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25 November 2025

Dear Councillor,

Audit and Governance Committee

A Meeting of the **Audit and Governance Committee** will be held at **Council Chamber**, Civic Offices, Civic Way, Swadlincote on **Wednesday, 03 December 2025** at **18:00**. You are requested to attend.

Yours faithfully,

Monitoring Officer
Executive Director – Law and People

To: **Labour Group**
Councillor J Carroll (Chair) and Councillor D Shepherd (Vice-Chair)
Councillor S Bambrick, A Jones, L Singh and A Tilley

Conservative Group
Councillors N Atkin and D Muller

Non-Grouped
Councillor A Wheelton

Independent Persons
Peter Purnell
Peter Smith

AGENDA

Open to Public and Press

1	Apologies	
2	To receive the Open Minutes of the Meeting held on:	
	03 September 2025	**4 - 9**
3	To note any declarations of interest arising from any items on the Agenda	
4	To receive any questions by members of the public pursuant to Council Procedure Rule No. 10.	
5	To receive any questions by Members of the Council pursuant to Council Procedure Rule No. 11.	
6	REGULATION OF INVESTIGATORY POWERS ACT 2000 (RIPA) – REPORT ON USAGE	**10 - 11**
7	REGULATION OF INVESTIGATORY POWERS ACT 2000 (RIPA) – POLICY AND TRAINING	**12 - 49**
8	RISK MANAGEMENT FRAMEWORK UPDATE	**50 - 84**
9	RISK MANAGEMENT UPDATE QUARTER 2 2025-2026	**85 - 121**
10	INTERNAL AUDIT PROGRESS REPORT	**122 - 136**
11	DRAFT VALUE FOR MONEY COMMENTARY	**137 - 165**
12	COMMITTEE WORK PROGRAMME	**166 - 167**

Exclusion of the Public and Press:

13 The Chairman may therefore move:-

That in accordance with Section 100 (A)(4) of the Local Government Act 1972 (as amended) the press and public be excluded from the remainder of the Meeting as it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that there would be disclosed exempt information as defined in the paragraph of Part I of the Schedule 12A of the Act indicated in the header to each report on the Agenda.

14 To receive any exempt questions by Members of the Council pursuant to Council Procedure Rule No. 11.

OPEN

AUDIT AND GOVERNANCE COMMITTEE

03 September 2025

PRESENT:

Labour Group
Councillor J Carroll (Chair) and Councillor D Shepherd (Vice-Chair)
Councillor S Bambrick, A Jones, L Singh and A Tilley

Conservative Group
Councillors N Atkin and D Muller

Non-Grouped
Councillor A Wheelton

Independent Persons
Peter Smith

AG/22 **APOLOGIES**

The Committee was informed that no apologies had been received.

AG/23 **DECLARATIONS OF INTEREST**

The Committee was informed that no declarations of interest had been received.

AG/24 **TO RECEIVE ANY QUESTIONS FROM MEMBERS OF THE PUBLIC PURSUANT TO COUNCIL PROCEDURE RULE NO.10**

The Committee was informed that no questions from members of the public had been received.

AG/25 **TO RECEIVE ANY QUESTIONS FROM MEMBERS OF THE COUNCIL PURSUANT TO COUNCIL PROCEDURE RULE NO.11**

The Committee was informed that no questions from Members of the Council had been received.

MATTERS DELEGATED

AG/26 **REGULATION OF INVESTIGATORY POWERS ACT 2000 (RIPA) – REPORT ON USAGE**

The Monitoring Officer provided a summary of the report to the Committee and noted that there was no usage for the period 01 June 2025 and 31 August 2025.

Members considered the report and supported the officer's recommendations.

RESOLVED:

1.1 The Committee noted the internal report on the Council's use of the Regulation of Investigatory Powers Act 2000.

AG/27 **SUMMARY OF CODE OF CONDUCT COMPLAINTS (2024/25)**

The Monitoring Officer provided a summary of the report and referred Members to Annexe A of the report, noting that no complaints had been received for the period of 01 April 2024 to 31 March 2025.

Members were informed that the report would be provided to the Committee on an annual basis.

Members considered the report and supported the officer's recommendations.

RESOLVED:

1.1 The Committee noted the summary of the complaints, attached to the report as Annexe A, that had been considered by the Monitoring Officer and the Independent Persons from 01 April 2024 to 31 March 2025.

AG/28 **PROGRESS OF ACTIONS IDENTIFIED IN THE ANNUAL GOVERNANCE STATEMENT 2024-25**

The Executive Director - Resources and Transformation addressed the Committee and presented a summary of the report, noting the progress of actions as detailed in Appendix A of the report.

Members considered the report and supported the officer's recommendations.

RESOLVED:

1.1 The Audit and Governance Committee noted the progress of actions identified in the Annual Governance Statement 2024-25

as detailed in Appendix A to the Report.

AG/29 **AUDIT STRATEGY MEMORANDUM 2024-25**

The Internal Auditor presented the report and noted that new guidance had been reissued to aid the guidance process for rebuilding assurance, detailed on page thirty-two of the report.

Councillor A Tilley sought clarification regarding risks and error details in part 5 of the Memorandum.

The Internal Auditor addressed the Committee and confirmed that to align with the standards, evaluation of risk took place to determine the explanation included.

Councillor N Atkin sought clarification relating to insurance evaluation and actual value and whether there would be a percentage allowance when looking at Council owned dwellings.

