- 2.1 The authority supports and will apply the core principles of good corporate governance. How the Council will do this is set out in the table below:

Sub Principles	Arrangements the Council has in place
Core Principle 1: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law	
Behaving with integrity	<ul style="list-style-type: none"> • The Council has in place Codes of Conduct for both Members and Employees which set out requirements that support the need to behave with integrity.

CODE OF CORPORATE GOVERNANCE

Sub Principles	Arrangements the Council has in place
	<ul style="list-style-type: none"> • The Council has a set of values which are underpinned by a set of expected behaviours. Integrity is one of the Council's values. • All new Members and Employees are made aware of the Code of Conduct when they join the Council.
Demonstrating strong commitment to ethical values	<ul style="list-style-type: none"> • A framework of policies for Speaking Up and Anti-Fraud and Bribery to discourage inappropriate activities and to encourage the reporting of any instances found. • Members are required to declare any conflicts of interest at annually and at meetings. • Employees are required to notify their line manager of any conflicts of interest and when tendering for goods or services they have to sign a declaration regarding any conflicts of interest.
Respecting the rule of law	<ul style="list-style-type: none"> • The Council has in place a Monitoring Officer who works with Members and Employees to ensure that the law is adhered to. • Managers are responsible for checking that the law and local policies are complied with in their service area. Internal Audit through their work programme undertake independent checks on compliance with policies and procedures. • Disciplinary procedures are in place to investigate breaches of policy by employees and the Monitoring Officer will investigate breaches of the Code of Conduct by Members. • Legal advice is given in reports for all decisions to be taken by Members.
Core Principle 2: Ensuring openness and comprehensive stakeholder engagement	
Openness	<ul style="list-style-type: none"> • The Council is committed to openness and holds meetings in public wherever it can. A schedule of Council meetings is available on the Council's website. • The agendas, reports and minutes of meetings are published on the Council's website. All reports contain details of options considered and the advice provided by officers regarding legal and financial implications. The minutes include the reasons behind the decisions made. • All reports are considered by Leadership Team and subject to internal challenge and assessment before being passed to Members for consideration. • The Council has a Freedom of Information Scheme in place and seeks to publish information openly on its website wherever possible and practicable to do so.

CODE OF CORPORATE GOVERNANCE

Sub Principles	Arrangements the Council has in place
Engaging with stakeholders effectively, including individual citizens and service users	<ul style="list-style-type: none"> • The Council communicates with its citizens, service users and stakeholders via our website, social media and press releases. • The Council consults and engages with its community on key issues such as priorities, the budget, new projects. We do this through on-line and paper surveys, in person meetings, etc. • Wherever we seek the views of our community, we endeavour to provide feedback on the information received and how we have used this to shape the Council's decisions.
Core Principle 3: Defining the vision and outcomes for the local area and determining the actions necessary to achieve the intended outcomes	
Defining outcomes	<ul style="list-style-type: none"> • The Council has established a clear vision of what it wants to achieve and this is set out in the Corporate Plan.
Ensuring Value for Money	<ul style="list-style-type: none"> • The Council's Financial Regulations and Procurement Regulations provide a framework to ensure that value for money, best value and social value is considered in the delivery of services and projects. • Key decisions are made by Cabinet or Council. All reports require financial implications and value for money to be considered when taking decisions.
Fair access to services	<ul style="list-style-type: none"> • Equality impact assessments are undertaken for all new policies to ensure fair access to services.
Working with Partners	<ul style="list-style-type: none"> • The Council works closely with partners (ie other public sector bodies, the voluntary sector and the private sector) to deliver agreed outcomes for the community.
Core Principle 4: Determining the interventions necessary to achieve the intended outcomes	
Arrangements for short and medium term planning	<ul style="list-style-type: none"> • The Corporate Plan is underpinned by Priority Delivery Plans (PDPs) which set out a range of targeted actions and projects to help to achieve the Council's vision; these are reviewed and updated annually. • The Council's day to day services also support the delivery of the vision and priorities.
Managing performance	<ul style="list-style-type: none"> • The performance in delivering the Council's priorities and key operational services is monitored by the Leadership Team, Cabinet and the Scrutiny Committees. • Performance in delivering day to day services is monitored by Service Managers.
Alignment of budget with corporate priorities	<ul style="list-style-type: none"> • The Medium-Term Financial Strategy takes the Council's priorities into consideration when budget setting. In year, any financial decisions are required to demonstrate a contribution to the one or more of the Council's priorities.

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Sub Principles	Arrangements the Council has in place
Core Principle 5: Developing the entity's capacity, including the capability of its leadership and the individuals within it	
Developing the Council's capacity and the capability of its Leadership and the individuals within it	<ul style="list-style-type: none"> • The roles of Members, Committees, Officers and Statutory Officers are set out in the Council's Constitution, which is available on the Council's website. • The Council has a Scheme of Delegations in place, as part of the Constitution, which sets out the types of decisions and who can make them within the Council. • The Council's Chief Executive acts as the Head of Paid Service. • The Deputy Chief Executive for Resources acts as the Chief Finance (s151) Officer. • The Head of Law and Governance acts as the Monitoring Officer. • All three statutory officers meet regularly to discuss and address any governance issues • An induction programme is in place to provide training and support for all new Members and employees. • The ongoing development of Members is led by the political groups but access to training is also made available through the Council. • Employees have an annual employee review to assess their progress, performance and to identify any training and development needs. • The Council is committed to supporting the health and wellbeing of the workforce through appropriate HR policies, working practices and access to an Occupational Health Service.
Core Principle 6: Managing risks and performance through robust internal control and strong public financial management	
Managing risk	<ul style="list-style-type: none"> • The Council has a risk management policy and strategy in place. • A Strategic Risk Register is maintained by the Leadership Team and progress is monitored by the Cabinet and the Audit and Accounts Committee. • Operational risks are identified and managed within the respective service areas. • Framework in place to manage Health and Safety risks
Strong public financial management	<ul style="list-style-type: none"> • The s151 Officer, ie Chief Financial Officer, is appropriately qualified, experienced and complies with the Cipfa Statement on the Role of the Chief Finance Officer in Local Government. • The s151 Officer ensures that arrangements are in place to

