

Agenda

Audit Committee

Date: **Tuesday 9 December 2025**

Time: **5.30 pm**

Place: **Council Chamber**

For any further information please contact:

Democratic Services

committees@gedling.gov.uk

0115 901 3844

Audit Committee

Membership

Chair Councillor Ron McCrossen

Vice-Chair Councillor Sandra Barnes

Councillor Stuart Bestwick
Councillor Helen Greensmith
Councillor Paul Hughes
Councillor Alison Hunt
Councillor Ruth Strong
Jonathan Causton

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Responsibility of Audit Committee:

Statement of purpose

- a) The Audit Committee is a key component of Gedling Borough Council's corporate governance. It provides an independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards.
- b) The purpose of the Audit Committee is to provide independent assurance to the Council of the adequacy of the risk management framework and the internal control environment. It provides independent review of Gedling Borough Council's governance, risk management and control frameworks and oversees the financial reporting and annual governance processes. It oversees internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place.

Governance, risk and control

- c) To review the Council's corporate governance arrangements including the Local Code of Corporate Governance.
- d) To review the Annual Governance Statement prior to approval and consider whether it properly reflects the risk environment and supporting assurances, taking into account internal

audit's opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control.

e) To consider the council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.

f) To consider the council's framework of assurance and ensure that it adequately addresses the risks and priorities of the council.

g) To consider and monitor the effective development and operation of risk management in the council.

h) To monitor progress in addressing risk-related issues reported to the committee.

i) To consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.

j) To review the assessment of fraud risks and potential harm to the council from fraud and corruption.

k) To consider and monitor the counter-fraud strategy, actions and resources.

Internal audit

l) To approve the internal audit charter defining the role and scope of internal audit.

m) To approve the risk-based internal audit plan, including internal audit's resource requirements, the approach to using other sources of assurance and any work required to place reliance upon those other sources.

n) To make appropriate enquiries of both management and the Head of Internal Audit to determine if there are any inappropriate scope or resource limitations.

o) To consider reports from the Head of Internal Audit on internal audit's performance during the year, including the performance of external providers of internal audit services.

p) To consider the Head of Internal Audit's annual report confirming compliance with auditing standards and the opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control - these will assist the committee in reviewing the Annual Governance Statement.

q) To consider summaries of specific internal audit reports as requested.

r) To receive reports outlining the action taken where the head of internal audit has concluded that management has accepted a level of risk that may be unacceptable to the authority or there are concerns about progress with the implementation of agreed actions.

s) To consider a report on the effectiveness of internal audit to support the Annual Governance Statement, where required to do so by the Accounts and Audit Regulations.

t) To support effective communication with the Head of Internal Audit.

External audit

u) To consider the external auditor's annual letter, relevant reports and the report to those charged with governance.

v) To consider specific reports as agreed with the external auditor.

w) To comment on the scope and depth of external audit work and to ensure it gives value for money.

x) To advise and recommend on the effectiveness of relationships between external and internal audit and other inspection agencies or relevant bodies.

Financial reporting

y) To consider and approve the annual statement of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council.

z) To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.

Accountability arrangements

aa) To report to those charged with governance on the Committee's findings, conclusions and recommendations concerning the adequacy and effectiveness of their governance, risk management and internal control frameworks, financial reporting arrangements, and internal and external audit functions.

AGENDA

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| 2 | To approve, as a correct record, the minutes of the meeting held on 16 September 2025 | 7 - 9 |
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| 4 | External Auditors (Mazars) - Draft Annual Report
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| 5 | Internal Auditors (BDO) - Progress Report
Report of the Internal Audit Partner (BDO) | 41 - 50 |
| 6 | Update of Risk Management Framework
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MINUTES AUDIT COMMITTEE

Tuesday 16 September 2025

Councillor Sandra Barnes
Councillor Stuart Bestwick
Councillor Paul Hughes

Councillor Alison Hunt
Councillor Ruth Strong
Jonathan Causton

Absent: Councillor Ron McCrossen and Councillor Helen Greensmith

Officers in Attendance: T Adams, F Whyley, J Lovett, D Reason and L Squires

Guests in Attendance: M Armstrong & E Gaeton (BDO), M Surridge (Mazars)

10 TO APPROVE, AS A CORRECT RECORD, THE MINUTES OF THE MEETING HELD ON 24 JUNE 2025

RESOLVED:

That the minutes of the above meeting, having been circulated, be approved as a correct record.

11 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS.

Apologies were received from Councillors Greensmith and McCrossen.

12 DECLARATION OF INTERESTS.

None.

13 DRAFT ANNUAL GOVERNANCE STATEMENT AND THE UNAUDITED STATEMENT OF ACCOUNTS 2024/25 COVERING REPORT

The Chief Finance and Section 151 Officer introduced a report informing Members of the proposed Annual Governance Statement 2024/25 and the unaudited Statement of Accounts 2024/25.

RESOLVED to:

- 1) Note the draft Annual Governance Statement 2024/25 and provide any comments for inclusion in the final version when presented to the Audit Committee later in the financial year.

- 2) Note the unaudited Statement of Accounts for 2024/25.

14 EXTERNAL AUDIT PROGRESS REPORT 2024/25

The Chief Finance and Section 151 Officer introduced a report, which had been circulated prior to the meeting, informing Members of the progress of the External Audit for the 2024/25 Statement of Accounts.

The External Auditor then introduced the report.

RESOLVED to:

- 1) Note the External Audit progress Reports attached at Appendix 1 as presented by Mazars.

15 INTERNAL AUDIT PROGRESS REPORT 2025/26

The Internal Auditor introduced a report, which was circulated prior to the meeting, summarising the outcome of internal audit activity completed by the BDO Internal Audit Team for the period July to September 2025.

RESOLVED to:

- 1) Note the progress of the delivery against the 2025/26 Internal Audit Plan, including the Executive Summary for the following audit reports: People Services and Risk Management.

16 CORPORATE RISK MANAGEMENT REVIEW QUARTER 1 JAN - JUNE 2025/26

The Deputy Chief Executive and Monitoring Officer introduced a report, which was circulated prior to the meeting, updating members on the current level of assurance that could be provided against each corporate risk.

RESOLVED to:

- 1) Note the current risk level and actions identified within the Corporate Risk Register.

17 CYBER AND COMPLIANCE UPDATE REPORT

This item was withdrawn from the agenda.

18 ANY OTHER ITEM WHICH THE CHAIR CONSIDERS URGENT.

None.

The meeting finished at 6.20 pm

Signed by Chair:
Date:

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Report to Audit Committee

Subject: External Audit Draft Annual Report (Mazars)

Date: 9 December 2025

Author: Chief Finance Officer & Section 151

1 Purpose of Report

To inform Members of the progress of the External Audit for the 2024/25 Statement of Accounts.

Recommendation:

1. Note the External Audit Draft Annual Report attached at Appendix 1 as presented by Mazars.
2. Note the recommendations set out in each section in the report.

2 Background

It is a requirement that the Council's financial statements are audited on an annual basis and that in addition the auditors undertake all work necessary to support their conclusion on value for money.

Due to the Fraud identified in July 2022 and the governments statutory backstop arrangements the Councils external auditors Mazars issued disclaimed audit opinions for its Statement of Account for the years 2021/22, 2022/23 and 2023/24.

In usual circumstances where an auditor has given an unmodified opinion on the previous financial statement, the auditor can rely on that previous assurance to form an opinion on the current year's statements, as no such assurance was given for the previous statement of accounts its not possible to rely on this assurance. As a result of this it is anticipated that a further disclaimed opinion for 2024/25 accounts will be given prior to the backstop date of 27th February 2026.

The Auditors have carried out their work on the Value for Money Assessment, and whilst a number of recommendations have been made they have found that there are no identified risks of significant weakness and no actual significant weaknesses identified.

3 Proposal

Members note draft annual report and the recommendations set out in the report for officers to deliver.

4 Financial Implications

There are no Financial implications arising from this report.

5 Legal Implications

None arising directly from this report, The Accounts and Audit Regulations 2015 mandates that Local Authorities in the UK must have external audits. It outlines the framework for audits of local authorities, including the requirement to appoint an external auditor.

6 Equalities Implications

There are no equalities implications directly arising from this report.

7 Carbon Reduction/Environmental Sustainability Implications

There are no carbon reduction/environmental sustainability implications arising from this report.

8 Appendices

Appendix 1 – External Auditors Draft Annual Report

Statutory officer Approval:

Approved by: Chief Financial Officer

Date: 28/11/2025

Approved by: Monitoring Officer

Date: 28/11/2025

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[Draft] Auditor's Annual Report
Gedling Borough Council – year ended 31 March 2025

November 2025

Contents

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- 04 Other reporting responsibilities
- 05 Audit fees and other services

Our reports are prepared in the context of the 'PSAA Statement of Responsibilities of Auditors and of Audited Bodies' and the 'Appointing Person Terms of Appointment' issued by Public Sector Audit Appointments Limited. This document is to be regarded as confidential to Gedling Borough Council. It has been prepared for the sole use of the Council's Audit Committee as the appropriate sub-committee charged with governance. We do not accept any liability or responsibility to any other person in respect of the whole or part of its contents.

01

Introduction

Introduction:

Purpose of the Auditor’s Annual Report

Our Auditor’s Annual Report (AAR) summarises the work we have undertaken as the auditor for Gedling Borough Council (‘the Council’) for the year ended 31 March 2025. Although this report is addressed to the Council, it is designed to be read by a wider audience including members of the public and other external stakeholders.

Our responsibilities are defined by the Local Audit and Accountability Act 2014 and the Code of Audit Practice (‘the Code’) issued by the National Audit Office (‘the NAO’). The remaining sections of the AAR outline how we have discharged these responsibilities and the findings from our work. These are summarised below.

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Opinion on the financial statements

Our opinion on the financial statements for the year ended 31 March 2025 will be disclaimed.



Reporting to the group auditor

We have been unable to conclude our work as we have not yet received confirmation from the NAO that the group audit of the WGA has been completed and that no further work is required to be completed by us.



Value for Money arrangements

We did not identify any significant weaknesses in the Council’s arrangements to secure economy, efficiency and effectiveness in its use of resources. Section 3 provides our commentary on the Council’s arrangements.

Audit of the financial statements

Audit of the financial statements

Background

The statutory backstop established a date in legislation by which local authorities were required to publish their financial statements irrespective of whether their external auditor had obtained sufficient appropriate audit evidence to issue a non-disclaimed audit opinion. The introduction of the backstop led to many local authority audits being disclaimed.

Audit suppliers have worked with the National Audit Office (NAO) and the Financial Reporting Council (FRC) to develop guidance to support local audit suppliers to rebuild assurance after previous audits have been disclaimed. In June 2025, the NAO issued its guidance to auditors (called LARRIG) on the special considerations for rebuilding assurance: www.nao.org.uk/code-audit-practice/guidance-and-information-for-auditors/

LARRIG 06 makes clear the work required to rebuild assurance following a disclaimer of opinion may be significant and will vary between authorities.

Under normal circumstances and following a financial year where the auditor has given an unmodified opinion on the financial statements, auditors would usually rely on assurance obtained in the prior period to be satisfied that the opening balances in the current year are free from material error. Following the completion of audit procedures on in-year transactions, the auditor would usually be able to form an opinion on the current year's financial statements.

When a disclaimer of opinion has been issued in the prior periods, no such assurance can be taken and the auditor must design alternative audit procedures to be able to form a position on the current year's financial statements.

The audit reports issued to Gedling Borough Council since 2019/20 are set out in the table below:

Year:	Backstop date:	Form of audit report:	Date of audit report:
2019/20	N/A	Unmodified (Emphasis of Matter for Covid-19 impact on valuations)	18 th December 2020
2020/21	13-Dec-24	Unmodified	16 th March 2022
2021/22	13-Dec-24	Disclaimed	13 th December 2024
2022/23	13-Dec-24	Disclaimed	13 th December 2024
2023/24	28-Feb-25	Disclaimed	26-Feb-25

2024/25 audit of the financial statements

Our audit will be conducted in accordance with the requirements of the Code, and International Standards on Auditing (UK) (ISAs). The purpose of our audit is to provide reasonable assurance to users that the financial statements are free from material error. We do this by expressing an opinion on whether the statements are prepared, in all material respects, in line with the financial reporting framework applicable to the Council and whether they give a true and fair view of the Council's financial position as at 31 March 2025 and of its financial performance for the year then ended.

A disclaimed opinion for the year ended 31 March 2025 is anticipated no later than the backstop date of February 2026.

Annual Governance Statement

Based on the work performed to date, we have not identified matters where, in our opinion, the governance statement does not comply with the guidance issued by CIPFA/LASAAC Code of Practice on Local Authority Accounting.

03

Our work on Value for Money
arrangements

VFM arrangements


Overall Summary





VFM arrangements – Overall summary

Approach to Value for Money arrangements work

We are required to consider whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The NAO issues guidance to auditors that underpins the work we are required to carry out and sets out the reporting criteria that we are required to consider. The reporting criteria are:

- 

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

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

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

Our work is carried out in three main phases.

Phase 1 - Planning and risk assessment

At the planning stage of the audit, we undertake work so we can understand the arrangements that the Council has in place under each of the reporting criteria; as part of this work we may identify risks of significant weaknesses in those arrangements.

We obtain our understanding of arrangements for each of the specified reporting criteria using a variety of information sources which may include:

- NAO guidance and supporting information
- Information from internal and external sources, including regulators
- Knowledge from previous audits and other audit work undertaken in the year
- Interviews and discussions with officers

Although we describe this work as planning work, we keep our understanding of arrangements under review and update our risk assessment throughout the audit to reflect emerging issues that may suggest there are further risks of significant weaknesses.

Phase 2 - Additional risk-based procedures and evaluation

Where we identify risks of significant weaknesses in arrangements, we design a programme of work to enable us to decide whether there are actual significant weaknesses in arrangements. We use our professional judgement and have regard to guidance issued by the NAO in determining the extent to which an identified weakness is significant.

Phase 3 - Reporting the outcomes of our work and our recommendations

We are required to provide a summary of the work we have undertaken and the judgments we have reached against each of the specified reporting criteria in this Auditor's Annual Report. We do this as part of our Commentary on VFM arrangements which we set out for each criteria later in this section.




We also make recommendations where we identify weaknesses in arrangements or other matters that require attention from the Council. We refer to two distinct types of recommendation through the remainder of this report:

- **Recommendations arising from significant weaknesses in arrangements** - we make these recommendations for improvement where we have identified a significant weakness in the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources. Where such significant weaknesses in arrangements are identified, we report these (and our associated recommendations) at any point during the course of the audit.
- **Other recommendations** - we make other recommendations when we identify areas for potential improvement or weaknesses in arrangements which we do not consider to be significant, but which still require action to be taken.

The table on the following page summarises the outcome of our work against each reporting criteria, including whether we have identified any significant weaknesses in arrangements, or made other recommendations.

VFM arrangements – Overall summary

Overall summary by reporting criteria

Reporting criteria	Commentary page reference	Identified risks of significant weakness?	Actual significant weaknesses identified?	Other recommendations made?
<div>  <div>Financial sustainability</div> </div>	11	No	No	Yes – see page 12
<div>  <div>Governance</div> </div>	15	No	No	Yes – see page 16
<div>  <div>Improving economy, efficiency and effectiveness</div> </div>	18	No	No	No

VFM arrangements

Financial Sustainability

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



VFM arrangements – Financial Sustainability

Overall commentary on the Financial Sustainability reporting criteria

There are no indications of a significant weakness in the Council's arrangements carried over from the previous year.

Arrangements for identification of financial pressures and bridging gaps and planning finances to support the sustainable delivery of services

Overall responsibilities for financial governance

We have assessed the Council's governance arrangements by examining key documents such as Council and committee reports, the Annual Governance Statement, and the 2024/25 Statement of Accounts. This review indicates that the Council fulfilled its duties in setting strategic priorities, approving budgets, and tracking financial performance to ensure services effectively meet the needs of its service users.

2024/25 and 2025/26 Budget Setting and Medium-Term Financial Planning

We have reviewed the budget setting process in respect of the 2024/25 financial year, including the Medium-Term Financial Plan (MTFP), and have identified no concerns. The Constitution of the Council requires the Leader to present, before 21 February each financial year, a draft Budget to the Cabinet for approval, highlighting budget priorities, growth items and proposed efficiencies. Through our review of committee reports and minutes we have confirmed that the General Fund Revenue Budget and MTFP for 2024/25 and 2025/26 were presented to Cabinet in February 2024 and February 2025 respectively, before being recommended to full Council. The Executive is required to consider any comments made on the draft Budget and Performance Plan and to present the final drafts to Council for adoption in accordance with the statutory requirements. This demonstrates that adequate arrangements were in place for budget setting and management, reflecting changes and does not present a risk of significant weakness in arrangements.

The Council's proposed General Fund budget sets out the financial strategy and framework for overall financial control and administration for the Council. It also details how individual items such as Central Government Funding, Taxation levels, Resource Developments and Efficiency proposals impact on the Based on the work performed, the MTFS is prepared with due regard to other plans and strategies (for example workforce planning and capital) and there is a process in place for challenging assumptions.

The MTFP looks over a period of five years to identify medium term budget gaps. We have reviewed the 2024/25 and 2025/26 MTFPs, noting that the covering report provides Members with details of key assumptions and uncertainties. The MTFP provides the overarching framework for the Council to plan and manage its financial resources in alignment with the Council's vision and strategic priorities. The MTFP integrates revenue allocations, savings targets and capital investment, providing the budget for the next financial year and indicative budgets for future council tax levels.

The 2025/26 MTFP sets a total savings target of £3.3m across the five-year period to 2029/30. The current budget includes a modest contribution from the General Fund Reserve in 2025/26, which rises substantially in 2026/27 and 2027/28 to sustain existing service levels. From 1 April 2027, the budget anticipates the General Fund will be operating at the Council's minimum threshold, with no remaining capacity to cover funding shortfalls. This highlights a growing risk to the Council's financial sustainability, driven by rising costs and uncertain funding which are challenges currently faced by many local authorities.

Year	Net Budget Requirement (£000)	Total Resources Available (£000)	Budget Gap / (Surplus) (£000)
2025/26	15,584	15,528	56
2026/27	16,207	14,634	1,573
2027/28	16,754	14,718	2,036
2028/29	15,044	14,913	131
2029/30	14,941	14,933	9

Other recommendation: Regardless of the outcome of the Fair Funding Review, the Council needs to continue to strengthen the approach to budget setting and implement a recovery plan to bridge the budget gap to ensure services can be provided within available resources.

VFM arrangements – Financial Sustainability

Overall commentary on the Financial Sustainability reporting criteria – continued

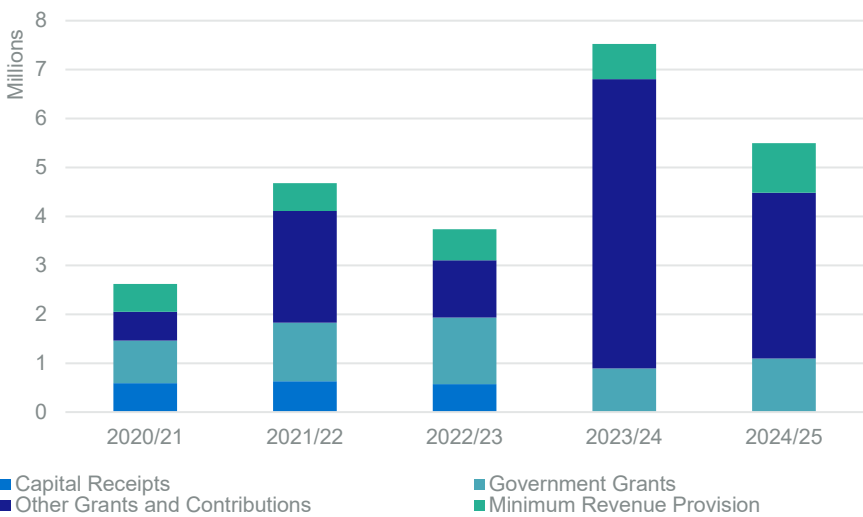
Capital Financing and Investment

We considered the Council's Capital Financing Requirement (CFR) as set out in the 2024/25 Statement of Accounts which has risen from just over £10m in 2020/21 to £16.293m 2024/25. The strongest increase over this period was seen between the 2022/23 and 2023/24 years which saw a 27.7%/£3.3m jump, while the rise between 2023/24 and 2024/25 was 3.6%/£0.564m. As shown in the charts on the right, this is consistent with the increases in the Council's asset base for these years. We also considered the sources of capital finance in the capital programme, which shows over the past five years capital spend has been mainly financed through grants and contributions.

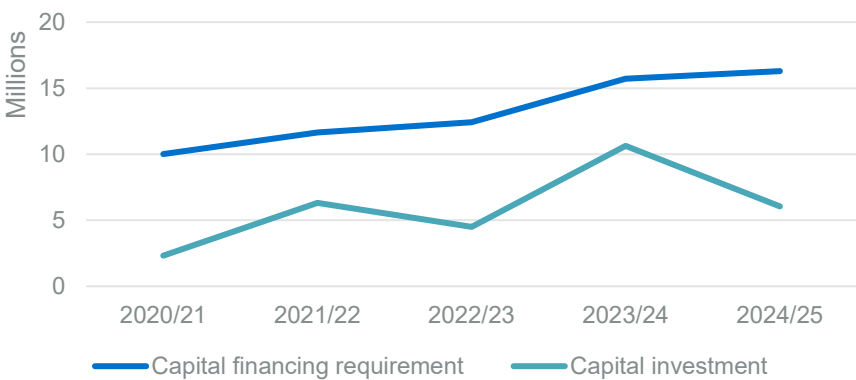
We reviewed the Council's Capital Investment Strategy for 2024/25 to 2028/29 which was presented to Cabinet in February 2024. The strategy sets out a framework for delivering capital projects that align with the Council's strategic priorities, particularly those outlined in the Gedling Plan. The strategy also integrates with the medium-term plan. Over the five-year period, the Council plans to invest approximately £21.3m in capital projects, with the largest share allocated in 2024/25. Key areas of focus include environmental services, economic development, corporate infrastructure, and digital transformation. Notable projects include a £2m investment in the Digital, Data & Technology Strategy to modernise service delivery, a £2.1m decarbonisation scheme to reduce emissions from Council properties, and a £2.2m expansion of temporary accommodation to meet rising demand. Funding for the programme will come from a mix of capital receipts, external grants, direct revenue contributions, and prudential borrowing. The strategy also includes ongoing commitments such as Disabled Facilities Grants and asset maintenance, ensuring continuity of essential services. All major projects will require robust business cases to demonstrate financial viability and alignment with Council priorities.

The Treasury Management Strategy, presented to the Cabinet at the same February 2024 meeting, has external debt remaining stable at £10.8m, the same level it has been since the year ended 31st March 2022. The capital programme principally funded by 'borrowing' internally against its own reserves and balances. The reports contain a review by the Council's treasury management advisors Link, who note that Gedling's closing capital financing requirement (underlying need to borrow to finance capital expenditure) as a proportion of total long-term assets is close to the average for similarly sized Councils.

Sources of capital finance



Capital financing requirement and capital investment



VFM arrangements – Financial Sustainability

Overall commentary on the Financial Sustainability reporting criteria – continued

Minimum Revenue Provision (MRP)

The Minimum Revenue Provision (MRP) is a charge that the Council makes in its financial statements for the repayment of debt (as measured by the underlying need to borrow, rather than actual debt i.e. the Capital Financing Requirement - CFR). We have confirmed that the Council's 2024/25 MRP Policy Statement was approved by full Council in March 2024 in line with statutory requirements.

The Council's MRP charge represents 6.2% of the closing CFR in 2024/25, an increase from 4.6% in 2023/24. We have confirmed that there has been no change in policy on the prior year and this increase is consistent with an increase in the Council's capital expenditure. The 2024/25 Treasury Management Statement also states that CFR is expect to rise in the short term before stabilising. The lower this percentage, the greater the risk of over-reliance on accounting measures to support the general fund budget, although it does not currently present a risk of significant weakness in arrangements, it is an area for continued scrutiny for the Council.

Reserves

The Council's reserves position provides some mitigation against future financial challenges and will support efforts to manage volatility, deliver savings and efficiencies, and fund the capital programme. However, the Council must continue to ensure that any use of reserves to smooth the financial position over the coming years is carefully planned. Reserves cannot be relied upon as a long-term solution to address funding gaps.

The purpose of the Council's General Fund reserve is to cover costs arising from unplanned or emergency events. It also serves as a financial buffer to help mitigate the risks the Council faces and can be used, to a limited extent, to smooth expenditure on a one-off basis across financial years. Earmarked reserves are held to support future planning and manage known risks, while unallocated reserves enable the Council to respond to immediate events and emergencies.

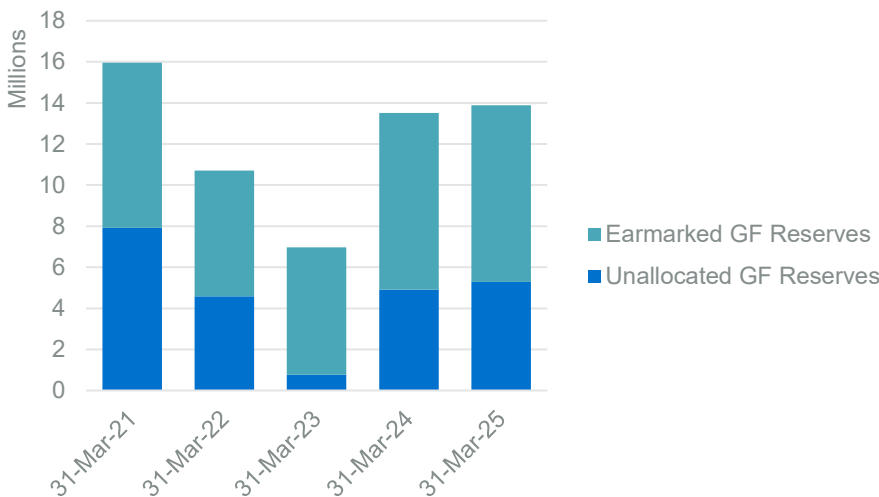
We have reviewed the Council's General Fund and Useable Capital Reserves, as illustrated in the charts opposite. The Council's reserves position appears robust and does not raise concerns regarding a significant weakness in its arrangements for securing financial sustainability. Our work has not identified any such risks.

We also analysed useable reserves as at 31 March 2025, as shown in the charts above:

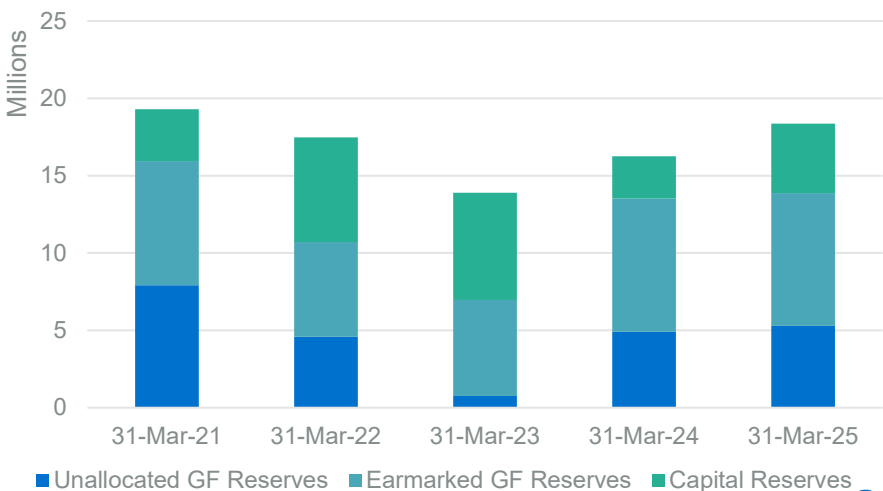
- General Fund balances: £13.886 million (£13.517 million at 31 March 2024)
- Useable capital reserves: £4.488 million (£2.736 million at 31 March 2024)

Based on the above considerations we have not identified evidence of a significant weakness in the Council's arrangements for securing Financial Sustainability for the year ended 31 March 2025

Useable Revenue Reserves: Gedling Borough Council



Total Useable Reserves: Gedling Borough Council



VFM arrangements

Governance

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



VFM arrangements – Governance

Overall commentary on the Governance reporting criteria

We identified a significant weakness in the Council’s governance arrangements, which had been carried over into the prior year 2023/24. As explained on page 22, we are satisfied that the recommendations have now been effectively implemented to address this issue.

Arrangements for decision-making

In our view, good governance forms the foundation of resilient and sustainable organisations and enhances stakeholder confidence. The Council has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way it discharges its functions, having regard to a combination of effectiveness, economy and efficiency. In doing so, it is responsible for making proper arrangements for the governance of its affairs, the effective exercise of its functions and arrangements for the management of risk. The Council's core decision-making structure and arrangements are set out in detail within the Council's Constitution.

Our review of Council and Committee papers confirms that a template covering report is used for all reports, ensuring the purpose, implications, and recommendations are clear. Minutes are published and reviewed by Committees to evidence the matters discussed, challenge and decisions made.

Governing's arrangements are broadly in line with expectations for a district council. The Council has adopted a local code of corporate governance which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government (2016).

Risk Management Framework

The Council has established risk management and monitoring arrangements. The Council has also defined the level of risk exposure that it thinks is acceptable in its Risk Appetite Statement. The Council's Audit Committee is responsible for providing independent assurance to the Council on the adequacy of the risk management framework and internal control environment. We have reviewed evidence and confirmed that the Audit Committee meets regularly and reviews its programme of work to maintain a focus on key aspects of governance and internal control.

A new Risk Management Framework which includes a strategy, policy, risk appetite statement and a risk management toolkit was approved and adopted at Cabinet on 28 March 2024. We have reviewed the Corporate Risk Management Scorecard for Q4 2024/25 as presented to Audit Committee on 24th June 2025, which demonstrates that it was regularly reviewed in year. The scorecard details the current level of assurance that can be provided against each corporate risk, and an update on actions that have been taken to

mitigate the risk, as well as actions that are still to be taken. This review was part of the Quarter 4 Corporate Risk Management update, which included changes in risk levels and updates on departmental risk assessments.

Audit Committee

The Council has an established Audit Committee and we have confirmed the Committee meets regularly and reviews its programme of work to maintain focus on key aspects of governance and internal control. The Audit Committee is responsible for reviewing the effectiveness of risk management and promoting a culture of risk management awareness throughout the Council. We have attended Committee meetings throughout the year and reviewed supporting documents and are satisfied that the programme of work is appropriate for the Council's requirements. Based on the work we have performed, the Committee is adequately serviced and attended by officers as required and there is evidence of challenge by members of the Committee.

Counter-fraud and whistleblowing policies

The Council's arrangements for Counter fraud, corruption and whistleblowing and recorded on its website and we have reviewed the published documents, which include a whistleblowing policy and a fraud strategy. From our review, we noted that the fraud strategy was last updated in 2000 and was due for revision in 2023, but this has not been performed.

The UK's "Failure to Prevent Fraud" offense came into force on September 1, 2025, as part of the Economic Crime and Corporate Transparency Act 2023. This new law is relevant to local government and given the Council's recent experience with fraud, we would have expected a stronger and more timely evaluation of the effectiveness of arrangements.

Other recommendation: the Council needs to updates is policies and counter-fraud strategy with utmost haste to ensure proper arrangements are in place to comply with the new failure to prevent fraud legislation. It should also ensure there is a comprehensive training and communication programme.

VFM arrangements – Governance

Overall commentary on the Governance reporting criteria - continued

Internal Control

The Three Lines of Defence Model is a commonly held evaluation of how organisations develop arrangements to support effective risk management and governance.

- Operational management, including designing, operating, and implementing controls
- Risk management and compliance functions, reporting to senior management
- Internal audit, providing independent assurance and examination of controls, governance, and risk strategies

The Council's internal audit function is outsourced to BDO, who report to the Council, via the Audit Committee, on the adequacy and effectiveness of the internal control system. We have reviewed reports from the internal auditor including the Internal Audit Annual Report and Annual Statement of Assurance for 2023/24 (adopted by Cabinet in July 2024) as well as Internal Audit's confidential additional review on IT Agresso Controls from January 2024.

BDO's Internal Audit Annual Reports for 2023/24 and 2024/25 gave Moderate assurance, an improvement from Limited in 2022/23. The internal audit reports noted the 2024/25 SLT restructure, wider governance, and roles supporting transformation. SLT engagement with internal audit continued, with robust Audit Committee scrutiny strengthened by an independent member.

Arrangements for budget setting and budgetary control

The Council's Medium Term Financial Plan, which we confirmed was presented to Council on 6 March 2024 as part of the 2024/25 General Fund Revenue budget report, is subject to regular review and analyses the impact of income and expenditure. Performance forecasts are monitored and assessments completed on an ongoing basis throughout the year. We did not identify any evidence of unreasonable assumptions or unachievable savings in the MTFP. We are satisfied that the reports contain an adequate amount of detail regarding assumptions, including pay and inflation, and that these assumptions are not unreasonable.

The Council's Financial Regulations allow for the carry forward of capital and revenue budgets to the new financial year where there is an underspend against the approved budget. Given the extent of financial challenges facing the Council this underspend presents a positive outturn position for the Council and allows a contribution to reserves

We have reviewed the Council's budget setting and medium-term financial planning, and our review is supported by discussions with officers during the year. The Council has an established set of arrangements in place for budget setting and control, and no matters have been identified indicating a significant weakness in arrangements.

2024/25 Outturn

We have reviewed the General Fund revenue outturn for 2024/25 as presented to Cabinet in June 2025, showing a balanced net budget of £14.94m and a transfer to reserves of £0.209m. The Council's capital outturn showed an underspend of £3.4 with carry forwards of £3.2m.