CODE OF CORPORATE GOVERNANCE

Sub Principles	Arrangements the Council has in place
	<p>comply with the Financial Management Code.</p> <ul style="list-style-type: none"> • The s151 Officer prepares and advises the Council on its Medium Term Financial Strategy and the budget. • Officers have access to real time budget information and twice yearly budget monitoring reports are provided to Members and Officers. • Financial Regulations provide a framework for the day to day management of the Council's financial transactions.
<p>Internal Audit and Internal Control</p>	<ul style="list-style-type: none"> • The internal control framework comprises a range of policies and procedures to ensure the sound management of the Council's operations and delivery of services. • The Internal Audit Section undertakes reviews of the systems that comprise the internal control and governance framework, provides assurance and makes recommendations for improvement. • The Audit and Accounts Committee receives reports from the Chief Internal Auditor and Risk Manager on the systems that comprise the internal control framework. The Committee also monitors the performance and quality of the Internal Audit service to ensure that it complies with the required national standards. • Internal Audit arrangements are in conformance with the Global Internal Audit Standards in the UK Public Sector. These are reviewed annually and reported to the Audit and Accounts Committee. • The Internal Audit Section provides assurances throughout the year on the key systems of internal control. • An annual review is undertaken of the Council's governance arrangements. • Procurement Regulations provide a framework for managing the procurement of goods and services by the Council
<p>Assurance and Scrutiny</p>	<ul style="list-style-type: none"> • The Audit and Accounts Committee receives assurance from the Chief Internal Auditor and Risk Manager on: <ul style="list-style-type: none"> ➤ the effective operation of the internal control framework; and ➤ the management of strategic risks. • The Scrutiny Committees monitor the performance of the Council and hold the Cabinet to account for the decisions it makes. Each Scrutiny Committee has oversight of one or more of the Council's priorities.

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Sub Principles	Arrangements the Council has in place
Managing data and IT security	<ul style="list-style-type: none"> • The Council has a Data Protection Officer and Information Governance policy in place to ensure that personal data is held securely and managed appropriately. • The Council has an IT security policy in place and a Cyber Security Officer to ensure the integrity and security of the systems and data.
	<ul style="list-style-type: none"> • Annual refresher training on Data Protection and Cyber Security is mandated for all employees.
Core Principle 7: Implementing good practices in transparency, reporting and audit to deliver effective accountability	
Implementing good practice in transparency and reporting to ensure effective accountability	<ul style="list-style-type: none"> • The Council is committed to maintaining a pro-active working relationship with external audit, internal audit and other inspection/regulatory bodies. • From time to time, the Council invites/ receives reviews of its services and develops improvement plans to implement recommendations arising from them. These are discussed with Leadership Team and progress is reported to Cabinet, the Audit and Accounts Committee or Scrutiny Committee as appropriate. • The following information is reported annually to Members and is available on the Council's website: <ul style="list-style-type: none"> ➤ Performance in delivering the Council's priorities and operational performance of key services; ➤ Statement of Accounts; ➤ Annual Internal Audit Report; ➤ Annual External Audit Letter; and ➤ Annual Governance Statement. • The Council has a compliments and complaints policy and a summary is reported annually to the Resources Scrutiny Committee.

2.2 A diagram illustrating the Council's Governance Framework is given at Annex 1.

3. MONITORING AND REPORTING

3.1 The authority will undertake an annual review of its governance arrangements to ensure continuing compliance with best practice as set out in the CIPFA/SOLACE Framework. The review will include a range of perspectives from different sources of assurance eg statutory officers, management, corporate functions such as risk management, internal audit, external audit and other independent review bodies.

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- 3.2 The review will be reported on both within the authority, to the Audit and Accounts Committee, and externally with the published accounts, to provide assurance that:
- corporate governance arrangements are adequate and operating effectively in practice; or
 - where reviews of the corporate governance arrangements have revealed gaps, action is planned that will ensure effective governance in future.
- 3.3 The authority will prepare an Annual Governance Statement (AGS) and in so doing recognises that the process of preparing the Governance Statement should itself add value to the authority's corporate governance and internal control framework. It will be submitted to the Audit and Accounts Committee for consideration and approval.
- 3.4 The Annual Governance Statement will include the following information:
- a summary of the annual review and an overall opinion on the effectiveness of the governance arrangements;
 - a brief description of how the review of effectiveness has been conducted and the results of this;
 - an opinion on whether there are adequate governance arrangements in place and operating effectively;
 - an outline of the areas that need to be improved, any significant governance failures and an action plan the address these issues; and
 - improvements made to governance arrangements during the year.
- 3.4 The Audit and Accounts Committee will be responsible for considering and approving the Annual Governance Statement. The statement will be signed by the Chair of the Audit and Accounts Committee, the Leader of the Council and the Chief Executive.
- 3.5 The AGS will be reported to full Council as part of the annual report on the work of the Audit and Accounts Committee.

4. RESPONSIBILITIES

- 4.1 Corporate governance and good governance is everyone's responsibility. There are however a number of specific responsibilities in relation to the implementation, monitoring and review of the Code and activities associated with the production of the annual governance statement. These are outlined below.
- 4.2 **The Chief Executive and the Leadership Team** will be responsible for:
- Championing and role modelling good governance, in the spirit of this Code.

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- 4.3 **The Deputy Chief Executive for Resources (s151 Officer)** will be responsible for:
- overseeing the implementation and monitoring of the Code.
- 4.4 **The Head of Law and Governance (the Monitoring Officer)** will be responsible for:
- reviewing the operation of the Code and advising on any changes that may be necessary to maintain it and ensure its effectiveness in practice; and
 - reviewing and updating the Code of Corporate Governance as necessary.
- 4.5 **The Head of Business Support and Assurance** will be responsible for:
- undertaking an annual review of the Code, to provide assurance on the extent of compliance with it.
 - co-ordinating the Council's assurances processes; and
 - co-ordinating the production of an AGS which will represent the overall levels of assurance within the Council on behalf of all Members and officers.
- 4.6 **The Chief Internal Auditor** will be responsible for:
- reporting annually to the Audit and Accounts Committee on audit activities during the year, with particular emphasis on the systems of internal control and the arrangements for corporate governance, providing some of the assurance required in the Annual Governance Statement.