Although the achievement of a balanced Net Council Budget is a positive result, it should be noted that there have been some service overspends to the Original Budget (approved by Council on the 6 March 2024) during 2024/25. For example, on Environmental Services which includes Waste, Parks & Street care and Transport & Fleet which had a controllable budget overspend of £301k against the original budget, largely resulting from an overspend on agency staff.

Based on the above considerations we have not identified evidence of a significant weakness in the Council's arrangements in relation to Governance for the year ended 31 March 2025

VFM arrangements

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



VFM arrangements – Improving Economy, Efficiency and Effectiveness

Overall commentary on the Improving Economy, Efficiency and Effectiveness reporting criteria

There are no indications of a significant weakness in the Council's arrangements carried over from the previous year.

Performance management

The Council maintains a 'Gedling Plan' (refreshed for 2024-2027) against which performance is monitored against the key priorities of Economy, Community, Place and The Council. Each of the areas has a detailed delivery plan in place with specific indicators to measure success. Targets are set using benchmarking, legislation, or internal standards. The Council produces an annual report that summarises performance through a suite of key performance indicators. Examples of KPIs include number of visits to leisure centres, affordable homes delivered and call centre response rate.

We have reviewed the 2024/25 report, including both Q4 and full-year performance, presented to members at the Overview and Scrutiny Committee on 21 July 2025. noting that as part of the annual review new indicators were added (e.g. number of anti-social incidents) and some indicators were removed as deemed no longer strategically relevant. We noted that some of the actions originally scheduled for 2024/25 are now scheduled to continue into 2025/26. The Council utilises a performance management system to track progress and prioritise overdue actions.

We have not identified a risk of significant weakness in arrangements.

Peer review and external regulators

The Local Government and Social Care Ombudsman (LGSCO) is the independent body responsible for investigating complaints made against public bodies where it is alleged there has been maladministration causing injustice. In their Annual Review Letter presented to Cabinet in October 2025, the Council received 11 complaints from the LGSCO, with two upheld. However, both were resolved satisfactorily through the Council's internal process, and the Ombudsman deemed no further investigation necessary. These related to delays in planning advice and incorrect enforcement action in Revenues. This was presented to members as part of the more comprehensive Complaints and Compliments annual report 2024/25.

From our consideration of the above we did not identify evidence of a significant weakness in arrangements.

Procurement

The Council has a Procurement Strategy which outlines how the procurement of goods, works and services is achieved. These documents provide a corporate framework for the procurement of goods, works and services. There are also controls in place designed to ensure that all procurement activity is conducted with openness, honesty and accountability.

From our consideration of the above we did not identify evidence of a significant weakness in arrangements.

VFM arrangements – Improving Economy, Efficiency and Effectiveness

Overall commentary on the Improving Economy, Efficiency and Effectiveness reporting criteria - continued

Partnerships: Local Government Reorganisation (LGR)

Local government reorganisation (LGR) is a complex undertaking that requires strategic foresight, collaborative leadership, and robust planning. It presents both opportunities and challenges for councils seeking to improve service delivery, financial sustainability, and democratic accountability. Effective planning is essential to ensure a smooth transition and long-term success.

Crucially, the Council will need ensure it puts in place robust arrangements to oversee the agreement and implementation of an agreed plan. This includes effective governance and committed leadership, such that there are clear arrangements for decision-making and manage relationships between partners, especially in joint or competing proposals.

We have confirmed that, in collaboration with other Nottinghamshire councils, Gedling complied with its obligations in respect of LGR during 2024/25. The interim plan was approved by full Council on 19th March 2025, which agreed for submission three structural options. The government's deadline for interim submissions was 21st March 2025. The Cabinet and Full Council meetings in July 2025 saw the approval of 'Option 1e' as Gedling's preferred final proposal, which would involve the creation of a unitary authority combining Nottingham City, Broxtowe and Rushcliffe with the rest of Nottinghamshire forming a secondary unitary. Additionally, it was resolved to continue collaboration with the other councils and support a county-wide engagement strategy (August-September 2025) and to prepare for the final proposal submission deadline of 28th November 2025.

During the transition period, each council will retain full sovereignty over its assets and liabilities. However, MHCLG expects local leaders to collaborate in establishing voluntary agreements that ensure prudent, coordinated, and value-for-money decisions on expenditure as proposals are developed.

There are a range of other factors to incorporate into future planning, including but not limited to:

- Robust financial planning, managing transition costs, but also addressing existing deficits and future funding uncertainties.
- Supporting the workforce, including engagement, morale and more detailed determination of employee contracts, redundancies and retention. This includes Ensuring there is sufficient resources available to implement programme management on the delivery of the finally agreed case.
- Maintaining continuity in services, but identifying opportunities/threats on duplication, gaps and service delivery models. This would also include effective consultation and engagement with residents, service users and other stakeholders.
- Considering the impact of technology as a barrier and enabler, including data protection, cyber resilience and ability to integrate systems.

Based on the above considerations we have not identified evidence of a significant weakness in the Council's arrangements in relation to Improving Economy, Efficiency and Effectiveness for the year ended 31 March 2025.

VFM arrangements

Identified significant weaknesses in arrangements and our recommendations



VFM arrangements – Prior year significant weaknesses and recommendations

Progress against significant weaknesses and recommendations made in a prior year

As part of our audit work in previous years, we identified the following significant weaknesses, and made recommendations for improvement in the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources. These identified weaknesses have been outlined in the table below, along with our view on the Council's progress against the recommendations made, including whether the significant weakness is still relevant in the 2024/25 year.

Previously identified significant weakness in arrangements	Reporting criteria	Recommendation for improvement	Our views on the actions taken to date	Overall conclusions
<p>In October 2024, a former Council Officer, who was dismissed in 2022, was found guilty of fraud by abuse of position, to the value of nearly £1m.</p> <p>When the fraud was identified in July 2022, the Council took various actions which included informing the police, and, in August 2022, engaging forensic specialists to assess and report on the situation. The Council also directed Internal Audit to examine the IT environment and identify financial controls and/or governance processes within the Council's control environment that require improvement to reduce and mitigate risk. This Internal Audit review commenced in April 2023 and concluded in January 2024 and highlighted a range of significant deficiencies in controls including, but not limited to, privileged user access and payment controls for the year ending 31 March 2024 and made recommendations for improvement.</p> <p>The significant deficiencies noted by Internal Audit are evidence of a significant weakness in the Council's governance arrangements, specifically how the Council monitors and assesses risk and how the Council gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud.</p>	Governance	<p>The Council should:</p> <ul style="list-style-type: none">• continue to implement all remaining recommendations raised by Internal Audit to address all aspects of the control environment that were found to be deficient;• ensure that arrangements to test the effectiveness of internal controls on a periodic basis, including any adjustments for changes in systems or processes that may have occurred are in place; and• ensure lessons learned are applied as part of its 2024-2027 Digital, Data and Technology Strategy	<p>For our 2024/25 VFM work, we reviewed actions since the fraud investigation and related internal audit reports.</p> <p>The 2023/24 AAR (Feb 2025) confirmed initial steps to reduce privileged access, with further work needed to redefine ICT roles.</p> <p>BDO's Internal Audit Annual Reports for 2023/24 and 2024/25 gave Moderate assurance, an improvement from Limited in 2022/23. Reports noted the 2024/25 SLT restructure, wider governance, and roles supporting transformation. SLT engagement with internal audit has continued, with robust Audit Committee scrutiny strengthened by an independent member. Recommendations are tracked live for management oversight.</p> <p>We discussed progress with the s151 Officer in Dec 2024, Apr 2025, and Jul 2025. The privileged 'AGSystem' access has been reduced from 15 users to 3 (2 in finance, 1 in ICT), with restrictions and reporting in place.</p> <p>The Digital, Data and Technology Strategy 2024–27 addresses data security, cyber risk, and access management. In the new finance system (from Aug 2025) and privileged access has moved from finance to IT.</p>	Based on our review of the actions taken by the Council during 2024/25 and to date, we are satisfied that the recommendations have been sufficiently implemented to address the previously reported significant weakness in this area.

Other reporting responsibilities

Other reporting responsibilities

Wider reporting responsibilities

Matters we report by exception

The Local Audit and Accountability Act 2014 provides auditors with specific powers where matters come to our attention that, in their judgement, require specific reporting action to be taken. Auditors have the power to:

- issue a report in the public interest;
- make statutory recommendations that must be considered and responded to publicly;
- apply to the court for a declaration that an item of account is contrary to the law; and
- issue an advisory notice.

We have not exercised any of these statutory reporting powers.

The 2014 Act also gives rights to local electors and other parties, such as the right to ask questions of the auditor and the right to make an objection to an item of account. We have received correspondence but none were eligible objections.

Reporting to the group auditor

Whole of Government Accounts (WGA)

The National Audit Office (NAO), as group auditor, requires us to complete the WGA Assurance Statement in respect of its consolidation data. We have been unable to conclude our work as we have not yet received confirmation from the NAO that the group audit of the WGA has been completed and that no further work is required to be completed by us.

Audit fees and other services

Fees for our work as the Council’s auditor

Below are our proposed fees for the delivery of our work under the Code of Audit Practice.

Area of work	2024/25 fees	2023/24 fees*
Scale fee in respect of our work under the Code of Audit Practice	£142,149 <i>For actual procedures performed: TBC – estimate £23,600</i>	£128,065 <i>Actual fee for procedures performed: £21,500</i>
Additional fees in respect of the VFM commentary	TBC – estimate £46,000	£42,261
Additional fees in relation to VFM risks of significant weakness in arrangements	TBC – estimate £6,200	£6,234
Other additional costs: Modified Audit Report	TBC	TBC
Total fees	£TBC	£69,995

*Our proposed fee is with PSAA for final approval, who have not yet finalised all fee variations for audits up to 2023/24.

Contact

Forvis Mazars

Mark Surridge
Audit Partner
Mark.Surridge@mazars.co.uk

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Report to Audit Committee

Subject: Internal Audit Progress Report

Date: 9 December 2025

Author: Gurpreet Dulay – Internal Audit Partner (BDO)

Purpose

To summarise the outcome of internal audit activity completed by the BDO Internal Audit Team for the period October to December 2025.

Recommendation(s):

THAT:

Members to note the progress of the delivery against the 2025/26 Internal Audit Plan, including the confidential Main Financial Systems Report which will be presented in a confidential session.

1. Background

1.1 The Internal Audit Plan for 2025/26 was approved by the Audit Committee on 18 March 2025. The progress report provides a summary update of the work undertaken by BDO for 2025/26 and the schedule in which we anticipate presenting the final reports to the Audit Committee over 2025/26.

2. Proposal

2.1 Since the last Audit Committee meeting, one report has been finalised (Main Financial Systems). We have commenced scoping and fieldwork for audits that form part of the 2025/26 Internal Audit Plan and we anticipate that these will be presented to the Audit Committee over the course of the year.

3. Financial Implications

3.1 The Internal Audit Plan is delivered within the approved budgets.

4. Legal Implications

4.1 The Accounts and Audit Regulations 2015 require authorities to undertake effective internal audit to evaluate the effectiveness of risk management, control and

governance processes. This report provides the annual position of internal audit for 2025/26 and is provided to Committee in accordance with the Council's Constitution and delegations contained therein.

5. Equalities Implications

5.1 There are no equalities implications arising directly from these reports.

6. Carbon Reduction/Environmental Sustainability Implications

6.1 There are no carbon reduction/environmental sustainability implications arising directly from these reports.

7. Appendices

7.1 BDO Internal Audit Progress Report – December 2025.

Gedling Borough Council

Internal Audit Progress Report - Draft

December 2025

Summary of 2025/26 work

Internal Audit

This report is intended to inform the Audit Committee of progress made against the 2025/26 internal audit plan. It summarises the work we have done, together with our assessment of the systems reviewed and the recommendations we have raised. Our work complies with Global Internal Audit Standards in the UK Public Sector. As part of our audit approach, we have agreed terms of reference for each piece of work with the risk owner, identifying the headline and sub-risks, which have been covered as part of the assignment. This approach is designed to enable us to give assurance on the risk management and internal control processes in place to mitigate the risks identified.

Internal audit methodology

Our methodology is based on four assurance levels in respect of our overall conclusion as to the design and operational effectiveness of controls within the system reviewed. The assurance levels are set out in Appendix 1 of this report and are based on us giving either 'substantial', 'moderate', 'limited' or 'no' opinion. The four assurance levels are designed to ensure that the opinion given does not gravitate to a 'satisfactory' or middle band grading. Under any system we are required to make a judgement when making our overall assessment.



Internal audit plan 2025/26

We are making good progress in the delivery of the audit plan with 75% of audit reviews either finalised or in the fieldwork phase.

We are pleased to present the following reports to this Audit Committee meeting:

- ▶ Main Financial Systems - this is a confidential report.

Fieldwork is in progress in respect of the following audits:

- ▶ Asset Management - Commercial Assets
- ▶ Asset Management - Residential Assets
- ▶ Cyber Security.

We anticipate presenting these reports at future Audit Committee meetings.

Review of 2025/26 work

AUDIT	AUDIT COMMITTEE	PLANNING	FIELDWORK	REPORTING	DESIGN	EFFECTIVENESS
Risk Management	September 2025	✓	✓	✓	S	M
Main Financial Systems (Fraud)	December 2025	✓	✓	✓	Confidential	
Asset Management - Commercial Assets	March 2026	✓	✓			
Asset Management - Residential Assets	March 2026	✓	✓			
Freedom of Information Requests and Complaints	June 2026	✓				
Corporate Governance	June 2026	✓				
People Services	September 2025	✓	✓	✓	L	M
Cyber Security	March 2026	✓	✓			

Sector update

Our quarterly Local Government briefing summarises recent publications and emerging issues relevant to local authority providers that may be of interest to your organisation. It is intended to provide a snapshot of current issues for Elected Members and Executive Directors.

MAYORS TO LEAD THE CHARGE FOR THOUSANDS OF NEW SOCIAL HOMES

Mayors outside of London will be given more influence over the delivery of the Social and Affordable Housing Programme in their areas.

On 6 November 2025, the Government announced that Mayors outside of London will be given greater influence over the government's historic £39bn Social and Affordable Houses Programme as part of its drive to increase the provision of social and affordable housing. This programme is expected to provide funds to build around 180,000 homes across England (outside of London and Greater London), with at least 60% of these being social rent homes.

The Housing Secretary has said "We're also backing councils to build again and transform derelict sites into thriving neighbourhoods, urging them to go big, go bold and go build. For the first time Mayors, working jointly with Homes England, will shape the course of action for new affordable housing money in their regions, setting out ambitious plans for the types of homes that get built, sites prioritised for construction and how many suitable bids for grant funding could come forward in each area".

This funding investment has been welcomed by the Chief Executives of Homes England and the National Housing Federation, allowing local leaders to shape the social and affordable housing provision in their communities.

This investment will target areas across the North of England and in the West Midlands.

Mayors to lead the charge for thousands of new social homes - GOV.UK

FOR INFORMATION

For the Audit Committee Members and Executive Directors

EAST MIDLANDS MAYOR ANNOUNCES THE 10-YEAR GROWTH STRATEGY

The Mayor of the East Midlands Combined Authority has unveiled the 10-year strategy for jobs and growth across Nottingham, Nottinghamshire, Derby and Derbyshire.

The Mayor of the East Midlands Combined Authority launch the East Midlands Growth Plan 2025-35 on 13 October 2025 to set out a long-term vision for growth across the region.

The Mayor of the East Midlands, Claire Ward, while unveiling the plan has said "For the first time, we have a growth plan that is backed by the region and puts us in pole position to succeed. This plan is about unlocking growth while tackling inequality, creating better jobs, fairer pay, and new opportunities in every community. By working with business, government, and local partners, we can build a stronger, more inclusive economy that delivers for everyone".

The strategy establishes a range of targets to be achieved across the region, as well as proposing various projects to increase jobs and promote investment into the Midlands, including major development opportunities across the Trent Arc (which will include the Ratcliffe-on-Soar power station) and the investment in the Supercluster project to create clean energy.

The key objectives and success measures of the East Midlands Growth Plan 2025-35 are:

- ▶ Adding £13bn into the regional economy
- ▶ Supporting 60,000 people into work over the decade
- ▶ Build more than 100,000 new affordable quality homes
- ▶ Enabling 210,000 more people with skilled qualifications

- ▶ £2bn of investment into transforming transport infrastructure, including cycling routes, buses and rail
- ▶ Supporting key industries such as clean energy, advanced manufacturing, digital and the visitor economy.

Mayor unveils 10-year strategy for jobs and growth - East Midlands Combined County Authority

FOR INFORMATION

For the Audit Committee Members and Executive Directors

Professional body for monitoring officers to be launched this month

A new professional body for monitoring officers will be launched in November 2025 to add to the existing bodies for chief executives and chief finance officers.

The role of a monitoring officer is a statutory role for all local authorities. However, at present, unlike other statutory roles (chief executive and chief finance officer) it does not have a professional body to represent those in this role.

The Lawyers in Local Government (LLG) will create a professional body focusing solely on monitoring officers in the sector to provide guidance to those in the role and to create a support network for monitoring officers, for professional development and resources.

This professional body is expected to give monitoring officers a stronger voice and increase resilience of the function, particularly to navigate the challenges posed by local government reform.

Professional body for monitoring officers to be launched this month - The MJ

FOR INFORMATION

For the Audit Committee Members and Executive Directors

NOTTINGHAMSHIRE COUNTY COUNCIL BACKS MERGER OF TWO BOROUGHES AND CITY COUNCIL

Plans to create a new local authority made up of the areas currently covered by Nottingham City Council and neighbouring Gedling and Broxtowe have been backed by county councillors.

The English Devolution White Paper was published on 16 December 2024 and announced a reform of local government, changing the existing two-tier structure of local authorities by creating fewer but larger councils.

Councils in Nottinghamshire have a deadline of 28 November 2025 to submit its proposals to the Government for how the new authorities will be set up in the county. Ministers are expected to reach a decision on the future council structure in Nottinghamshire in March 2026, with the implementation of the new structure in 2028.







Councillors in Nottinghamshire County Council voted in favour of option 1b to be presented to the Government. This option would result in a merger between Nottingham City Council, Gedling Borough Council and Broxtowe Borough Council, with the other councils in the county (including Rushcliffe Borough Council) merging to create a separate unitary authority.

Councillors back merger of two boroughs and city - BBC News

FOR INFORMATION





For the Audit Committee Members and Executive Directors

Key performance indicators




QUALITY ASSURANCE	KPI	RAG RATING
The auditor attends the necessary, meetings as agreed between the parties at the start of the contract	All meetings attended including Audit Committee meetings, pre-meetings, individual audit meetings and contract reviews have been attended by either the Engagement Partner or the Engagement Manager.	
Positive result from any external review	Following an External Quality Assessment by the Institute of Internal Auditors in May 2021, BDO was found to 'generally conform' (the highest rating) to the International Professional Practice Framework and Public Sector Internal Audit Standards	
Quality of work	We received two responses to our audit satisfaction surveys for 2024/25 reviews, with an average score of 4.3/5 for the overall audit experience and for the value added from our work. So far, we have not received any survey responses in 2025/25 which is significantly lower than we would expect but we will continue to issue survey requests with the final version of each report.	  
Completion of audit plan	We have progressed the 2025/26 Internal Audit Plan, with one report presented to this Audit Committee meeting and other audits in the fieldwork or planning phase. We have commenced and completed a significant amount of the fieldwork in other review.	

Appendix 1

OPINION SIGNIFICANCE DEFINITION

LEVEL OF ASSURANCE	DESIGN OPINION	FINDINGS FROM REVIEW	EFFECTIVENESS OPINION	FINDINGS FROM REVIEW
Substantial 	Appropriate procedures and controls in place to mitigate the key risks.	There is a sound system of internal control designed to achieve system objectives.	No, or only minor, exceptions found in testing of the procedures and controls.	The controls that are in place are being consistently applied.
Moderate 	In the main, there are appropriate procedures and controls in place to mitigate the key risks reviewed albeit with some that are not fully effective.	Generally, a sound system of internal control designed to achieve system objectives with some exceptions.	A small number of exceptions found in testing of the procedures and controls.	Evidence of non-compliance with some controls, that may put some of the system objectives at risk.
Limited 	A number of significant gaps identified in the procedures and controls in key areas. Where practical, efforts should be made to address in-year.	System of internal controls is weakened with system objectives at risk of not being achieved.	A number of reoccurring exceptions found in testing of the procedures and controls. Where practical, efforts should be made to address in-year.	Non-compliance with key procedures and controls places the system objectives at risk.
No 	For all risk areas there are significant gaps in the procedures and controls. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Poor system of internal control.	Due to absence of effective controls and procedures, no reliance can be placed on their operation. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Non-compliance and/or compliance with inadequate controls.

RECOMMENDATION SIGNIFICANCE DEFINITION

RECOMMENDATION SIGNIFICANCE	
High 	A weakness where there is substantial risk of loss, fraud, impropriety, poor value for money, or failure to achieve organisational objectives. Such risk could lead to an adverse impact on the business. Remedial action must be taken urgently.
Medium 	A weakness in control which, although not fundamental, relates to shortcomings which expose individual business systems to a less immediate level of threatening risk or poor value for money. Such a risk could impact on operational objectives and should be of concern to senior management and requires prompt specific action.
Low 	Areas that individually have no significant impact, but where management would benefit from improved controls and/or have the opportunity to achieve greater effectiveness and/or efficiency.

FOR MORE INFORMATION:

Gurpreet Dulay

Gurpreet.Dulay@bdo.co.uk

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The matters raised in this report are only those which came to our attention during our audit and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. The report has been prepared solely for the management of the organisation and should not be quoted in whole or in part without our prior written consent. BDO LLP neither owes nor accepts any duty to any third party whether in contract or in tort and shall not be liable, in respect of any loss, damage or expense which is caused by their reliance on this report.

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Report to Audit Committee

Subject: Update of Risk Management Framework

Date: 9 December 2025

Author: Deputy Chief Executive

Purpose

To seek approval to recommend updates to the Risk Management Strategy to Cabinet for adoption.

Recommendation

That Members:

- 1) Recommend to Cabinet, the adoption of the amended Risk Management Framework at Appendix 1 to this report.

1 Background

1.1 In March 2024, Cabinet approved a new Risk Management Framework following recommendation from Audit Committee. This framework has driven the change to the risk management processes across the organisation. Since the adoption of the framework significant work has been undertaken to improve the way the Council manages risk including the following:

- Adoption of a new Corporate Risk register
- All risks are now monitored through the Council's performance management system Ideagen
- Establishment of the Council's Corporate Risk Board to oversee operational risk across the organisation and ensure compliance with the framework
- Training and workshops have been undertaken with those responsible for risk management to ensure better understanding of the framework and how risks should be recorded and monitored

- 1.2 The Accounts and Audit Regulations 2015 require the Council to ensure that it has a sound system of internal controls which includes the effective management of risk. It is key that as the Council takes on more ambitious projects and transforms the way it works both in terms of digital improvements and service provision, that its risk management processes remain robust.
- 1.3 The risk management process was subject to a review by internal audit in August 2025 resulting in substantial assurance being given for design and moderate assurance for effectiveness. This was an improved position for the Council. As a result of the audit there was one recommendation in relation to the Risk Management Framework. The recommendation was that clearer guidance was provided in relation to the identification and description of risks to align with the Government's Orange Book guidance on risk definition.
- 1.4 Following on from the audit and the changes to the council's risk processes, a review of the framework has been undertaken. This review was to ensure that the framework remained up to date, particularly in relation to the creation of the Corporate Risk Board which was not in place when the framework was adopted and to reflect the audit recommendation.
- 1.5 As part of the Strategy element of the framework, the Council have used the ALARM National Performance Model for Risk Management in Public Services, which provides a self-assessment tool for authorities to grade themselves in terms of how well risk management is embedded within the organisation. The "rating" goes from 1 – 5 across 7 categories. At the time the Framework was adopted, Senior Leadership team assessed the Council's risk management position at level 3 "Working" – as there were adequate risk processes in place, however under the new Framework it was hoped that the Council would move into the level 4 standard "Driving" within the Gedling Plan period to 2027. On review of the framework and following the extensive work undertaken to improve risk processes, SLT have again assessed the Council's position under the ALARM Model. There has been an improvement in the position with the majority of categories now scoring at level 4 – Driving.
- 1.6 The Risk Appetite statement, within the framework is a declaration of the Council's risk appetite and must be agreed, along with the Framework by Cabinet. Based on the risk scoring matrix, the Council's risk appetite level has been set at Moderate – Tending always towards exposure to only modest level of risks in order to achieve acceptable outcomes. It is against this risk appetite level that risks are assessed and scored. Whilst this is the Council's overall risk appetite, every risk will be assessed and in some instances, a higher level of risk may be acceptable depending on the

outcomes delivered. In practical terms this will be visible to Audit Committee through quarterly reporting of risks to the Committee. It is not proposed that there are any changes to the Council's risk appetite at this time.

2 Proposal

- 2.1 It is proposed that the Audit Committee, recommend the amendments to the Risk Management Framework at Appendix 1 to Cabinet for approval. The amendments are shown in red for clarity and reflect the new score under the ALARM assessment, provide clarity in relation to the role of the Corporate Risk Board and expand the guidance on identification of risks by referencing the Government's Orange Book guidance as recommended by internal audit.

3 Alternative Options

- 3.1 The Committee could determine not to recommend amendments to the Risk Framework for adoption, however the framework has been reviewed based on input from internal audit, and Senior Leadership Team and is considered to be necessary to ensure the framework remains fit for purpose and reflects the Council's current arrangements for managing risk.

4 Financial Implications

- 4.1 There are no direct financial implications arising from this report.

5 Legal Implications

- 5.1 The Accounts and Audit Regulations 2015 require the Council to have sound systems of internal control in relation to risk. This Framework supports this requirement.

6 Equalities Implications

- 6.1 Appendix 2 Equality Impact Assessment

7 Carbon Reduction/Environmental Sustainability Implications

- 7.1 There are no carbon reduction/environmental sustainability implications arising from this report.

8 Appendices

- 8.1 Risk Management Framework Amended
Equality Impact Assessment

9 Background papers

- 9.1 Gedling Borough Council Internal Audit Report – Risk management August 2025

Statutory Officer approval

Approved by the Chief Financial Officer

Date:

Drafted by the Monitoring Officer

Risk Management Framework

March 2024

Reviewed December 2025

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Introduction

This Risk Management Framework pulls together a number of key elements to ensure that the Council establishes and maintains effective risk management. The overarching Framework includes;

- i) The Risk Management Policy, Strategy and Risk Appetite Statement which sets out the Council's approach to risk management and;
- ii) The Risk Management Toolkit, which sets out the processes that managers will follow to deliver effective risk management.

Part 1 - Risk Management Policy & Strategy

1. Risk Management Policy Statement

We recognise risk management is a vital activity which underpins and forms part of the vision, values, and corporate priorities of the Council as set out in the Gedling Plan. In addition, by having an effective risk management framework in place it will provide the communities we serve with confidence that we can deliver on the priorities we have promised.

The Council promotes continuous improvement and strives to be efficient and effective in all areas of service delivery. This requires the adoption of new ways of working and a willingness to change which sometimes has risks associated with it.

Risk is always present in every activity that we do, and our risk management framework sets out to be proactive in the identification, assessment, and management of key areas of risk. We seek to embed effective risk management within the operation and decision-making process of the Council. Risk management needs to be an integral part of all processes, projects and strategic decisions made, this will include procurement and contracting arrangements. Wherever we work with partners or third parties we will ensure that they are aware of and work in line with our risk management framework.

Our aim is to have a risk management framework that is fit for purpose and appropriate to the size and nature of our operations. We aim to ensure that our risk management framework has a consistent, well communicated, and formal process operating effectively within the Council.

In order to assist in effective decision making it is essential for us as strategic leaders to define the level of risk exposure that we think is acceptable. This is set out in the Risk Appetite Statement. This should inform decision makers on the level of risk that they can take and areas where additional controls will need to be implemented to manage risks being taken.

The risk management framework and the effective management of risks is a key part of the Governance Framework of the Council. Its implementation will provide assurance to all our stakeholders that risk identification and management has a key role in the delivery of the Gedling Plan and strategic objectives.

The Council accepts its legal and moral duties in taking informed decisions about how best to control and minimise the downside of risk, whilst still maximising opportunity and benefiting from positive outcomes.

Through this framework we will involve, empower, and give ownership to all employees and members to identify and manage risk. Risk management will be supported by regular discussions and appropriate actions by Cabinet ~~and~~ SLT and the Corporate Risk Board including the regular review of significant risks and

reviewing actions to reduce those risks to an acceptable level. The management of risk will be an integral part of strategic and operational planning, as well as being embedded in the day-to-day operation, development, monitoring, and overview of the Council.

[Name]
Chief Executive

[Name]
Leader of the Council

2. What is Risk Management

Risk Management is the process whereby an organisation methodically addresses the risks which may stop them from achieving their corporate objectives. The focus of good risk management is the identification and treatment of the risks to minimise any impact or maximise benefit.

A risk is defined as the “effect of uncertainty on objectives” by the International Organisation for Standardisation (ISO 31000). An effect is a positive or negative deviation from what is expected, and that risk is often described by an event, a change in circumstances or a consequence. By accepting this definition, the Council recognises that taking the right risks in an informed way can be beneficial to the objectives and that risk management is not just a negative process used to stop opportunities being taken.

Risk Management should be a continuous and developing process connected with the organisation’s strategy and the delivery of it in the past, present, and future. It should be embedded into the culture of the organisation and led by the most senior leaders and managers.

3. Why does the Council need to carry out Risk Management?

Risk management is a management tool which should form part of the governance system of every public service organisation. When applied appropriately, risk management can be very beneficial. It can help organisations achieve their stated objectives and deliver on intended outcomes. It can also help managers to demonstrate good governance, better understand their risk profile and better mitigate risks (particularly uninsurable risks). Externally it can help the organisation to enhance political and community support and satisfy stakeholders’ expectations on internal control.

The Council does not operate in isolation and is subjected to constant challenges and external changes which may pose a threat to the delivery of the Gedling Plan strategic objectives or provide new opportunities which have to be considered and addressed on an ongoing basis. Risk management processes provide a mechanism by which these issues and their impact can be identified, assessed, monitored and relevant actions taken to address them.

Some of the most recent examples of the landscape the Council operates in include:

- Covid 19 Pandemic
- Cost of living crisis
- Economic downturn
- Limited finances for Local Government
- Organisational resilience pressures
- Recruitment difficulties for key roles

- New ways of working - partnerships, outsourcing, commissioning
- Agile/remote working methods
- Brexit
- Climate Change
- Innovative technologies
- Local Government Reorganisation

Whilst it is good business practice and essential for good governance processes the Council also has a legal requirement to have a risk management process in place.

The Accounts and Audit Regulations 2015 state:

“A relevant authority 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.”

Ultimately by having an effective, embedded Risk Management Framework in place to influence its decision making the Council can benefit by helping to ensure:

- The objectives set in the Gedling Plan can be delivered.
- All employees and Members understand the desired culture in relation to risk,
- Decisions to take appropriate risks in certain areas can be made from an informed viewpoint.
- The Council can protect its reputation.
- Operational and financial efficiency is ensured as resources are not lost by taking unnecessary risks.
- The Council can maximise opportunities.
- The Council can demonstrate good governance processes.
- Assets are protected.

4. Risk Management Strategy

i. Governance and Infrastructure

Sponsorship and Positioning of Risk Management

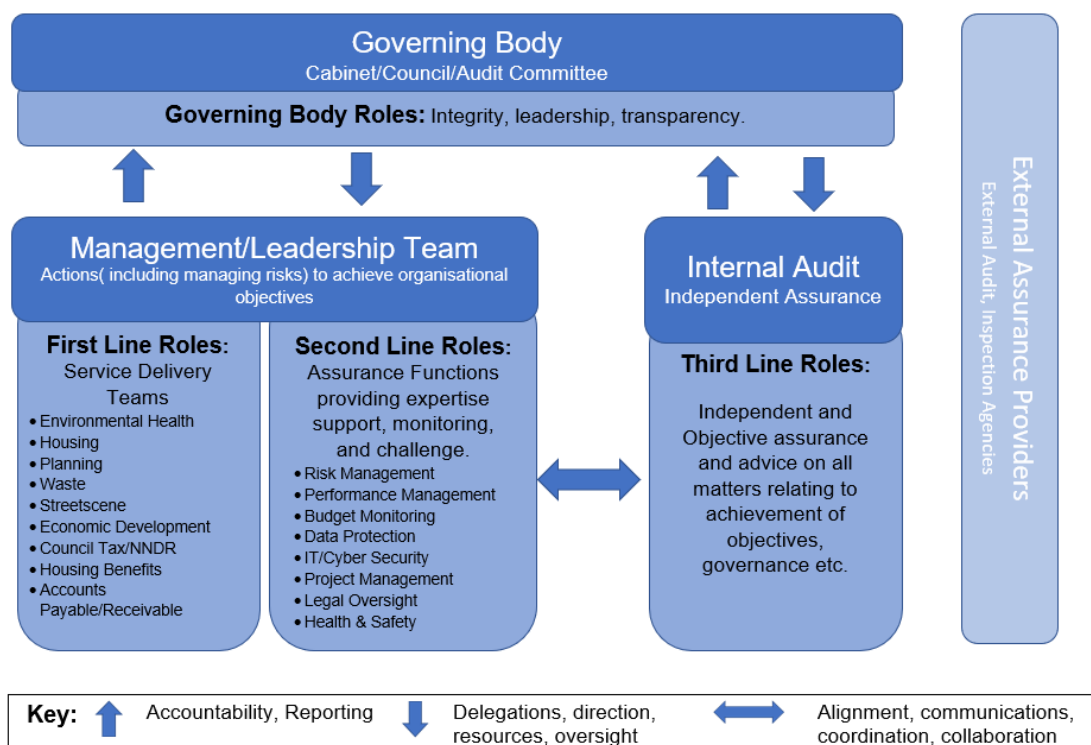
Risk Management needs to be embedded throughout the Council and underpin all of its activities. It is a key governance process and needs to have direction and leadership from the very top of the organisation; as well as being relevant and responsive to the staff delivering services on the ground. The risk matrix and risk appetite statement contained in this strategy will be used across the Council to ensure that a collective understanding and language is adopted when talking about risks.