CODE OF CORPORATE GOVERNANCE

Glossary

Term	Explanation
CIPFA	The Chartered Institute of Public Finance and Accountancy;
SOLACE	The Society of Local Authority Chief Executives and Senior Managers
Member	Elected councillor (including co-opted councillors)
Officer	Employee of the Council (including secondees)
Section 151 Officer	The statutory officer responsible for reporting on matters of financial compliance
Monitoring Officer	The statutory officer responsible for reporting on matters of legality
Constitution	The Council's rules and codes/protocols book

GOVERNANCE FRAMEWORK

Principle 1 Integrity and Ethics	Principle 2 Openness and Engagement	Principle 3 Vision and Outcomes	Principle 4 Delivering Intended Outcomes	Principle 5 Capacity and Capability	Principle 6 Risk, Control and Finance	Principle 7 Assurance and Accountability
<ul style="list-style-type: none"> • Values and Behaviours • Code of Conduct for Members • Code of Conduct for Employees • Declarations of Interests • Gifts and Hospitality Policy and Registers • Speaking Up Policy • Anti-Fraud and Bribery Policy • Member and Officer Protocol • Standards Committee • Monitoring Officer • Legal advice in Committees 	<ul style="list-style-type: none"> • Schedule of Council meetings • Council agendas, reports and minutes of meetings • Freedom of Information Scheme • Website, Social Media, Press Releases • Consultation and Engagement (Surveys etc) 	<ul style="list-style-type: none"> • Corporate Plan • Financial Regulations • Procurement Regulations • Equality, Diversity and Inclusion Policy • Equality Impact Assessments 	<ul style="list-style-type: none"> • Priority Delivery Plans • Key Performance Indicators • Business/Service Plans • Performance Reports • Project Governance and Reporting • Medium Term Financial Strategy 	<ul style="list-style-type: none"> • Constitution • Member and Officer Relationships Protocol • Scheme of Delegations • Induction Programmes • Employee Reviews • Training • Statutory Officers 	<ul style="list-style-type: none"> • Risk Management Policy and Strategy • Risk Registers • Financial Regulations • Budget and MTFS • Budget reports • Performance Reports • Procurement Regulations • HR Policies and Procedures • Health and Safety Policies • Audit Plan • Audit Reports • ICT Policies • Data Protection Policy • Treasury Management Policy • S151 Officer 	<ul style="list-style-type: none"> • Code of Governance • Annual Governance Statement (AGS) • Annual Internal Audit Report • Annual External Audit Letter • Statement of Accounts • Council Tax Leaflet • Pay Policy Statement • Performance Reports • Audit Committee • Scrutiny Committees • Internal Audit • External Audit • Compliments and Complaints Policy

Stafford Borough Council**Annual Governance Statement 2025-26****1. Introduction****1.1 General**

Stafford Borough Council (the Council) is accountable to the residents of the Borough and other stakeholders for ensuring a sound system of governance is in place. Good governance underpins delivery of the Council's operational services and priorities, as set out in the Corporate Plan, and provides confidence that decisions are well made.

It supports ethical working and public accountability. This Annual Governance Statement (AGS) provides assurance on the effectiveness of the Council's governance arrangements and compliance with the principles set out in the Cipfa/Solace Delivering Good Governance in Local Government Framework.

The AGS, informed by the annual review, is structured to provide:

- An Executive Summary - providing the key messages of the AGS and an overall opinion as to whether governance arrangements at the Council are fit for purpose.
- An Assessment of Effectiveness - outlining how the review of effectiveness was conducted and the key findings.
- Improvements to Governance Arrangements - identifying those areas of governance requiring improvement and how these are being addressed, and how we have improved our governance arrangements based on issues identified in last year's AGS and other significant steps taken to improve governance during the year.
- A Forward Look on Governance - identifying where governance needs to change or develop to meet the future needs of the Council.

This AGS covers the period 1 April 2025 to 31 March 2026. But the review of the effectiveness of our governance arrangements remains an on-going process.

1.2 Responsibilities

The Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, that public money is safeguarded and properly accounted for, and for maintaining robust arrangements for risk management, control and governance, ensuring continuous improvement in service delivery.

Elected members have overall responsibility for the governance of the Council and for the fulfilment of accountabilities to residents of the Borough and other stakeholders. Approval of core governance arrangements such as the Council Constitution is made by full Council whereas other aspects of governance are approved through delegated authority. The Council has delegated authority for approval of the AGS to the Audit and Accounts Committee.

The Council has three key statutory officers with specific governance responsibilities, being the Chief Executive (Head of Paid Service), Deputy Chief Executive – Resources and s151 Officer (Chief Financial Officer), and the Head of Law and Governance (Monitoring Officer). The Head of Business Support and Assurance works with the statutory officers to put in place and maintain the appropriate arrangements for governance and provide assurance on its effectiveness.

All members of the Leadership Team share responsibility for the accuracy of the AGS. The Head of Business Support and Assurance is responsible for the preparation of the AGS and for its submission to the Audit and Accounts Committee for approval following agreement of the Leadership Team.

2. Executive summary

2.1 Achievements

The Council has made significant progress in developing and improving its overall governance framework during the year. Key achievements have included:

- Reviewing and updating the Code of Governance;
- Updating key documents which form part of the Council's governance framework eg Code of Conduct for Employees, IT security policy, the Anti-Fraud and Bribery and Speaking Up policies;
- Training for Leadership Team, service managers and principal officers in risk management and the development of the risk registers;
- Training on procurement and the new regulations.

2.2 Priorities for the Coming Year

Whilst the Council is making progress with its governance improvements, we recognise that more work still needs to be done. Our priorities for improvement in the coming year include:

- Embedding the new Code of Governance and raising its profile;
- Development of an assurance model;
- Rolling out the new Code of Conduct for Employees and Values across the Council;
- Development of work plans and a performance reporting framework for Leadership Team;
- Developing a culture of ownership and accountability, particularly in financial and performance management, across the Council;
- Project management training and improvements to project governance.

2.3 Opinion on the Council's Governance Arrangements

Based on the review of effectiveness and our understanding and experience of the governance arrangements in place during 2025-26 and to date, our overall opinion is that the Council's governance framework, including the system of internal control, is limited.

The framework itself is generally adequate. Whilst there are some gaps in the framework, the main concern is that it is not fully embedded or operating effectively across the Council.

Policies and guidance are not always followed. It is recognised that a number of key policies have been updated in the year and training has not yet been rolled out; these will take time to embed. Compliance with other policies is inconsistent and this is due in part to due to a lack of awareness and in part a lack of accountability. Limited resources is having an impact on the capacity to provide regular updates, reminders and training.

Areas for improvement have been identified and an action plan is in place to address these issues. The Council continues to make progress on the improvement journey and has recently updated the Code of Governance. But it is recognised that further work is needed to ensure that effective systems of internal control, governance and risk management are fully developed, embedded and consistently applied across the organisation. We remain committed to delivering these improvements and will monitor their implementation and effectiveness through our ongoing governance review processes.

Signed on behalf of Stafford Borough Council:

Chair of the Audit and Accounts Committee:

Leader of the Council:

Chief Executive:

Date of approval

3 Assessment of Effectiveness

3.1 Purpose of the Governance Framework

The governance framework comprises the systems, processes, culture and values by which the Council is directed and controlled and through which it accounts to, engages with and leads the community.