The Cabinet and SLT are responsible for giving direction, approving the Risk Management Framework, and taking ownership of the Corporate Risk Register. They will ensure that all decisions are taken in accordance with the Council's agreed risk appetite.

The Council's Corporate Risk Board sits beneath SLT and meets every other month to assess risk levels across the organisation. The Risk Board is made up of the Deputy Chief Executive, s.151 officer, Assistant Directors and Senior Managers with responsibility for risk. This board reports risk issues to SLT as they arise and ensures regular updating of departmental risks to support an accurate Corporate Risk register.

The Chief Executive will act as the sponsor for the Risk Management Framework at a strategic level and with the support of the Director responsible for Audit and the Chief Financial Officer, will ensure that SLT decisions are taken in line with the Risk Management Framework.

Management and other corporate reporting/assurance functions will help to monitor and report on the effective delivery of the Risk Management Framework in line with the Institute of Internal Auditors' "3 Lines Model" as set out below:



Roles and Responsibilities

All employees and Members have a role to play in the management of risk as it is a key part of day-to-day service delivery and management of the Council. However certain individuals or groups have specific responsibilities in the oversight and implementation of risk management, more detail on these is set out below.

Risk Management Sponsor (CEO)

- Champion risk management at the strategic level.
- Ensure regular discussions are held on Risk Management and the Council's risks.
- Encourage SLT and senior managers to ensure they have effective risk management arrangements in place for their service areas.

Risk Manager (Director responsible for Audit and Chief Financial Officer)

- Coordinate the organisation's risk management activity.
- Develop and maintain with SLT the risk management framework, methodologies, and tools.
- Chair and oversee the Council's Corporate Risk Board
- Highlight any significant new or worsening risks to SLT, Audit Committee and the Cabinet for review and action.
- Assist in the delivery of the risk management process and aggregation of risk profiles across the organisation.

- Provide risk management guidance, training, and advice.
- Provide the link between risk management and other related disciplines, for example, insurance, business continuity, safeguarding, data protection, cyber security, emergency planning, and health and safety.
- Promote and share best practice risk management across the organisation.

Cabinet

- Approve the Risk Management Framework which includes policy, strategy, and Risk Appetite for the Council.
- Provide assurance to stakeholders that risks are being effectively managed.
- Within individual portfolios understanding and enabling informed risk within their portfolio areas
- Ensuring application of the Risk management framework to support decision making.

Audit Committee

- Gain assurance over the governance of risk, including leadership, integration of risk management into wider governance arrangements, and the top-level ownership and accountability for risks.
- Support the development and review of the Council's Risk Management Framework.
- Oversee the risk management framework, and its implementation in practice.
- Review key risks to the Council and controls in place via the Corporate Risk Register.
- Oversee the integration of risk management in governance and decision-making processes.
- Review arrangements to coordinate and lead risk management.

SLT

- Regularly review the risk management framework to ensure it underpins the organisation's strategy and objectives.
- Recommended the Risk Management Framework to Cabinet for approval.
- Approve the processes to be used by management to manage and monitor risks.
- Review the key risks across the organisation, consider their importance against strategic objectives and action further controls.
- Allocate sufficient resources to address the top risks.
- Report on key risks and controls in line with the organisation's risk management strategy.
- Create an environment and culture where risk management is promoted, facilitated, and appropriately undertaken by the organisation and is embedded in all decision making.
- Champion risk management activities, educate colleagues, and raise awareness of the benefits of managing risk effectively.

- Follow the risk management process as detailed in the Strategy including maintaining the Corporate Risk Register and monitoring actions.

•

Corporate Risk Board

- Ensure an effective risk control framework is in place and operating effectively across all service areas.
- Embedding risk awareness across the Council.
- Working with members to set risk appetite and tolerance.
- Identifying and assessing strategic risks that could impact Council objectives and identifying mitigatory actions.
- Prioritising and categorising risks, and related actions.
- Assigning risk owners and timescales for completion of remediation or mitigation.
- Tracking actions to completion (including related audit actions), escalating to SLT where necessary.
- Monitoring risk levels across the organisation including considering and stress testing individual and multi-variate risks and impacts.
- Reporting on the Council's risk profile and strategic risk to SLT and Audit Committee.

•

Heads of Service Risk Owners (Assistant Directors and Senior Managers)

- Communicate the benefits of risk management across operational areas for which they are responsible.
- Help facilitate the risk management process and risk reporting procedures across operational areas.
- Help ensure key stakeholder commitment.
- Ensure risk management processes and risk reporting procedures are completed in line with the organisation's risk management framework for each area under team member's responsibilities.
- Monitor and review the key risks in each area of responsibility regularly but quarterly as a minimum.
- Ensure risk management is explicitly considered in framing Service Plans, Projects and business cases.
- Ensure risk management is explicitly reflected in decision making.
- Ensure completion of action plans associated with risk mitigation.

Managers

- Manage risk effectively in each area of responsibility.
- Complete the risk management process and risk reporting procedures as per the organisation's guidelines.
- Complete, track and monitor the progress of action plans.

All Employees

- Understand and comply with the risk management processes and guidelines of the organisation.

- Monitor work on an ongoing basis to identify new and emerging risks and escalate as required.

Internal Audit

- Create an audit plan aligned with the key Corporate Risks.
- Review and challenge the effectiveness of the risk management framework.
- Review the progress of planned actions.
- Test and validate existing controls.

ii. Culture

To be effective in the long term and to support good governance, effective risk management needs to be embedded into the Council's Culture.

It is important that this Culture is seen to run from the top of the Council down. SLT and Senior Managers should set an example to others when it comes to embracing the importance of effective, embedded risk management in all processes. All managers need to support the roll-out of this framework and ensure that risk management processes once established are followed by all employees.

To do this, it will be necessary to provide relevant training and awareness of the Council's Risk Management Framework to all employees. A training and communication plan will be developed to ensure the framework is effectively rolled out and embedded into the Council and that all employees see that they have a vital role to play.

An essential element needed to embed the Council's risk management into the Council's culture is ensuring that there is a collective understanding of risks and that a common language is used when it comes to quantifying and discussing risks. To achieve this the risk matrix within this framework and the definitions for levels of risk should be used consistently across the Council. This adds clarity so that the level and definition of a risk is understood and means the same thing to everyone regardless of which section or function is talking about it. Unless there is a very good reason any assessments associated with risks should utilise the agreed risk matrix and definitions and operate in line with the Council's agreed risk appetite.

It is also important that the Council's Risk Appetite Statement and risk processes are understood by those we work closely with in partnerships and in contracts. Wherever possible the Council's risk management processes should be used when working with partners and contractors.

All employees and managers need to take ownership and accountability for their role in the Risk Management process as set out in the "roles and responsibilities" section of the strategy. Employees at all levels should be encouraged to raise

emerging risks that they have identified with their line managers with the knowledge that the information will be considered and acted on appropriately where necessary.

In addition to training and awareness the Chief Executive, as the Risk Management Sponsor, will oversee the risk management culture at SLT. They will do this by encouraging positive messages relating to risk management and challenging poor risk management practices such as the failure to adequately consider risk implications when making important decisions or the failure to review levels of risk within service areas or complete actions to mitigate risks within agreed timescales.

As part of embedding Risk Management into the culture of the Council it is important that everyone understands the current position of Risk Management and where we want to get to. To do this we are adopting the ALARM National Performance Model for Risk Management in Public Services which can be found at appendix 1. An initial assessment has been made by SLT and against each of the criteria. The assessment has shown that the Council is at the current level for each category:

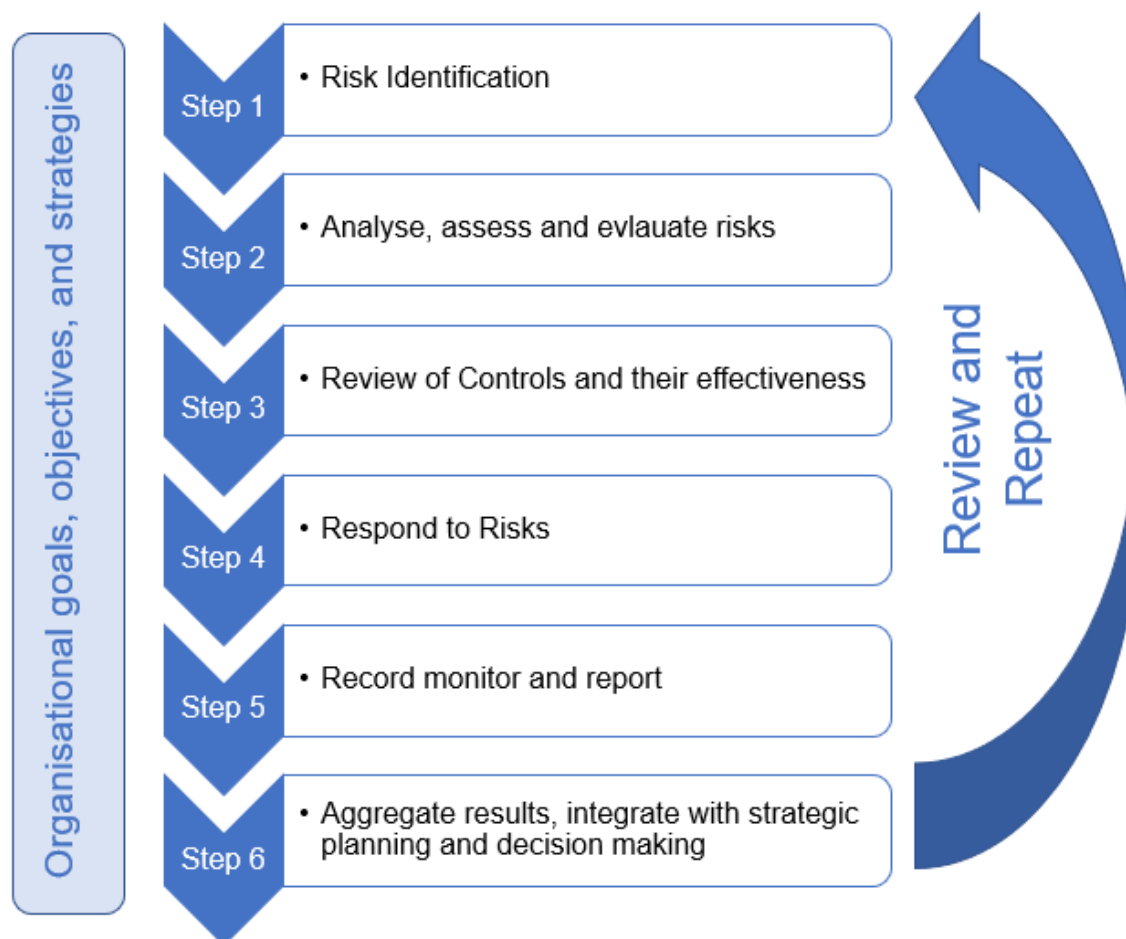
Category	Rating (1-5)	Rating 2025
Leadership and Management	3	<u>4</u>
Strategy and Policy	3	<u>4</u>
People	3	<u>4</u>
Partnership, Shared Risk and Resources Processes	3	<u>3</u>
Processes	3	<u>3</u>
Risk Handling and Assurance	2	<u>4</u>
Outcomes and Delivery	2	<u>3</u>

It is recognised that it is unlikely that the Council will be able to achieve the rating of “5 - Driving” in all categories due to limited resources and competing demands on officer time. Therefore, it has been agreed by SLT that the target will be to achieve at least Level 4 rating- Embedded and Working in each category by April 2025 moving to Level 5 rating - Driving by the end of the Framework 2027.

Since the adoption of the framework in 2024, the Council has had an audit of its risk management processes. In light of the findings of the audit, there has been a further assessment of the ALARM framework. The amended scores are shown in the table above. Overall this shows an improvement in the overall picture for risk management.

5. Management of Risks

The Council will implement an ongoing cyclical review process for the management of risks. As set out in the diagram below.



6. Risk Appetite Statement

Risk appetite can be defined as the amount and type of risk an organisation is willing to accept in the pursuit of its objectives.

The Council's overall risk appetite is set out in reference to the risk appetite definitions below which include the colours used in the risk matrix to show levels the relevant levels of risk. Escalation and reporting thresholds will be reassessed periodically to ensure risks are reported and reviewed within suitable defined limits.

Category	Definition	Risk Levels
Avoid	No appetite. Not prepared to take risk.	N/A
Adverse	Prepared to accept only the very lowest levels of risk, with the preference being for ultra-safe delivery options, while recognising that these will have little or no potential for reward/return	Negligible Risk (Blue)
Cautious	Willing to accept some low risks, while maintaining an overall preference for safe delivery options despite the probability of these having mostly restricted potential for reward/return.	Low Risk (Green)
Moderate	Tending always towards exposure to only modest levels of risk in order to achieve acceptable outcomes	Modest Risk (Yellow)
Open	Prepared to consider all delivery options and select those with the highest probability of productive outcomes, even when there are elevated levels of associated risk.	Medium Risk (Orange)
Hungry	Eager to seek original/creative/pioneering delivery options and to accept the associated substantial risk levels in order to secure successful outcomes and meaningful reward/return.	High Risk (Red)

Cabinet have agreed that the Council's current overall base risk appetite is defined as moderate.

This means the Council remains open to innovative ways of working and to pursue options that offer potentially substantial rewards, however, also carry a moderate level of risk. The Council's preference is for safe delivery options, especially for those services required by statute and ideally all actions should be within this agreed risk appetite. This means that options should only be pursued if they can be managed as a yellow or lower risk.

However, in an organisation, such as a local authority, where service delivery is diverse and risks take many forms, risk appetite may vary according to the specific circumstances being assessed. For example, an option may be considered to improve the Town Centre that is seen to have a higher level of risk for the Council than the moderate appetite would allow but where the ultimate outcome would bring significant benefits if successfully implemented.

Where an option or decision is being pursued that is deemed to be at a higher level of risk than Moderate then additional controls/safeguards will need to be put in place. This will include formal agreement from the three Statutory Officers (S151 Officer, Monitoring Officer, and Head of Paid Service) and the appropriate decision maker at member level to pursue the option, and increased levels of monitoring and reporting of the risk will need to be established.

7. Risk Matrix

To assist in the management of risks the Council has adopted a 4 x 4 matrix. This has the risk appetite displayed through the use of colour coding of the squares. With the Impact across the top on the x-axis and the likelihood down the side on the y-axis.

	Minor/Non-Disruptive Impact (1)	Moderately Disruptive Impact (2)	Serious Consequences (3)	Major Consequences (4)
Very Likely (4)	4 (Yellow)	8 (Orange)	12 (Red)	16 (Red)
Probable (3)	3 (Yellow)	6 (Orange)	9 (Orange)	12 (Red)
Possible (2)	2 (Green)	4 (Yellow)	6 (Orange)	8 (Orange)
Unlikely (1)	1 (Blue)	2 (Green)	3 (Yellow)	4 (Yellow)

The matrix has been colour coded in line with the Council's risk appetite as follows.

Risk Levels	Colour
Negligible Risk	Blue
Low Risk	Green
Modest Risk	Yellow
Medium Risk	Orange
High Risk	Red

The risk matrix is supported by the following definitions.

LIKELIHOOD

4	Very Likely >90%	<ul style="list-style-type: none"> • Event expected to occur. Has occurred and will continue to do so without action being taken. • Indication of imminent occurrence • There are external influences which are likely to make our controls ineffective
3	Probable 60-90%	<ul style="list-style-type: none"> • There is a moderate exposure to the risk. • Reasonable to expect event to occur within a year. • Has occurred in the past. • Is likely to occur within the Council's planning cycle. • There are external influences which may reduce effectiveness of controls
2	Possible 30-60%	<ul style="list-style-type: none"> • There is a low exposure to the risk. • Little likelihood of event occurring - 1 in 10 years • There is a potential for external influences which may reduce effectiveness of controls
1	Unlikely 0-30%	<ul style="list-style-type: none"> • Extremely remote • Not expected to occur but may do so in exceptional circumstances - 1 in 100 years. • There are few or no external influences which may reduce effectiveness of controls

IMPACT

Score	Description	Indicative Guidelines
4	Major Consequences	<p>The consequence is so bad that urgent action must be taken to improve the situation or prevent it worsening. External support from the Government or other agencies is likely to be needed:</p> <ul style="list-style-type: none"> • Catastrophic loss, delay, or interruption to services • Level of financial loss, additional costs, or loss of assets which the Council is unable to resource without additional Government/External support. • One off event which would de-stabilise the Council over several years. • The risk will cause the objective not to be reached, causing damage to the organisation's

		<p>reputation.</p> <ul style="list-style-type: none"> • Will attract medium to long-term attention of legislative or regulatory bodies. • Major complaints • Significant adverse media interest • Death or life-threatening injury
3	Serious Consequences	<p>The consequences are sufficiently serious to require attention by Cabinet and/or full Council:</p> <ul style="list-style-type: none"> • Loss of key assets or services for an extended time period. • Longer term impact on operational efficiency or performance of the Council or crucial service areas • Financial loss, additional costs or loss of assets which would need a Council decision as the scale of the loss would be outside the Council's budget & policy framework. • The risk would destabilise the Council in the short term. • The intended objectives are unlikely to be met leading to negative impact on the Council's reputation and a significant number of complaints. • Will lead to attention for regulators and External Auditors for a significant time. • Major accident/injuries (but not life-threatening)
2	Moderate/ Disruptive	<p>The consequence is sufficient to require attention by Leadership Team and cannot be managed within a Service Area</p> <ul style="list-style-type: none"> • Significant loss, delay, or interruption to a service. • Medium term impact on operational efficiency or performance • Financial loss, additional costs or loss of assets that is within the Council's budget & policy framework but needs a Statutory Officer decision, Leadership Team decision, Cabinet decision or needs to be drawn to Cabinet's attention. • The risk will cause some elements of the objective to be delayed or not achieved, causing potential damage to the organisation's reputation. • May attract medium to short term attention of legislative or regulatory bodies. • Significant complaints

		<ul style="list-style-type: none"> • Serious accident / injury (but not life threatening)
1	Minor/Non-Disruptive	<p>The consequences can be dealt with as part of the normal day-to-day business by the Team Manager and the Head of Service:</p> <ul style="list-style-type: none"> • Minor loss, delay, or interruption to services • Short term impact on operational efficiency or performance • Negligible financial loss • The risk will not substantively impede the achievement of the objective, causing minimal damage to the organisation's reputation. • No or minimal external interest. • Isolated complaints • Minor accident / injury

Appendix 1 - ALARM National Performance Model for Risk Management in Public Services

Scale	Leadership & Management	Strategy and Policy	People	"Partnership, Shared Risk and Resources Processes"	Processes	Risk Handling and Assurance	Outcomes and Delivery
Driving 5	Leadership uses consideration of risk to drive excellence through the organisation, with strong support and reward for well managed risk-taking	Strategy and Policy are closely aligned to risk management and the threat of failing to achieve objectives	All staff are empowered to be responsible for risk management. The organisation has a good record of innovation and well-managed risk-taking. Absence of a blame culture	Clear evidence of improved partnership delivery through risk management and that key risks to the community are being effectively managed	Management of risk and uncertainty is well integrated with all key business processes and shown to be a key driver in business success	Clear evidence that risks are being effectively managed throughout the organisation. Considered risk-taking part of the organisational culture	Risk management arrangements clearly acting as a driver for change and linked to plans and planning cycles
Embedded and working 4 Page 74	Leadership is supportive of the risk management process, engages actively and ensures it is embedded throughout the organisation	Risk management principles are reflected in the organisation's strategies and policies. Risk framework is reviewed, developed, refined, and communicated	A core group of people have the skills and knowledge to manage risk effectively and implement the risk management framework. Staff are aware of key risks and their responsibilities	Sound governance arrangements are established. Partners adequately support one another's risk management capability and capacity	A framework of risk management processes in place and used to support service delivery. Robust business continuity management system in place	Evidence that risk management is being effective and useful for the organisation and producing clear benefits. Evidence of innovative risk-taking	Very clear evidence of very significantly improved delivery of all relevant outcomes and showing positive and sustained improvement
Working 3	Leadership take part sporadically in the risk management process and provide some resources	A basic risk strategy and related policies exist and are partially implemented	An individual with Risk Management responsibilities is in place with the correct skills and experience	Risk with partners and suppliers is managed across organisational boundaries but inconsistently	Risk management processes used to support key business processes. Early warning indicators and lessons learned are reported. Critical services	Clear evidence that risk management is being effective in all key areas, capability assessed within a formal assurance framework and against best practice standards	Clear evidence that risk management is supporting delivery of key outcomes in all relevant areas

Scale	Leadership & Management	Strategy and Policy	People	“Partnership, Shared Risk and Resources Processes”	Processes	Risk Handling and Assurance	Outcomes and Delivery
					supported through continuity plans		
Happening 2	Leadership are aware of risk management process but do not actively participate	The need for a risk strategy and risk-related policies has been identified and accepted but not implemented	Risk management is an informal part of a single person's role within the organisation	Approaches for addressing risk with partners are being developed and implemented	Some stand-alone risk processes have been identified and are being developed. The need for service continuity arrangements has been identified	Some evidence that risk management is being effective. Performance monitoring and assurance reporting being developed	Limited evidence that risk management is being effective in, at least, the most relevant areas
Engaging 1 Page 75	Leadership are not providing guidance with regards to risk management objectives, culture, or practices	The need for a risk strategy and risk-related policies has not been identified. The risk management system is undocumented with few formal processes present	No risk management roles or associated skills are in place within the organisation and there is little desire to implement this	No risk management considerations are given to partnerships	No stand-alone risk processes have been developed	No clear evidence that risk management is being effective	No clear evidence of improved outcomes

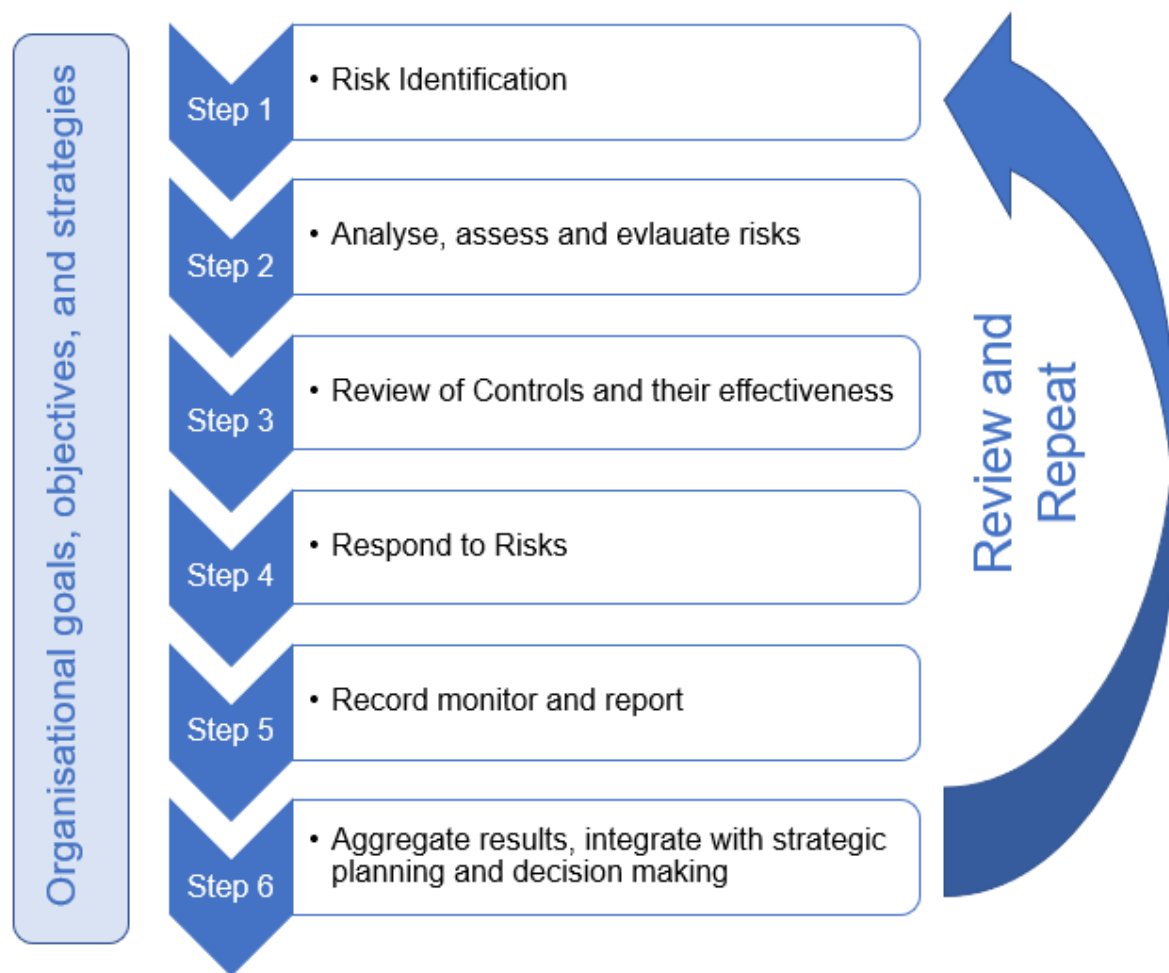
1. Risk Management Process

The risk management process is continuous. It involves identifying the risks, prioritising them and implementing actions to mitigate the top risks on an ongoing basis.

Risks to an organisation can have positive and negative impacts, opportunities should be seen as positive risks and if identified early can be managed well, and the benefits realised.

The Council is adopting a risk management process that can be used to identify and score both positive and negative risks. This process should be embedded across the Council to improve informed decision making and increase delivery of the key objectives. All managers and employees should use the tools and techniques when making decisions whether there is a corporate requirement for a formally documented risk register relating to the function/process or not.

The Council's risk management process can be broken down into six steps as shown below.



i. Risk Identification

Risk identification is one of the first major components of a best practice risk management process. The purpose of risk identification is to generate a comprehensive inventory of risks based on events that might create, prevent, accelerate, or delay the achievement of the organisation's objectives. In order to do this, it is beneficial for all risks to be identified at each level of the organisation; however, we accept that resources are not available to corporately support formal risk registers for all operational functions.

The Council has therefore set a requirement for formal risk registers to be maintained at specific levels of the organisation or for specific reasons, but additional risk registers could be maintained below these to assist managers and to inform the formal risk registers. It is hoped in time that Managers will see the benefit of maintaining risk registers for all of their functions and not just those mandated by this framework.

The first stage of any risk management exercise is to identify the risks that are currently affecting the Council or may do so in the future. To do this a number of steps should be considered.

1. Review the existing risk registers and ask:
 - a. Have any of the existing risks changed significantly?
 - b. Are any risks missing?
 - c. Are there any changes in the next 12 months that could present a risk?
2. Identify new and emerging risks - this could be done via horizon scanning, monitoring relevant industry press, monitoring legislation, known changes to policies.
3. Review previous losses, events, incidents and identify anything useful from the lessons learnt reports.

Risks should not be assessed in isolation and a number of people may be involved in this process including other team or project members. You should use tools such as SWOT (Strengths, Weaknesses, Opportunities, Threats) analysis to try to ensure all areas are covered. Appendix 2 also includes some risk descriptions applied to the Corporate Risk Register which can be used as a guide.

At this stage do not try to limit your thoughts or just roll forward the risks you have previously identified - it is important that you try to include fresh thinking on new and emerging risks every time a risk register is reviewed.

Each risk will be captured in a template on the Council's performance management system and will include:

- a reference number,
- short name
- a description,
- the name of the risk owner (the risk owner should be someone with knowledge of the risk and be senior enough to ensure that all actions are completed)
- the date the risk was first identified and
- the current controls
- Link to the Corporate Risk register reference
- Risk scores (gross, residual, risk appetite)

Written guidance has been created to assist risk owners on how to input risks into the Council's performance management system. In general terms the identification and wording of risks needs to be clear and concise. Risk writing should follow the model proposed by the Government's Orange book guidance for the management of risk. The Orange Book guidance for the management of risk defines risk as 'the effect of uncertainty on objectives' and states that it should usually be expressed in terms of causes, potential events, and their consequences. These are:

- ▶ **Cause.** An element which alone or in combination has the potential to give rise to risk.
- ▶ **Event.** An occurrence or change of a set of circumstances and can be expected which does not happen or something that is not expected which does happen.
- ▶ **Consequence.** The impact that could happen if the risk was to materialise.

If the risk is not adequately defined, it is difficult to demonstrate what actions might be needed to reduce the risk. For example the following risk statement :

“Users unable to use available technology” – is too broad and provides no information as to which technology, why there is a use issue ie is it inadequate training or is it because there is an issue with the technology which prevents users being able to use it? This could be several risks in one, each risk should be identified with the associated cause and consequence.

ii. Analyse, assess and evaluate risks.

Once the risks have been identified it is important to be able to prioritise them in some way so that attention and resources can focus on the areas most likely to have the largest impact on the delivery of the Council's objectives. In order to do this the risks are assessed against two criteria.

- Impact - this is the effect that the risk would have on the delivery of the Council's objectives if it were to occur.
- Likelihood - this is how likely the risk is to occur.

Once scores are calculated we can plot where the risk sits on the risk matrix and give the risk an overall score by multiplying the Impact and Likelihood scores

Impact x Likelihood = Risk Score. E.g. 4 x 3 = 12

The risk score is calculated twice once for the Gross Risk which is the worst-case scenario without any controls in place. The controls already in place to address the risk should then be recorded and the Residual Risk Score is calculated taking the effect of these into account. Finally all risks will be assessed against a target level based on risk appetite.

In order to assist with scoring, a scale for each of these has been determined and these are set out in the risk matrix above. As with the identification of the risks it is useful for more than one person to be involved in the scoring of the risks as this avoids the scoring being skewed by an individual's subjective view.

The way one person sees a risk may differ from another due to many factors including past experience, personal views on the importance of an area and how that person can personally influence the risk. When a group reviews the scores, these personal influences can be smoothed out.

iii. Review of controls and their effectiveness

By calculating both the Gross and Residual Risk Scores it highlights the effectiveness of the controls but also the importance of them operating effectively. Managers may believe a risk is being well managed, but the controls are not operating effectively.

It is therefore important that managers do take some time to assess the effectiveness of the controls that they have in place and make use of other information at their disposal to do this. This should be done at the time the risk register is being produced but also on an ongoing basis as the risk register is being reviewed.

There are many tools which operational managers should be using directly as part of their role as the 1st Line such as:

- Sample checking a sample of transactions to see they have followed the correct process/been properly authorised.
- Checking staff are aware of the correct processes to follow.
- 1 to 1s and monitoring of staff.

Managers can also make use of information from the 2nd Line functions to give them information relating to the effectiveness of the controls they have in place. Lots of information available to Managers can be considered as Key Risk Indicators (KRI) when used to inform the identification of risks and the success in the implementation of the agreed risk reduction methods. The following could be considered as Key Risk Indicators:

- Customer Complaints
- Data Protection Breach information
- Legal Compliance information
- Vacancy/Sickness data
- Performance Management Information
- Accident reports
- Budget Monitoring information
- Project issue logs
- Implementation Timelines - planned vs actual

Managers can also take account of the findings of Internal Audit work who provide assurance on the effectiveness of controls as the 3rd Line function.

iv. Response to Risk

Where a risk is found to be at a level that is unacceptable to the Council and outside of its risk appetite then some action is needed to address the risk. There are four main ways that the Council can respond to an unacceptably high risk:

- **Terminate** (avoidance)

the Council can simply avoid the risk altogether where this is possible. So, if it is looking at a new development or project to implement but the risk is very high for little return then we should decide not to progress with that decision. Alternatively, we could decide to stop a high-risk activity that we are carrying out if we do not have to deliver that service. This should be the first response we look to; however, it is recognised that the Council is often not able to avoid high risk/undesirable activities.

- **Treat** (reduction)

We can implement additional controls to reduce the likelihood an/or the impact of a risk to an acceptable level. This is the most common response to a risk that the Council will take. All controls/actions must be SMART actions and monitored through performance management.

- **Transfer**

This involves transferring the cost of the risk to a third-party for example by insurance, contracting out work, or outsourcing the service. This can work in specific situations e.g., transfer a specific function such as Leisure provision or an insurance policy for vehicle damage in an accident, but unfortunately most business risks cannot be managed by this method.

- **Tolerate** (accept)

The Council decides to accept the risk and do nothing. This may be acceptable for low risks but is often not an acceptable solution for the higher more significant risks so should be considered as a last resort option. When using this option, it will still be necessary to monitor and review the risk.

When making the decision on which of the options above you want to follow you should consider:

- Existing best practices to treat the risk.
- Critical controls that you will need to achieve the required risk score reduction as part of the risk treatment or mitigation plan.
- Costs associated with different treatment options against associated benefits.
- How other organisations mitigate the same risk.

Action Plan

Most of the options above require an action plan to be produced, this will need to include the following key information for each SMART action identified against the risk:

- The Action being taken.
- A person responsible making sure the action is completed.
- A target date for the action to be completed.

All actions must be recorded and updated on the performance management system..

Escalation of Risk

The change of a risk level within Departmental Risk registers may, if the risk level has become unacceptable escalate the corresponding risk on the Corporate risk Register. These escalating risks will be identified and reported through the Council's performance management system and highlighted to SLT and Audit Committee during quarterly review/report of the Corporate Risk Register.