Key components of the framework include:

- Strategic vision and priorities articulated through the Corporate Plan;
- The Constitution of the Council that sets out how the Council operates, makes decisions, and ensures accountability through its governance, rules and procedures. It is the primary governance document of the Council and includes codes of conduct and core financial rules that must be followed;
- Scrutiny arrangements, and openness such as through public access to meetings and published agendas, consultation and community engagement and publication of Council information, that support challenge, transparency and accountability;
- Corporate policies covering expected behaviours including for anti-fraud and whistleblowing (speaking up) and information governance;
- Arrangements in place for the discharge of statutory officer functions;
- Robust financial management including the Medium-Term Financial Strategy (MTFS). Financial planning is aligned with strategic objectives to provide long-term sustainability;
- Business planning and performance management arrangements which translate the corporate priorities into priority delivery plans (PDPs) and key performance indicators to measure our delivery of key operational services;
- Risk management arrangements overseen by the Leadership Team and the Audit and Accounts Committee. The system of internal control is a significant part of this framework and is designed to manage risk to a reasonable level rather than eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness.

3.2 Local Code of Governance

The Council's Local Code of Governance has adopted the seven Good Governance framework principles of:

- Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law;
- Ensuring openness and comprehensive stakeholder engagement;
- Defining outcomes in terms of sustainable economic, social, and environmental benefits;

- Determining the interventions necessary to optimise the achievement of the intended outcomes;
- Developing the entity's capacity, including the capability of its leadership and the individuals within it;
- Managing risks and performance through robust internal control and strong public financial management;
- Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

The Code has been updated recently to meet the requirements of the addendum issued by Cipfa/Solace.

3.3 Review of Effectiveness

The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework, including the system of internal control. This provides an open and honest assessment of the Council's governance arrangements. The review draws on a broad range of assurances to evaluate whether governance arrangements are fit for purpose, operating effectively, and to identify areas for improvement including developments to best meet future demands and anticipated change.

This year a key element of the review of effectiveness has been a self-assessment against the Cipfa/Solace Guidance and the local Code of Corporate Governance, undertaken by the Head of Business Support and Assurance. This review has in turn has been informed by:

- Member scrutiny and challenge processes - an annual report on scrutiny activity has been completed and will be presented to Council on 21 July 2026.
- The Standards Committee provides oversight of the complaints procedure for responding to alleged failures to comply with the Members' Code of Conduct. The Council Monitoring Officer provides support, advice, and maintains the effectiveness of the Standards Committee and the standards regime.
- The Audit and Accounts Committee operates independently of the Executive and plays a key role in oversight of the operation of the Council's governance framework.
- Leadership Team – met regularly throughout 2025/26 and provided on-going management and oversight of the activities of the Council. Leadership Team is chaired by the Chief Executive and consists of the most senior Council Officers. Leadership Team input to and provide scrutiny of the AGS prior to its submission to Audit and Accounts Committee;
- Assurances from the Statutory Officers – the Head of Paid Service, the Chief Financial Officer and the Monitoring Officer have met and considered the arrangements in place to support the seven principles in the Council's Local Code of Governance.

- The work of Internal Audit and the Chief Internal Auditor and Risk Manager's Annual Conclusion - Internal Audit examine the effectiveness of the Council's internal controls, risk management and corporate governance arrangements. Assurance is provided through periodic monitoring reports to the Audit and Accounts Committee, together with the annual Internal Audit opinion on internal control, risk management and governance, informed through delivery of a risk based Annual Audit Plan. For 2025/26, "Internal Audit can provide **Limited assurance** that the Council's governance arrangements including risk management and systems of internal control were operating adequately and there were no instances where any breakdown of control resulted in a material discrepancy."
 - The work of External Audit and the annual report and opinion - The Council's external auditors, Azets, provide assurance on the accuracy of the year-end Statement of Accounts and the overall adequacy of arrangements for securing and improving value for money. The value for money statement for 2024/25 was issued in June 2026 and this showed an improvement in the Council's governance arrangements compared to previous years.
- A review of disciplinary investigations undertaken during the year indicates a lack of awareness and compliance with the Council's policies and procedures, and a lack of understanding of standards of conduct and behaviour.

Based on the review of effectiveness and our experience of the governance arrangements in place during 2025-26 and to date, our overall opinion is that the Council's governance framework, including the system of internal control, is limited. The framework itself is generally adequate and is designed to support the seven key principles of good governance, but there are some gaps in it. The main concern is that key elements of the framework are not fully embedded or operating effectively across the Council.

In particular, policies and guidance are not always followed. It is recognised that a number of key policies have been updated in the year and training has not yet been rolled out; these will take time to embed. Compliance with other policies is inconsistent and this is due in part to due to a lack of awareness and in part a lack of accountability. Limited resources is having an impact on the capacity to provide regular updates, reminders and training.

The overall opinion is based on the evidence outlined in this review, together with the combined understandings of Leadership Team resulting in their recommendation to, and the agreement of, the Audit and Accounts Committee.

4. Improvements to Governance Arrangements

4.1 Identification of Governance Issues

Our review is required to identify any areas of governance requiring improvement where:

- there are significant gaps in governance arrangements such as where core arrangements are not operating effectively;

- significant governance issues (failures) occurred during the year;
- governance arrangements could be easier to understand, comply with or made more efficient, and where there are barriers to achieving the principles of good governance.

Where our governance needs to improve

Our review of the Council's governance arrangements has identified the following key issues as needing to be addressed in 2026/27.

- Embedding the new Code of Governance and raising its profile;
- Development of an assurance model;
- Rolling out the new Code of Conduct for Employees and Values across the Council;
- Development of work plans and a performance reporting framework for Leadership Team;
- Developing a culture of ownership and accountability, particularly in relation to financial and performance management;
- Project management training and improvements to project governance.

A comprehensive action plan outlining the improvements to be made for each of the core principles of the Code of Governance is set out in Annex 2.

4.2 How we have improved our governance arrangements in 2025-26

A summary of the key areas where improvements have been made in addressing the governance issues identified in last year's AGS are outlined below.

- Reviewing and updating the Code of Governance;
- Updating key documents which form part of the Council's governance framework eg Code of Conduct for Employees, IT security policy, the Anti-Fraud and Bribery and Speaking Up policies;
- Training for Leadership Team, service managers and principal officers in risk management and the development of the risk registers;
- Training on procurement and the new regulations.

The significant nature of some of the improvement activities identified in last year's AGS necessitates a timeframe spanning more than a year to implement and achieve their objectives. Where appropriate ongoing and outstanding actions have been carried forward into the improvement plan for 2026/27.

5. Forward Look on Governance

The review has included a forward look on governance to identify where governance may need to change or develop to meet the future needs of the Council.

5.1 Significant risks or uncertainties that may change or challenge governance in future years

The Council recognises and monitors its key risks through risk management processes in place. Key risks linked to governance include:

- Financial Stability
- Local Government Re-organisation
- IT Resilience
- Failure to deliver good governance
- Corporate Capacity is insufficient to maintain provision of core services and deliver major projects
- Health and Safety arrangements for people
- Safety and compliance arrangements for corporate properties.

The actions to address these risks are set out in the Strategic Risk Register and will be monitored by Cabinet and the Audit and Accounts Committee. Some of the actions are also included in the Governance Improvement Plan.

5.2 Other issues

Other issues identified during the review include:

- Local Government Reorganisation (LGR) will see the abolition of the existing 2 tier system of local government in Staffordshire and its replacement with unitary Councils. This will generate significant work, change and uncertainty for the coming years. Whilst this is referred to in the section above, the risk focusses on the impact on service delivery during the transition period. There is however also the risk that the Council's governance arrangements during this time could fragment or deteriorate as resources are stretched and attention is focussed elsewhere. This will be monitored and managed through the delivery of the governance improvement plan, the introduction of assurance statements and the annual review of effectiveness. Whilst our resources are stretched it is important that we prepare for the transition to the new Council and a plan of preparatory activities is being developed. As our workforce is at the heart of everything the Council does, it is essential that we prepare them too and our Employee Review process is to be refreshed and relaunched to assist with this.
- Artificial Intelligence (AI) –the capability and application of AI continues to develop. and the Council needs to adapt to the rapidly evolving technology that brings both opportunities and threats to efficient service delivery. A policy is to be developed to provide a framework for the Council's use of AI across its functions and to provide guidance to employees;

6. AGS Action Plan / Governance Improvement Plan

We have identified areas of our governance arrangements which require improvement and these are set out in an improvement plan in Annex 2. The plan is structured to identify the actions needed to improve each of the core principles of the Code of Governance.

The plan provides a summary of the work required to address the significant governance issues in the coming year and beyond where necessary. The improvement plan includes:

- Outstanding issues reported in the previous 2024/25 AGS;
- Issues identified during the 2025/26 review; and
- Actions to respond to the External Auditors recommendations from the 2024/25 Value for Money review

These ongoing significant governance issues will be monitored and reported on quarterly to the Audit and Accounts Committee as part of the annual governance review process.

No	Action	Lead Officer	Revised Timescale
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 and Assurance	Rollout in Quarter 1 Training in Quarter 2
1.2	Ethical Values - Update the Anti-Fraud and Bribery Framework and the Confidential Reporting Framework (External Audit - Significant Recommendation 2)	Chief Internal Auditor and Risk Manager	Completed April 2026
1.3	Ethical Values - Develop a fraud risk register (Outstanding action from 25/26)	Chief Internal Auditor and Risk Manager	Quarter 2
1.4	Ethical Values - declaration of conflict of interests - awareness to be raised and annual review to be built into Employee Review process	Head of Business Support and Assurance / HR Manager	Quarter 1 - awareness raising Quarter 2 - Employee Review process
1.5	Respecting the rule of law - managers checks on compliance with the law and local policies/guidance needs to be evidenced. Guidance on this to be issued	Head of Business Support and Assurance / Chief Internal Auditor and 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 and Governance	Quarter 2
2.2	Reports which are not coming to Leadership Team for consideration prior to going to Cabinet, Council etc must be identified and agreement reached in advance - to be embedded into sign-off checklist (action above)	Leadership Team	Quarter 2

No	Action	Lead Officer	Revised Timescale
2.3	Engaging with Stakeholders - plan of key consultation for next 2 years to be developed	Communications Manager	Quarter 2 - dependent on Leadership Team completing work plans
3.	Defining the vision and outcomes for the local area and determining the actions necessary to achieve the intended outcomes		
3.1	<p>Ensuring VFM - Put in place a formal SLA with Staffs County Council re the shared procurement arrangements</p> <p>Due to the advent of LGR, this is not deemed a priority. Working practices have been in place for several years and this will continue for the foreseeable future. Should LGR be delayed then this will be revisited.</p> <p>External Audit - Other Recommendation 4)</p>	Head of Business Support and Assurance	No further action
3.2	<p>Ensuring VFM - Provide regular reports to Members on single tender waivers. Waivers to be reported on to the Responsible Council Scrutiny Committee quarterly.</p> <p>External Audit - Other Recommendation 4)</p>	Head of Law and Governance	Quarter 1 onwards
3.3	<p>Ensuring VFM - Update the contracts register and ensure it is compliant with transparency requirements - to be updated as part of the preparations for LGR.</p> <p>This will also include the development of a plan of those contracts which need to be re-tendered in the next 2 years.</p> <p>External Audit - Other Recommendation 4)</p>	Head of Business Support and Assurance and Leadership Team	Quarter 1 Quarter 2
3.4	<p>Fair access to services - Equality, Diversity and Inclusion Policy, Equality Impact Assessment Template and guidance to be updated and training provided</p>	Head of Business Support and Assurance and HR Manager	Quarter 2

No	Action	Lead Officer	Revised Timescale
4.	Determining the interventions necessary to achieve the intended outcomes		
4.1	<p>Performance Management - Develop a data quality policy or similar process for providing assurance on KPIS as part of performance management reporting</p> <p>Whilst it is acknowledged that it would be useful to have a data quality policy, in light of limited capacity and LGR it has been agreed not to implement this recommendation. It would take several months to develop the policy and would at best have 18 months of use, assuming that LGR proceeds to the current timetable.</p> <p>(External Audit - Other Recommendation 3)</p>	Head of Business Support and Assurance	No further action
4.2	<p>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</p> <p>(Outstanding action from 25/26)</p>	Deputy Chief Executive (Resources) and Deputy Chief Executive (Place)	Quarter 1
4.3	<p>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.</p>	Head of Business Support and Assurance and Leadership Team	Quarter 3
4.4	<p>Facilitated session with Leadership Team to progress developing a culture of ownership and accountability.</p>	Deputy Chief Executive (Resources) and S151 Officer and Head of Business Support and Assurance	Quarter 3
4.5	<p>Provide training for key officers (LT, Service Managers and relevant Principal Officers/Team Leaders) on project management.</p> <p>(Outstanding action from 25/26)</p>	Deputy Chief Executive (Resources) and S151 Officer and Head of Business Support and Assurance	Quarter 2