Assessment of risk on individual projects or proposals which are scored above the council's risk appetite level should have been considered by statutory officers and appropriate controls identified prior to presenting such decisions to the relevant executive or non-executive decision makers.

v. Reporting, Monitoring and Communication

Risk Registers

The Council has developed a corporate template which should be used for all risk registers completed in relation to Council activities and partnerships. This can be found on the Council's performance management system.

To ensure consistency and compliance with the Council's Risk Appetite the Corporate Template **must be used** to record risks for the following mandated risk registers:

- Corporate Risk Registers (One for each Council)
- Departmental Risk Registers maintained by ~~the~~ Heads of Service Managers
- Risk Registers for Major Projects (including Transformation Projects)
- Risk Registers for Contracts
- Risk Register for ICT and Cyber Threats

SLT will coordinate and collate the Corporate Risk Register with support from ~~Heads of Service~~ managers who will be responsible for Departmental and other Risk Registers.

Due to limited resources the Risk Management function is unable to provide direct support to assist with the compilation and management of other risk registers but will offer advice and guidance to managers and other employees tasked with compiling them.

Risk Registers should be seen as an essential tool to aid in management decision making and should be recorded and reported to the appropriate bodies and meetings within the Council.

Corporate Risk Registers

This is the Council's overarching risk register setting out the most significant risks that may prevent the Council from achieving its strategic objectives as set out in the Gedling Plan.

The full Corporate Risk Register is compiled and monitored by SLT on a quarterly basis. This includes the Action Plans and progress against the actions.

A summary of the risks along with comments on the current position/progress in dealing with the risk is presented the relevant Audit Committee quarterly.

The Chief Executive will oversee the compilation of the Corporate Risk Registers and ~~Head of Finance & ICTs~~ 151 Officer will collate management updates but is not responsible for the content of the Corporate Risk Register.

Where risks are escalated within Departmental or other Risk Registers, above a score of 12 (red), these will be considered in line with the linked Corporate Risk and the Corporate Risk Register updated.

The Corporate Risk register template can be found at appendix 2 to this document.

Departmental Risk Registers

Each of the ~~Heads of Service~~ Departmental managers or Assistant Directors will maintain a Departmental Risk Register which will set out the key risks for the whole service area, scoring of risks will be in line with this framework. It is anticipated that these will contain more risks than the Corporate Risk Register and should help to identify the highest risks which need to be considered for inclusion in the Corporate Risk Register.

The Departmental Risk Registers can include major risks not directly associated with the achievement of the corporate plan. It is anticipated that the Departmental Risk Registers will capture the most important risks relating to the major projects and contracts in each area as well as the key operational risks being faced relating to service delivery.

Departmental Risk Registers will be monitored by the relevant Director and their Heads of Service but can be shared with SLT for information purposes and to assist with the compilation and review of the Corporate Risk Register. They will not routinely be reported to Members or Committees.

Project Risk Registers

These must be completed at the planning stages and throughout the life of the project as part of project initiation through to delivery. The Project Manager is responsible for ensuring that a risk register is completed. The risk register should be updated regularly and monitored by the Project Board and Project Sponsor. The Risk register should be scored in line with this framework.

Where external Project Managers take on the role of compiling risk registers, they should be asked to use the Corporate Template and Risk Matrix, or approval must be sought in advance to use an alternative format. Where an external person/organisation takes ownership of the risk register for a project managers need to ensure it covers all of the risks and not just those the third party considers important. Where necessary a Council specific risk register should also be compiled for the project to ensure all risks are captured for example to include a risk that the third-party project manager fails to delivery to agreed specification/timescale. Managers should not look to delegate their role and responsibilities in the risk management process to a third party.

Key risk from Project Risk Registers may be escalated to Directorate Risk Registers and ultimately the Strategic Risk Register.

Contract Risk Registers

A risk register must be completed as part of the management of all strategically important contracts and partnerships. For example, acquisition of key software solutions, significant outsourcing contracts or contracts that support key functions of the Council. As a general guide contracts with a value in excess of £10,000 may require a risk assessment depending on their significance, contracts over £75,000 will require a risk assessment. They should be completed by the relevant Team Managers and monitored by the Head of Service.

The details in these risk registers should help to inform decision making in relation to the management and monitoring of the Contract/Partnership and should help to improve the quality of risk management implications when any committee reports are prepared in relation to the Contract/Partnership.

Key risks from Contract/Partnership risk registers may be escalated into the Directorate Risk Registers and ultimately the Corporate Risk Register.

ICT/Cyber Risks

A risk register must be completed to assess the Council's risk of cyber or ICT security issues. This should be completed by the ICT team and may be impacted by the acquisition of new software solutions.

The details in these risk registers should help to inform decision making in relation to the management and security of the Council's digital systems and networks and should help to improve the quality of risk management implications when any decisions are taken in relation to ICT infrastructure. In addition, the risk register will identify controls required or in place to manage such security risks.

Key risks from cyber risk registers may be escalated into the Directorate Risk Registers and ultimately the Corporate Risk Register. Details on this register are likely to be confidential and access restrictions to this register will be put in place to ensure any insecurities, if applicable are not placed in the public domain thereby increasing risk.

Risk Management Reports

When reporting and monitoring risk registers quarterly, it is important the following information is provided to the people/committee receiving the update:

- assurance that all exposure to risk has been identified, assessed and relevant mitigating control evaluated,
- Clear record of any SMART actions to mitigate risk and progress against those actions.
- a view on whether the exposure the risk is increasing or decreasing for the Council,
- links between different levels of risk registers where relevant,
- how the results of the risk management process are informing decision making,
- the risk management framework and in particular the risk appetite and scoring has been applied consistently across the Council.

Below the Corporate Risk Register it is more important that the risk registers are living documents, regularly monitored, and used to inform decision making by the relevant managers rather than being reported periodically as the focus of a detailed formal reports. They should be reviewed and updated on a quarterly basis as a minimum.

Risk Monitoring

There are two key elements for managers to consider when monitoring risks:

1. Monitoring risk response effectiveness

As the Council and the environment it operates in is constantly changing, it is important to regularly review the risk register to ensure that the risks and agreed actions to mitigate them are still appropriate and being effective.

The use of Key Risk Indicators and the work of Internal Audit are tools that can help managers to monitor the effectiveness of risk responses.

2. Monitoring the risk profile

The Council's risk profile will be constantly changing with changes in the strategic direction of the Council and the impact of external factors such as Government policy, new initiatives, emerging issues. When monitoring the risk profile, it is always good to start with these three basic questions:

- Are there any risks missing from the risk register that should be included?
- Have any of the risks in the risk register changed significantly in terms of impact and/or likelihood and require additional mitigation efforts?
- Is there anything planned in the next 12 months that may give rise to a key risk?

vi. Integration with Strategic Planning and Decision Making

Risk Management and Strategic Planning are fundamentally linked, and it is impossible to carry one out effectively without the other. Strategic Planning is about deciding what the Council is trying to achieve in the medium to long term. Risk Management is about identifying the risks that may stop the Council from achieving those strategic goals.

Whilst it is important that risks are managed at all levels of the Council and for all activities we deliver; with limited resources it is important that the majority of the effort is targeted on the identification and management of risks that could affect the corporate objectives.

When taking decisions, officers and members need clear information about the risks associated with that decision so information about risks should be included in all decision reports.

SLT have a responsibility in ensuring decision reports with poor or missing risk implications do not progress.

Heads of Service should take responsibility for ensuring all reports in their Service area have appropriate risk implications set out before the report is submitted to SLT for review.

Appendix 2 - Corporate Risk Register Template

The risk category and descriptors are given as a prompt to help you to identify the operational risks in services and forms the basis of the Corporate Risk Register. The list is not exhaustive and is only a guide. In departmental registers you should also consider risks that are specific to your service area.

Many risk categories overlap and/or can be considered to be consequences of another category, however the risk category allocated should be based on the 'root cause' of the risk (e.g., an IT system failure may cause financial or reputational consequences but the 'root cause' lies within the IT / Technology category)

This is only a template, the risk registers will be held on the performance management system so may look slightly different in lay out but all information should be captured. At each quarterly review the risk escalation or de-escalation will be identified.

Risk Ref No	Corporate Risk	Descriptor	Gedling Plan Objective	Risk Owner	Key Risk driver	Gross Risk	Risk Appetite	Residual Risk	Controls
1	Financial	This refers to the ability of the Council to meet its financial commitments and/or the scale and pace of budget cuts. This relates to income and expenditure and							

		includes internal budgetary pressures, savings/growth considerations, external economic changes etc.							
2	Capacity/Service Delivery	This is about ensuring that sufficient capacity is available to deliver services which meet statutory obligations, Council objectives etc and public expectation.							
3	Health and safety at Work	This refers to Occupational Health & Safety							
4	Environmental	This refers to the environmental impact on the public – it could be related to virus type illnesses or environmental incidents such as flooding which impact on health or related to events which have an impact on the natural environment such as pollution/contamination							
5	Contractual/partnership	This refers to both the risks regarding							

		partnership / contractual activities and the risks associated with the partnership / contract delivering services to the agreed cost and specification.							
6	Reputation	This relates to public perception / expectation and the impact of media attention.							
7	Infrastructure/Assets	This looks at the loss, protection and damage of physical assets and takes into account the need to maintain, protect, insure and plan for unexpected loss.							
8	Legislative	This refers to changes to and breaches of current law leading to additional workloads, fines, intervention by regulatory bodies etc.							
9	IT/Technology	This relates not only to the impact of Internal technology failure but also changing technological demands							

		and the ability to meet the pace and scale of change.							
10	Projects	This relates to the effective management of projects to achieve delivery that is on time, to budget and that meet the needs of the organization.							
11	Fraud/bribery/Misconduct	Relates to improper actions committed against the Council either internally or by third parties. Including frauds, bribery, money laundering and misconduct e.g., theft, falsification of timesheets.							
12	Service Standards/performance Management	This relates to the setting of acceptable standards and levels of output for a service area and the processes put in place to ensure these are delivered and managed appropriately							
13	Information/data	Security – this relates to physical and IT security on site and in-							

		transit or inappropriate disclosure of information.							
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Equality Impact Assessment

Name of project, policy, function, service or proposal being assessed:	Risk Management Framework				
The main objective of (please insert the name of accessed document stated above):	Ensure the Council has robust risk management processes in place				
<p>What impact will this (please insert the name) have on the following groups? Please note that you should consider both external and internal impact:</p> <ul style="list-style-type: none"> • External (e.g. stakeholders, residents, local businesses etc.) • Internal (staff) 					
Please use only 'Yes' where applicable		Negative	Positive	Neutral	Comments
<u>Gender</u>	External			x	
	Internal			x	
<u>Gender Reassignment</u>	External			x	
	Internal			x	
<u>Age</u>	External			x	
	Internal			x	

<u>Marriage and civil partnership</u>	External			x	
	Internal			x	
<u>Disability</u>	External			x	
	Internal			x	
<u>Race & Ethnicity</u>	External			x	
	Internal			x	
<u>Sexual Orientation</u>	External			x	
	Internal			x	
<u>Religion or Belief (or no Belief)</u>	External			x	
	Internal			x	
<u>Pregnancy & Maternity</u>	External			x	
	Internal			x	
Other Groups (e.g. any other vulnerable groups, rural isolation, deprived areas, low income staff etc.)	External			x	
	Internal			x	

Please state the group/s: _____					

Is there is any evidence of a high disproportionate adverse or positive impact on any groups?	Yes	No	Comment Whilst there are no specific equality implications in respect of the risk strategy, equality risks need to be captured as part of the risk management process.
Is there an opportunity to mitigate or alleviate any such impacts?	Yes	No	Comment
Are there any gaps in information available (e.g. evidence) so that a complete assessment of different impacts is not possible?	Yes	No	Comment
In response to the information provided above please provide a set of proposed action including any consultation that is going to be carried out:			
Planned Actions	Timeframe	Success Measure	Responsible Officer

Authorisation and Review

Completing Officer	
Authorising Head of Service/Director	
Date	
Review date (if applicable)	



Report to Audit Committee

Subject: Corporate Risk Management Review Quarter 2 2025/26

Date: 9th December 2025

Author: Chief Finance and Section 151 Officer

1. Purpose of the Report

To update members of the Audit Committee on the current level of assurance that can be provided against each corporate risk.

Recommendations:

That Members:

- Note the current risk level and actions identified within the Corporate Risk Register.

2. Background

The current Risk Management Strategy & Framework was approved and adopted by Cabinet on 28 March 2024. Following adoption of the new framework, a project has been underway to simplify the process of risk review and management by using the Council's performance management system, Ideagen to track risk.

All Assistant Directors and Senior Managers have now received training and individual workshop sessions on the content of the new Risk Management Framework and have completed a review of departmental risks in the new Ideagen system. All risks are scored using the new scoring matrix in the framework (appendix 2) and all scores have been provided to show the gross risk (risk level at it's highest level without controls), the residual risk (the current risk score with controls) against the risk appetite score of the Council which is currently moderate, as approved within the framework.

As part of risk review, where departmental risks increase to red this is likely to impact on the overall corporate risk linked to that departmental risk.

The risk framework sets out the context on how risks are to be managed. It defines the key role for the Audit Committee as providing independent assurance to the Council with regard to the effectiveness of the risk management framework and the associated control environment. This includes the monitoring of the framework and ensuring the implementation of all audit actions.

3. Corporate Risk Register

The Corporate Risk Register is a key enabler of the Strategy and Framework and provides assurance on the key risks identified as corporate risks. All risks are now monitored through the Council's Corporate Risk Board which meets every other month. Any significant risk changes raised through the board and flagged in departmental registers are then highlighted to Senior Leadership Team to determine any mitigatory actions.

Despite a lot of work on actions and movements in Departmental Risks (which are being monitored by departments) the overall Corporate Risks have only resulted in 1 risk decreasing in Quarter 2 and no risks increasing. The full details are included on the scorecard at Appendix 1.

There has been a slight decrease in Risk 7 Infrastructure Assets. The decrease in this risk levels list due to a number of factors including:

- The Large Garage Demolition having commences and due to be completed shortly, which removes many risks around this assets and associated Health & safety Risks.
- The Contract for Condition surveys on both Council owned assets and temporary Accommodation has gone out for procurement.
- Additional safety measures have been put into place in the Mapperley Tunnel.

Whilst work on actions and mitigations for this risk continues it remains high due to the outcome of the condition surveys not yet being known, these may identify further risks that will be need to be addressed. In addition, draining issues at Carlton Forum continue, whilst some work has been carried out it has not resolved the issue and the risk on this asset remains high.

During Quarter 1 risk 2 around Capacity increased. Whilst pressure on some teams has been resolved with successful recruitments there has been loss of staff in other areas. It is worth Audit Committee noting that Local Government Reorganisation may have an impact on the Councils ability to retain staff over the next few years and will have a further impact on the Councils ability to ensure adequate capacity withing teams. In addition, staff continue to be lost to other Local Authorities and also to private companies (especially in the professional fields) as the Council is unable to match higher salaries elsewhere, particularly in the private sector.

Risk 6 on Reputation remains high despite some key actions being completed, The new website is nearing completion, and the reduction on Bed & Breakfast accommodation has decreased due to the Councils policy to purchase properties

for use as temporary accommodation. However, the issues around waste and the number of complaints continued in Quarter 2 with a spike in the summer. The interventions put in place by management have resulted in the number of complaints and issues reducing in September, this is set to continue with significantly less in Quarter 3. Therefore, whilst this risk remain high in Quarter 2 Audit Committee will be please to know that we expect this to reduce in Quarter 3.

There was also a decrease in risk level on risk 3 Health and Safety at Work in Quarter 1, whilst there has been a lot of work undertaken on actions and mitigations it is felt that the risk cannot be further reduce at this stage but is likely to decrease during the remainder of the year.

The Council's risk appetite is moderate, ideally all risks should be yellow or below, it is however accepted that the Council may take a higher tolerance to risk in some areas versus the reward, this decision is taken on a case by case basis.

The Corporate Risk Register and supporting comments as at the end of September 2025 are appended to this report, and this includes a summary of all control gaps identified on the Council's Corporate Risk Register and any actions added to reduce the risk level further.

4. Financial Implications

None arising directly from this report.

5. Legal Implications

None arising directly from this report, the report is to provide reporting, in line with the Council's Risk Management Framework which is a requirement of the Accounts and Audit Regulations 2015.

6. Equalities Implications

None arising directly from this report, although EIA of all risks should be considered as part of any actions identified and controls in place.

7. Carbon Reduction/Environmental Sustainability Implications

None arising directly from this report, although Carbon Management forms part of the Environment category on the Corporate Risk Register.