No	Action	Lead Officer	Revised Timescale
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
5.2	Employee induction process to be refreshed	HR Manager	Quarter 3
5.3	Employee review process to be refreshed and relaunched	HR Manager	Quarter 2
5.4	Complete review of hybrid working and develop a hybrid working policy. (Outstanding action from 25/26)	Head of Business Support and Assurance and HR Manager	Quarter 2
6.	Managing risks and performance through robust internal control and strong public financial management		
6.4	<p>Risk Management</p> <ul style="list-style-type: none"> • 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 - any significant risks identified from the quarterly reviews will be reported to Leadership Team for inclusion in the Strategic Risk Register <p>(External Audit - Other Recommendation 2)</p>	Head of Business Support and Assurance, Chief Internal Auditor and Risk Manager and Leadership Team	Quarter 2
6.5	<p>Deliver the health and safety action plan which aims to embed a pro-active Health and Safety culture. The key actions include:</p> <ul style="list-style-type: none"> • Update the overarching Health and Safety Policy • Deliver targeted training to Leadership Team and Managers • Determine a programme for reviewing and updating HandS policies 	Head of Business Support and Assurance and Chief Internal Auditor and Risk Manager	<p>Quarter 2</p> <p>Quarter 2</p> <p>Quarter 3</p>

No	Action	Lead Officer	Revised Timescale
6.1	<p>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.</p> <p>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.</p> <p>Produce draft financial statements in line with statutory requirements and work with external auditors to deliver the audits effectively</p> <p>(External Audit - Significant Recommendation 1)</p>	Deputy Chief Executive (Resources)	Quarter 2 - End of Summer 2026
6.2	<p>Financial Management - Review the need to implement further savings ahead of LGR given the potential funding gaps identified in 26/27 and 27/28 as a result of changes to the financial settlement after the MTFS and 26/27 budgets were approved in January 26</p> <p>Due to the high uncertainty around the settlement and the previous late interventions by central government to ensure no decrease in core funding, a savings programme is not deemed appropriate for 2026/27 at this stage. There are sufficient reserves in place to be able to prudently adopt this approach should central government not change the current settlement amounts.</p> <p>(External Audit - Other Recommendation 1)</p>	Deputy Chief Executive (Resources)	No further action
6.3	<p>Review of Financial Regulations and training for managers</p> <p>(Outstanding action from 2025/26)</p>	Deputy Chief Executive (Resources) and S151 Officer	Quarter 2
6.6	<p>Develop a structured approach / framework to the management of corporate assets</p>	Head of Housing and Corporate Assets and Corporate Asset Manager	

No	Action	Lead Officer	Revised Timescale
6.7	<p>Assurance and Scrutiny - Development of Assurance Model, to include:</p> <ul style="list-style-type: none"> • Annual Assurance Report for Health and Safety • Annual Assurance Report for Technology • Heads of Service Assurance Statements <p>(Outstanding action from 2025/26)</p>	Head of Business Support and Assurance and Chief Internal Auditor and Risk Manager	<ul style="list-style-type: none"> • Quarter 2 • Quarter 1 • Quarter 1
6.9	Data and IT Security - AI policy to be developed	Technology Manager	Quarter 2
6.10	Data and IT Security - Ensure that annual refresher training is undertaken	Technology Manager / Data Protection Officer	Quarter 4
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 and 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 and Assurance and Head of Law and Governance	Quarter 2

CODE OF CORPORATE GOVERNANCE - ASSESSMENT OF EFFECTIVENESS 2025/26

Sub Principles	Arrangements the Council has in place	Assessment / Comments
Core Principle 1: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law		Framework satisfactory but needs embedding
Behaving with integrity	<ul style="list-style-type: none"> • The Council has in place Codes of Conduct for both Members and Employees which set out requirements that support the need to behave with integrity. • The Council has a set of values which are underpinned by a set of expected behaviours. Integrity is one of the Council's values. • All new Members and Employees are made aware of the Code of Conduct when they join the Council. 	<ul style="list-style-type: none"> • Code of Conduct for Employees is newly updated and hasn't been rolled out yet. Training will be required. • We adopt the national Code of Conduct for Members. • Values have been updated as part of the Code of Conduct and will be rolled out alongside this • Code of Conduct included in Induction for new members and officers. Looking at adding module to our new Learning and Development platform for officers
Demonstrating strong commitment to ethical values	<ul style="list-style-type: none"> • A framework of policies for Speaking Up and Anti-Fraud and Bribery to discourage inappropriate activities and to encourage the reporting of any instances found. • Members are required to declare any conflicts of interest at annually and at meetings. • Employees are required to notify their line manager of any conflicts of interest and when tendering for goods or services they have to sign a declaration regarding any conflicts of interest. 	<ul style="list-style-type: none"> • Both policies updated recently but training yet to be provided. • A register of interests is maintained and declarations are made at meetings where relevant • This is done for procurements managed by the County's procurement team. But other conflicts not routinely declared. Included updated guidance and forms in recently updated Code of Conduct for Employees. Awareness to be raised as part of roll-out and built into Employee Review process for annual review

CODE OF CORPORATE GOVERNANCE - ASSESSMENT OF EFFECTIVENESS 2025/26

Sub Principles	Arrangements the Council has in place	Assessment / Comments
Respecting the rule of law	<ul style="list-style-type: none"> • The Council has in place a Monitoring Officer who works with Members and Employees to ensure that the law is adhered to. • Managers are responsible for checking that the law and local policies are complied with in their service area. Internal Audit through their work programme undertake independent checks on compliance with policies and procedures. • Disciplinary procedures are in place to investigate breaches of policy by employees and the Monitoring Officer will investigate breaches of the Code of Conduct by Members. • Legal advice is given in reports for all decisions to be taken by Members. 	<ul style="list-style-type: none"> • Satisfactory • Audit checks are evidenced. Unclear whether managers checks are being undertaken /evidenced • Satisfactory • Checked at Leadership Team to ensure this has been done
Core Principle 2: Ensuring openness and comprehensive stakeholder engagement		Framework satisfactory and generally operating effectively
Openness	<ul style="list-style-type: none"> • The Council is committed to openness and holds meetings in public wherever it can. A schedule of Council meetings is available on the Council's website. • The agendas, reports and minutes of meetings are published on the Council's website. All reports contain details of options considered and the advice provided by officers regarding legal and financial implications. The minutes include the reasons behind the decisions made. 	<ul style="list-style-type: none"> • Satisfactory • Satisfactory