8. Appendices

Appendix 1 - Corporate Risk Register Monitoring – Quarter 2, period ending 30 September 2025

Appendix 2 - Risk Management Scoring Matrix

Appendix 3 – Risk Definitions

Statutory Officer Approval

Approved by: Chief Financial Officer
Date:

Approved by: Monitoring Officer
Date:

APPENDIX 2 - RISK MANAGEMENT SCORING MATRIX AND RISK APPETITE

	Minor/Non-Disruptive Impact (1)	Moderately Disruptive Impact (2)	Serious Consequences (3)	Major Consequences (4)
Very Likely (4)	4 (Yellow)	8 (Orange)	12 (Red)	16 (Red)
Probable (3)	3 (Yellow)	6 (Orange)	9 (Orange)	12 (Red)
Possible (2)	2 (Green)	4 (Yellow)	6 (Orange)	8 (Orange)
Unlikely (1)	1 (Blue)	2 (Green)	3 (Yellow)	4 (Yellow)

Risk Levels	Colour
Negligible Risk	Blue
Low Risk	Green
Modest Risk	Yellow
Medium Risk	Orange
High Risk	Red

APPENDIX 3 – RISK DEFINITIONS

LIKELIHOOD

4	Very Likely >90%	<ul style="list-style-type: none"> Event expected to occur. Has occurred and will continue to do so without action being taken. Indication of imminent occurrence There are external influences which are likely to make our controls ineffective
3	Probable 60-90%	<ul style="list-style-type: none"> There is a moderate exposure to the risk. Reasonable to expect event to occur within a year. Has occurred in the past. Is likely to occur within the Council's planning cycle. There are external influences which may reduce effectiveness of controls
2	Possible 30-60%	<ul style="list-style-type: none"> There is a low exposure to the risk. Little likelihood of event occurring - 1 in 10 years There is a potential for external influences which may reduce effectiveness of controls
1	Unlikely 0-30%	<ul style="list-style-type: none"> Extremely remote Not expected to occur but may do so in exceptional circumstances - 1 in 100 years. There are few or no external influences which may reduce effectiveness of controls


IMPACT



Score	Description	Indicative Guidelines
4	Major Consequences	<p>The consequence is so bad that urgent action must be taken to improve the situation or prevent it worsening. External support from the Government or other agencies is likely to be needed:</p> <ul style="list-style-type: none"> Catastrophic loss, delay, or interruption to services Level of financial loss, additional costs, or loss of assets which the Council is unable


		<p>to resource without additional Government/External support.</p> <ul style="list-style-type: none"> • One off event which would de-stabilise the Council over several years. • The risk will cause the objective not to be reached, causing damage to the organisation's reputation. • Will attract medium to long-term attention of legislative or regulatory bodies. • Major complaints • Significant adverse media interest • Death or life-threatening injury
3	Serious Consequences	<p>The consequences are sufficiently serious to require attention by Cabinet and/or full Council:</p> <ul style="list-style-type: none"> • Loss of key assets or services for an extended time period. • Longer term impact on operational efficiency or performance of the Council or crucial service areas • Financial loss, additional costs or loss of assets which would need a Council decision as the scale of the loss would be outside the Council's budget & policy framework. • The risk would destabilise the Council in the short term. • The intended objectives are unlikely to be met leading to negative impact on the Council's reputation and a significant number of complaints. • Will lead to attention for regulators and External Auditors for a significant time. • Major accident/injuries (but not life-threatening)
2	Moderate/ Disruptive	<p>The consequence is sufficient to require attention by Leadership Team and cannot be managed within a Service Area</p> <ul style="list-style-type: none"> • Significant loss, delay, or interruption to a service. • Medium term impact on operational efficiency or performance • Financial loss, additional costs or loss of assets that is within the Council's budget & policy framework but needs a Statutory Officer decision, Leadership Team

		<p>decision, Cabinet decision or needs to be drawn to Cabinet's attention.</p> <ul style="list-style-type: none"> • The risk will cause some elements of the objective to be delayed or not achieved, causing potential damage to the organisation's reputation. • May attract medium to short term attention of legislative or regulatory bodies. • Significant complaints • Serious accident / injury (but not life threatening)
1	Minor/Non-Disruptive	<p>The consequences can be dealt with as part of the normal day-to-day business by the Team Manager and the Head of Service:</p> <ul style="list-style-type: none"> • Minor loss, delay, or interruption to services • Short term impact on operational efficiency or performance • Negligible financial loss • The risk will not substantively impede the achievement of the objective, causing minimal damage to the organisation's reputation. • No or minimal external interest. • Isolated complaints • Minor accident / injury




Corporate Risk Register Q2 2025/26


Code	Corporate Risk	Gross Risk	Risk Appetite	Current Risk Score	Trend Icon	Description	Further Action	Risk Assessment Reporting Fields Q2 Review
CR001	Finance	12	4	9		This refers to the ability of the Council to meet its financial commitments and/or the scale and pace of budget cuts. This relates to income and expenditure and includes internal budgetary pressures, savings/growth considerations, external economic changes etc.	<p>Set budget for 2025/26 and the next medium- term plan (FEB 25) Completed.</p> <p>Agree a set of new efficiencies for delivery (Feb 25. In progress)</p> <p>Progress individual service budget reviews and zero-based budgeting, Waste competed PASC to be carried out in 2025-26. To be completed 2025/26</p> <p>Further work on Trade waste to understand total cost of service delivery June 26.</p> <p>Mid-Year Review if MTFP (Dec 25)</p> <p>Upgrade Core Financial System and Migrate to Cloud Phase 1 (Completed)</p> <p>Transfer Various Functions from Citrix based to web-based system (Phase 2 Completed)</p>	<p>A significant number of efficiencies have been identified as "at risk for delivery" which outs additional pressure on the MTFP if alternative savings cannot be identified.</p> <p>SLT is currently undertaking a review to identify new proposals across the Council. these will be worked u pinto viable options and presented to Cabinet as part of the budget process for 2026/27.</p> <p>In addition, in-year budget pressures continue due to staff sickness requiring a high amount of Agency cover.</p> <p>A new absence management policy has been approved and will be implemented which will help to alleviate this budget pressure; however, this will take time to embed, and pressures are expected to continue this financial year.</p>



								Due to the uncertain nature of efficiencies, the risk is likely to remain high for the foreseeable future or until efficiencies to meet a balanced budget have been identified.
CR002	Capacity Service Delivery	9	4	12		This is about ensuring that sufficient capacity is available to deliver services which meet statutory obligations, Council objectives etc and public expectation.	<p>Complete sign off of employee policies including absence management, harassment (Oct 2025)</p> <p>Complete sign off of Learning and development needs across the organisation and review of policy (October 2025)</p> <p>Roll out training and awareness of changes to absence management policy with managers particularly in Waste services (NOV 25)</p> <p>Finalisation of the LGR submission will release some capacity back for some core officers – (NOV 25)</p> <p>Need to assess future capacity requirement for LGR – (MAR 26)</p>	<p>Departments across the Council are still reporting capacity issues which is affecting some statutory services with reliance on agency staff to cover.</p> <p>Multiple officers are working on the Councils LGR submission with no additional back filling of roles which is having a further impact on capacity.</p> <p>There is additional risk that staff may decide to leave during the run up to LGR.</p> <p>High levels of sickness across the Environment department are still being incurred.</p> <p>A new absence management policy has been drafted and is ready to be presented for approval.</p>
CR003	Health & Safety At Work	12	3	6		This refers to Occupational Health & Safety.	<p>Assessment needs to be amended to reflect new management roles the risk assessments reviewed by all (Completed)</p> <p>Actions for quarter 2 include:</p>	The health and safety concerns regarding the Large Garage have been resolved and is in the process of being demolished, the risks in this area can therefore be removed, once complete.


Page 111							<ul style="list-style-type: none"> • Continuation of the rollout of Reactec for arm and hand vibration monitoring with particular emphasis on cemeteries staff. (Jan 26) • Deal with identified gaps in health and safety training and inductions in Environmental services. (Ongoing for 25/26) • Finalise risk assessments in parks. (MAR 26) 	<p>Additional actions in Parks around Risk Assessments and the rollout of the hand and arm vibration system Reactec for cemeteries staff will continue into the second half of the year.</p> <p>In addition, gaps in induction and training are continuing to be addressed in Environmental Services.</p> <p>Whilst the risk remains the same at the end of quarter 2 it is expected to be reduced as the actions set out are finalised.</p>
	CRC 4 Environmental	12	4	9		<p>This refers to the environmental impact on the public – it could be related to virus type illnesses or environmental incidents such as flooding which impact on health or related to events which have an impact on the natural environment such as pollution/contamination</p>	<p>Emergency Plan review commences June 2025 and is in progress.</p> <p>Senior Officers to complete on–line training associated with countywide operation training (Autumn 25 partially completed)</p>	<p>Carbon Action Management Plan has been updated and approved by Cabinet and is being monitored through the Budget & Performance Board.</p> <p>Risk actions plans are in place and are ongoing.</p> <p>No Change in Risk level for Quarter 2.</p>


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CR005	Contractual Partnerships	12	4	6		This refers to both the risks regarding partnership / contractual activities and the risks associated with the partnership / contract delivering services to the agreed cost and specification.	<p>Deliver contract management training for officers (FEB 2026)</p> <p>Enhancement of due diligence checks with support from Orbis (Partially completed (OCT 2025)</p> <p>Agree KPI's for inclusion in Orbis contract (DEC 25)</p> <p>Agree principals and priorities for Social Value Policy (DEC 25)</p> <p>Complete Social Value Policy (JAN 26)</p>	<p>Procurement contract continues to operate well with relationships being managed effectively.</p> <p>KPIs still need to be agreed and incorporated into the contract. Contract Management training is expected during quarter 4.</p> <p>The Social Value Policy in a draft format and work in continuing to progress.</p> <p>The risk remains unchanged and expected to be reduced once training has been delivered.</p>
CR006	Reputation	12	4	6		This relates to public perception / expectation and the impact of media attention.	<p>Ensure active engagement in Local Government Re-organisation and effective comms plan (ongoing)</p> <p>Implement Communications Plan for both internal and external communications (Oct 2025)</p> <p>Ensure project plan in place for Garden waste roll out (Oct 25)</p>	<p>Waste complaints peaked over the summer, but interventions meant that they started to reduce in September.</p> <p>Continuation of interventions identified to address waste complaints.</p>
CR007	Infrastructure Assets	16	4	9		This looks at the loss, protection and damage of physical assets and takes into account the	<p>Asset management strategy needed. (SEP 25)</p>	<p>The Large garage is in te process of being demolished, therefore risk associated with this asset have been removed.</p>

Page 113						<p>need to maintain, protect, insure and plan for unexpected loss.</p>	<p>Procure and asset management system (DEC 25)</p> <p>Review temporary accommodation for suitability and establish maintenance programme. (AUG 25)</p> <p>Maintenance and compliance schedules to be combined across Leisure, properties and Housing. (AUG 25)</p> <p>Demolition of large garage to support depot improvements. (Sep 25)</p> <p>Further engagement with County on drainage issues on wet side (ongoing)</p>	<p>Asset Management Plan is in draft format, and due to be approved in quarter 3.</p> <p>A slight reduction in risk in quarter 2 as the large garage has been demolished and condition surveys are out to procurement.</p> <p>The procurement for the condition surveys has been awarded. However, the result of the surveys could determine an increase in risk and the drainage issues at Carlton Forum still pose a significant risk to service delivery, therefore whilst the risk has reduced slightly it does remain high.</p>
	CR008	Legislative	12	4	6	 <p>This refers to changes to and breaches of current law leading to additional workloads, fines, intervention by regulatory bodies etc.</p>	<p>Project Plan to be developed for future waste changes for simpler recycling March 2026 and Food Waste October 2027 (Mar 26)</p> <p>Prepare project plan for roll out of Martyn's Law (JAN 26)</p> <p>Review costings for changes to facilities once guidance published (JAN 26)</p>	<p>Group established to review changing and toilet facilities across assets to ensure compliance with EHRC guidance once finalised. Still waiting for guidance before definitive decisions on asset management and adjustments.</p> <p>H and S team and legal are making preparations for implementation of Martyn's law, no final plan produced but in progress.</p>

							Risk Board to consider upcoming legislative changes and review risk registers in Q3 particularly in respect of Housing and Employment changes. (DEC 25)	
CR009	ICT Technology	12	4	6		This relates not only to the impact of Internal technology failure but also changing technological demands and the ability to meet the pace and scale of change.	Review cyber security risk register (JUL 25) Review ICT policies (OCT 25)	Risk remains the same. Still capacity issues in the team, however recruitment is ongoing and will be resolved in coming months. ICT projects continue to be implemented, CRM nearing completions and the first phase of White space has gone live.
CR010	Projects	12	4	4		This relates to the effective management of projects to achieve delivery that is on time, to budget and that meet the needs of the organisation.	Establishment of corporate reporting mechanism for major contracts through making meetings matter project (Sep 25) Alignment of project risk templates with Pentana (OCT 25) Develop Annual Delivery Plan timetable for 26/27 to align with budget process (OCT 25)	Project and Programme updates reporting now fully functional with updates to SLT & Leadership as part of the Connected Council approach. Corporate Plan is being reviewed to include LGR work. All programmes have a RAID log, which manages project risk.

								<p>The central portfolio if live and tracking all projects on dedicated software.</p> <p>Most programme Boards now in place with only one left to stand up.</p> <p>Risk remains the same currently as some individual projects are at an amber rating, but overall good progress is being made.</p>
CR011	Fraud Bribery Misconduct	12	4	9		<p>Relates to improper actions committed against the Council either internally or by third parties. Including frauds, bribery, money laundering and misconduct e.g., theft, falsification of timesheets.</p>	<p>Renew Anti-Fraud Strategy – Draft Completed in discussion with Internal Audit (MAR 26)</p> <p>Revised Departmental Fraud Risk Assessments– (Oct 2025– In Progress) Actions for Quarter 2</p> <ul style="list-style-type: none"> • Chase up user who are overdue on renewing fraud awareness training – (SEPT 25) • Consider alternate training methods for front line staff – (Jan 26) • New Training System and Policy being Drafted to include monitoring of Mandatory Training (JAN 26) • Consider internal audits recommendations on Agresso user access – (December 25 reporting back to Audit Committee in March 26) 	<p>The audit of main financial system– Fraud has been completed, this still show 3 high risks around take up of training, Agresso users’ access and more work that needs to be carried out on the Anti Fraud Strategy.</p> <p>Departmental fraud risk registers are in progress and have been discussed at Budget & Performance Board and will be at risk Board in Dec 25.</p> <p>The risk remains the same as internal Audit have identified three key risks remain in the recent fraud audit</p> <p>Once these actions have been completed the risk may decrease, although due to the high consequences of Fraud it is likely to remain at a higher score.</p>

Page 116							<ul style="list-style-type: none">• Complete update on Anti Fraud Strategy and ensure alignment with Gedling priorities (MAR 26)• Implement other internal audits recommendations on the anti fraud strategy (DEC 25)• Ensure new requirements of the Economic crime and corporate transparency act are embedded into the anti fraud strategy (DEC 25)• Publicise Fraud Communication on Staff Intranet – every 3 months (Complete)• Review, revise and publicise Fraud Response Plan – (March 2026)• In Person training to be undertaken for staff who don't have access to a computer – (MAR 2026)• Forensic review of other ICT systems including Civica – (In progress – March 2026) User Access review and centralisation (July 2025) – Currently in progress	
	CR012	Service Standards Performance Management	9	4	6		This relates to the setting of acceptable standards and levels of output for a service area and the processes put in place to ensure these are delivered and	<p>Programme of equality/Diversity and Inclusion training to be developed for frontline staff, managers and Councillors – December 2025</p> <p>Quarter 2 Performance remains high with all milestones either completed or on track for delivery in 2025/26.</p> <p>Missed KPI's include time taken to process new benefits claims and working days lost to sickness a staffing review in</p>

						managed appropriately.	<p>Establish Annual Delivery Plan timetable to align with budget process for 2026/27 (OCT 25)</p> <p>Review staffing in Revenues and Welfare to ensure KPIs improve for processing/amending claims for benefit. (Dec 25)</p> <p>Create centralised training needs analysis and plan (JUL 25)</p> <p>Review Employee/manager and Leader Standards (Jun 2025)</p>	<p>benefits in underway to determine resource requirements.</p> <p>A new absence management policy has been completed and will be presented to approval in Quarter 3.</p> <p>Waste complaints spiked during the summer, however interventions started to see these decline in September.</p> <p>The risk remains the same for quarter 2.</p>
Page 117	Information Data	12	4	9		Security – this relates to physical and IT security on site and in-transit or inappropriate disclosure of information.	<p>Create Register of Processing Activity in line with audit recommendations (SEP 25)</p> <p>Sign off of new IDV policy (OCT 25)</p> <p>Update Cyber Audit including Information Security Policy (Dec 25)</p> <p>Review Retention policies (OCT 25)</p> <p>Review DPIA processes and raise awareness (OCT 25)</p>	<p>Cyber Audit due will include update of information security policy.</p> <p>A push on cyber security training is in place.</p> <p>New GDPR training is taking place in quarter 3.</p> <p>There has been no major data breaches.</p> <p>Due to nature of this risk the consequences around cyber security and data will always remain high, other risks have been rated lower risks, however, whilst the idlehood may decrease in future months consequences will remain</p>

									high, therefore, the overall risk for quarter 2 remains the same.
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