CODE OF CORPORATE GOVERNANCE - ASSESSMENT OF EFFECTIVENESS 2025/26

Sub Principles	Arrangements the Council has in place	Assessment / Comments
	<ul style="list-style-type: none"> • All reports are considered by Leadership Team and subject to internal challenge and assessment before being passed to Members for consideration. • The Council has a Freedom of Information Scheme in place and seeks to publish information openly on its website wherever possible and practicable to do so. 	<ul style="list-style-type: none"> • The majority of reports for Cabinet, Council or a Committee come to LT for consideration. But have identified that there are some exceptions to this (eg Scrutiny Committee Reports) and formal sign-off not always obtained from Finance, Legal and HR. Checklist to be introduced and guidance updated. Exceptions to be reviewed and agreed with Leadership Team. • Satisfactory
Engaging with stakeholders effectively, including individual citizens and service users	<ul style="list-style-type: none"> • The Council communicates with its citizens, service users and stakeholders via our website, social media and press releases. • The Council consults and engages with its community on key issues such as priorities, the budget, new projects. We do this through on-line and paper surveys, in person meetings, etc. • Wherever we seek the views of our community, we endeavour to provide feedback on the information received and how we have used this to shape the Council's decisions. 	<ul style="list-style-type: none"> • Satisfactory • Not always done - developing a work plan for the next 2 years of key consultations etc • Satisfactory

CODE OF CORPORATE GOVERNANCE - ASSESSMENT OF EFFECTIVENESS 2025/26

Sub Principles	Arrangements the Council has in place	Assessment / Comments
Core Principle 3: Defining the vision and outcomes for the local area and determining the actions necessary to achieve the intended outcomes		Framework generally satisfactory but two policies/guidelines are in need of updating
Defining outcomes	<ul style="list-style-type: none"> The Council has established a clear vision of what it wants to achieve and this is set out in the Corporate Plan. 	<ul style="list-style-type: none"> New Corporate Plan approved April 2026
Ensuring Value for Money	<ul style="list-style-type: none"> The Council's Financial Regulations and Procurement Regulations provide a framework to ensure that value for money, best value and social value is considered in the delivery of services and projects. Key decisions are made by Cabinet or Council. All reports require financial implications and value for money to be considered when taking decisions. 	<ul style="list-style-type: none"> Procurement Regulations updated in 2025 but Financial Regulations are in need of updating - planned for 2026 Satisfactory
Fair access to services	<ul style="list-style-type: none"> Equality impact assessments are undertaken for all new policies to ensure fair access to services. 	<ul style="list-style-type: none"> Not always being done. Template needs to be updated and guidance issued. Policy also needs updating
Working with Partners	<ul style="list-style-type: none"> The Council works closely with partners (ie other public sector bodies, the voluntary sector and the private sector) to deliver agreed outcomes for the community. 	<ul style="list-style-type: none"> Satisfactory
Core Principle 4: Determining the interventions necessary to achieve the intended outcomes		Framework generally satisfactory but the approach to performance management needs to be improved and embedded into service areas
Arrangements for short and medium term planning	<ul style="list-style-type: none"> The Corporate Plan is underpinned by Priority Delivery Plans (PDPs) which set out a range of targeted actions and projects to help to achieve the Council's vision. 	<ul style="list-style-type: none"> Satisfactory

CODE OF CORPORATE GOVERNANCE - ASSESSMENT OF EFFECTIVENESS 2025/26

Sub Principles	Arrangements the Council has in place	Assessment / Comments
	<ul style="list-style-type: none"> The Council's day to day services also support the delivery of the vision and priorities. 	<ul style="list-style-type: none"> Satisfactory
Managing performance	<ul style="list-style-type: none"> The performance in delivering the Council's priorities and key operational services is monitored by the Leadership Team, Cabinet and the Scrutiny Committees. Performance in delivering day to day services is monitored by Service Managers. 	<ul style="list-style-type: none"> A basic performance management framework is in place for reporting on the delivery of the Corporate Plan - this includes reporting on the delivery of the projects set out in the Priority Delivery Plans (PDPs) and a suite of key performance indicators (KPIs) for the relevant operational services. It is largely left to Heads of Service and their Managers to determine how they do this. This needs more structure. Exercise to be undertaken to review what information is being collected and to assess and fill any key gaps. The approach to self-assessment and continuous improvement is left to Heads of Service and Service Managers to determine for their areas. Review to be undertaken, alongside that for KPIs, to include identifying the work being done and to identify and fill and key gaps. There is a lack of ownership and accountability, particularly with regard to financial and performance management, in the delivery of key projects and in some areas of operational service delivery. The Council doesn't have a framework or guidelines of the management of projects. Whilst there is insufficient capacity/expertise to do this, training is to be provided.

CODE OF CORPORATE GOVERNANCE - ASSESSMENT OF EFFECTIVENESS 2025/26

Sub Principles	Arrangements the Council has in place	Assessment / Comments
Alignment of budget with corporate priorities	<ul style="list-style-type: none"> The Medium-Term Financial Strategy takes the Council's priorities into consideration when budget setting. In year, any financial decisions are required to demonstrate a contribution to the one or more of the Council's priorities. 	<ul style="list-style-type: none"> This is done at a high level, in terms of considering budget asks
Core Principle 5: Developing the entity's capacity, including the capability of its leadership and the individuals within it		The framework is generally satisfactory but elements relating to the role of statutory officers could be improved
Developing the Council's capacity and the capability of its Leadership and the individuals within it	<ul style="list-style-type: none"> The roles of Members, Committees, Officers and Statutory Officers are set out in the Council's Constitution, which is available on the Council's website. The Council has a Scheme of Delegations in place, as part of the Constitution, which sets out the types of decisions and who can make them within the Council. The Council's Chief Executive acts as the Head of Paid Service. The Deputy Chief Executive for Resources acts as the Chief Finance (s151) Officer. The Head of Law and Governance acts as the Monitoring Officer. All three statutory officers meet regularly to discuss and address any governance issues 	<ul style="list-style-type: none"> Satisfactory Scheme of Delegations is subject to annual review for any updates - would benefit from a full review to align the approach across both Councils but have agreed not to pursue this due to LGR All three statutory officer roles are in place and filled with appropriately qualified and experienced officers. The Statutory Officers - Golden Triangle - meet as and when required to discuss specific issues rather than regularly with a clear agenda to cover a range of governance issues.

CODE OF CORPORATE GOVERNANCE - ASSESSMENT OF EFFECTIVENESS 2025/26

Sub Principles	Arrangements the Council has in place	Assessment / Comments
	<ul style="list-style-type: none"> • An induction programme is in place to provide training and support for all new Members and employees. • The development of Members is led by the political groups but access to training is also made available through the Council. • Employees have an annual employee review to assess their progress, performance and to identify any training and development needs. • The Council is committed to supporting the health and wellbeing of the workforce through appropriate HR policies, working practices and access to an Occupational Health Service. 	<ul style="list-style-type: none"> • Induction programme for Members is reviewed each year as part of the planning for elections. The induction process for employees is under review • We have a structured induction process in place for new Members and for ongoing regulatory training. Support is provided in arranging attendance at LGA training and other specific training as appropriate • Employee reviews not being done consistently - process to be re-launched alongside a new training platform • Satisfactory - HR policies in place and HR team provide advice and support
Core Principle 6: Managing risks and performance through robust internal control and strong public financial management		The Financial Management element of the framework has been identified as a concern in practise due to a lack of capacity in the Finance Team
Managing risk	<ul style="list-style-type: none"> • The Council has a risk management policy and strategy in place. • A Strategic Risk Register is maintained by the Leadership Team and progress is monitored by the Cabinet and the Audit Committee. • Operational risks are identified and managed within the respective service areas. 	<ul style="list-style-type: none"> • Reviewed in 2024/25 • Satisfactory - Strategic risk register in place but work needs to be done to develop and embed this • Satisfactory - to be developed through the introduction of departmental risk registers

CODE OF CORPORATE GOVERNANCE - ASSESSMENT OF EFFECTIVENESS 2025/26

Sub Principles	Arrangements the Council has in place	Assessment / Comments
	<ul style="list-style-type: none"> Framework in place to manage Health and Safety risks 	<ul style="list-style-type: none"> Satisfactory but some policies in need of updating> Profile and culture towards Health and Safety needs to be embedded.
Strong public financial management	<ul style="list-style-type: none"> The s151 Officer, ie Chief Financial Officer, is appropriately qualified, experienced and complies with the Cipfa Statement on the Role of the Chief Finance Officer in Local Government. The s151 Officer ensures that arrangements are in place to comply with the Financial Management Code. The s151 Officer prepares and advises the Council on it's Medium-Term Financial Strategy and the budget. Officers have access to real time budget information and twice-yearly budget monitoring reports are provided to Members and Officers. Financial Regulations provide a framework for the day to day management of the Council's financial transactions. 	<ul style="list-style-type: none"> Satisfactory Satisfactory Satisfactory Flagged as a concern by our External Auditors - really need quarterly budget monitoring in place as a minimum but there is a long standing lack of capacity in the Finance Team exacerbated by difficulties in recruiting permanent and temporary staff Financial Regulations need updating and training given
Internal Audit and Internal Control	<ul style="list-style-type: none"> The internal control framework comprises a range of policies and procedures to ensure the sound management of the Council's operations and delivery of services. 	<ul style="list-style-type: none"> The key policies are captured in the Governance Framework document. Whilst there isn't a formal list of the dates these are due for review, a number of them have been updated in the last year and there is a plan for updating HR and Health and Safety policies.

CODE OF CORPORATE GOVERNANCE - ASSESSMENT OF EFFECTIVENESS 2025/26

Sub Principles	Arrangements the Council has in place	Assessment / Comments
	<ul style="list-style-type: none"> • The Internal Audit Section undertakes reviews of the systems that comprise the internal control and governance framework, provides assurance and makes recommendations for improvement. • The Audit Committee receives reports from the Chief Internal Auditor and Risk Manager on the systems that comprise the internal control framework. The Committee also monitors the performance and quality of the Internal Audit service to ensure that it complies with the required national standards. • Internal Audit arrangements are in conformance with the Global Internal Audit Standards in the UK Public Sector. These are reviewed annually and reported to the Audit Committee. • The Internal Audit Section provides assurances throughout the year on the key systems of internal control. • An annual review is undertaken of the Council's governance arrangements. • Procurement Regulations provide a framework for managing the procurement of goods and services by the Council 	<ul style="list-style-type: none"> • Satisfactory - Audit Plan in place and systems prioritised according to risk • Satisfactory • Satisfactory - self assessment undertaken • Satisfactory • Satisfactory but propose to re-introduce HOS and Statutory Officers Assurance Statements • Satisfactory - Regulations updated training provided in 2025 • There is currently no formally documented or structured approach to the management of corporate assets.

CODE OF CORPORATE GOVERNANCE - ASSESSMENT OF EFFECTIVENESS 2025/26

Sub Principles	Arrangements the Council has in place	Assessment / Comments
Assurance and Scrutiny	<ul style="list-style-type: none"> • The Audit Committee receives assurance from the Chief Internal Auditor and Risk Manager on: <ul style="list-style-type: none"> ➤ the effective operation of the internal control framework; and ➤ the management of strategic risks. • The Scrutiny Committees monitor the performance of the Council and hold the Cabinet to account for the decisions it makes. Each Scrutiny Committee has oversight of one or more of the Council's priorities. 	<ul style="list-style-type: none"> • Satisfactory • Satisfactory • No formal assurance framework in place for corporate functions or by managers - developing annual reports for IT and Health and Safety. Assurance template has been drafted for Heads of Service to complete - to be trialled in year and completed for next year's AGS
Managing data and IT security	<ul style="list-style-type: none"> • The Council has a Data Protection Officer and Information Governance policy in place to ensure that personal data is held securely and managed appropriately. • The Council has an IT security policy in place and a Cyber Security Officer to ensure the integrity and security of the systems and data. • Annual refresher training on Data Protection and Cyber Security is mandated for all employees. 	<ul style="list-style-type: none"> • Satisfactory • Satisfactory but need to develop an AI Policy • Not always being done but we have a new Learning and Development Platform that will help us to police this better

CODE OF CORPORATE GOVERNANCE - ASSESSMENT OF EFFECTIVENESS 2025/26

Sub Principles	Arrangements the Council has in place	Assessment / Comments
Core Principle 7: Implementing good practices in transparency, reporting and audit to deliver effective accountability		Generally satisfactory - but could do more to learn lessons from service reviews, complaints etc
Implementing good practice in transparency and reporting to ensure effective accountability	<ul style="list-style-type: none"> • The Council is committed to maintaining a pro-active working relationship with external audit, internal audit and other inspection/regulatory bodies. • From time to time, the Council invites/ receives reviews of its services and develops improvement plans to implement recommendations arising from them. These are discussed with Leadership Team and progress is reported to Cabinet, the Audit Committee or Scrutiny Committee as appropriate. • The following information is reported annually to Members and is available on the Council's website: <ul style="list-style-type: none"> ➤ Performance in delivering the Council's priorities and operational performance of key services; ➤ Statement of Accounts; ➤ Annual Internal Audit Report; ➤ Annual External Audit Letter; and ➤ Annual Governance Statement. • The Council has a compliments and complaints policy and a summary is reported annually to the Resources Scrutiny Committee. 	<ul style="list-style-type: none"> • Satisfactory • Satisfactory - not had an LGA Peer Review for some time but not considered to be essential given LGR is imminent. Need to develop a lessons learnt approach eg from delivery of projects • Satisfactory • Satisfactory but improvements could be made to learn from complaints and enhance reporting to Scrutiny