The Internal Auditor advised the Committee that an evaluation would not be necessary as an accounting evaluation would take place rather than a market evaluation, including social housing on yield.

Councillor A Wheelton sought clarification regarding the timescale of outstanding items and corresponding fees.

The Internal Auditor informed the Committee that broad changes in financial reporting were due to come into fruition, consequently reducing complexity and therefore future fees.

The Executive Director – Resources and Transformation informed the Committee that Ministry of Housing, Communities and Local Government funding covered a portion of the fees and that further detail would be reported to the Committee at a later date.

Councillor D Muller enquired whether Local Government Reorganisation had been considered.

The Internal Auditor confirmed to the Committee that Local Government Reorganisation was key on the agenda.

RESOLVED*:*

1.1 The Committee noted the report attached to the report as Appendix 1.

AG/30 **ANNUAL PROCUREMENT EFFECTIVENESS AND IMPACT REPORT 2024-25**

The Executive Director – Resources and Transformation provided a summary of the report to the Committee highlighting the key developments, including actions to be taken to ensure compliance with relevant legislation, strengthening governance arrangements and embedding best practice across the Council.

Councillor A Wheelton sought clarification on whether there was a value limit at which Members had oversight of spends.

The Executive Director – Resources and Transformation informed the Committee that items were presented for Member's approval when there was a business need and clarified that larger expenses were often budgeted and spread over a longer period of time.

RESOLVED*:*

1.1 The Committee noted the procurement activity and outcomes for the 2024/25 year and the ongoing work to develop and improve the Council's Procurement function.

AG/31 **RISK MANAGEMENT UPDATE QUARTER 1 - 2025-2026**

The Head of Finance and Performance provided a summary of the report to the Committee and noted that no risks had been added since the report presented to Committee last quarter.

Members sought clarification regarding the risks associated with SR6 - Economy / Regeneration, SR9 - unforeseen absences and vacancies and SR12 - ineffective partnership working, as included at 4.4 of the report.

The Head of Finance and Performance advised the Committee that funding was in place for SR6. Further information regarding SR9 was to be presented at a future Finance and Management Committee meeting. The Committee was advised that risk concerning SR12 was expected to remain at the same severity.

The Executive Director – Resources and Transformation confirmed that Members would have had the opportunity to consider any item where the severity of the risk changes.
Councillor N Atkin sought clarity about how the Council would be affected by Derbyshire County Council's withdrawal of funding for organisations.

The Executive Director – Resources and Transformation advised the Committee that information would be gathered from Head of Cultural and Community Services and be relayed to Committee at a later meeting.

RESOLVED*:*

1.1 The Committee considered the report and Strategic Risk Register, as set out at Appendix A of the report.

AG/32 **INTERNAL AUDIT PROGRESS REPORT**

The Internal Auditor presented the report and provided a summary of the report to the Committee.

Members sought clarification regarding the completion of outstanding items and delayed target dates.

The Executive Director – Resources and Transformation advised the Committee that the reasonings had been outlined in the report had been presented at the 18 June 2025 Audit and Governance Committee meeting. Regular meetings between the Internal Auditor and officers would take place in order to understand delays.

The Executive Director – Law and People informed the Committee that recent recruitment should aid in completing outstanding tasks.

RESOLVED*:*

1.1 The Committee considered the report of the Audit Manager, attached to the report as Appendix 1 and noted that any issues identified would be subject to a follow-up report as appropriate.

AG/33 **INTERNAL AUDIT CHARTER AND MANDATE**

The Internal Auditor provided a summary of the report to the Committee and noted that an Internal Audit Charter was a requirement for the most recent audit standards.

Members considered the report and supported the officer's recommendations.

RESOLVED*:*

1.1 The Committee reviewed and approved the Central Midlands Audit Partnership's Internal Audit Charter, (including the Internal Audit Mandate), attached to the report as Appendix 1.

AG/34 **COMMITTEE WORK PROGRAME**

The Executive Director – Resources and Transformation presented the report to the Committee.

RESOLVED:

1.1 The Audit and Governance Committee noted the Committee Work Programme.

AG/35 **LOCAL GOVERNMENT ACT 1972 (AS AMENDED BY THE LOCAL GOVERNMENT [ACCESS TO INFOMATION] ACT 1985)**

RESOLVED:
That in accordance with Section 100 (A)(4) of the Local Government Act 1972 (as amended) the press and public be excluded from the remainder of the Meeting as it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that there would be disclosed exempt information as defined in the paragraph of Part I of the Schedule 12A of the Act indicated in the header to each report on the Agenda.

AG/36 **EXEMPT QUESTIONS BY MEMBERS OF THE COUNCIL PURSUANT TO COUNCIL PROCEDURE RULE NO.11**

The Audit and Governance Committee was informed that no questions from Members of the Council had been received.

The Meeting terminated at 18:55 hours.

Councillor J Carroll

CHAIR

REPORT TO:	**AUDIT AND GOVERNANCE COMMITTEE**	**AGENDA ITEM: 6**
DATE OF MEETING:	**03 DECEMBER 2025**	**CATEGORY: DELEGATED**
REPORT FROM	**EXECUTIVE DIRECTOR – LAW AND PEOPLE**	**OPEN**
MEMBERS' CONTACT POINT:	**ELISABETH PAGE – HEAD OF LEGAL AND DEMOCRATIC SERVICES** elisabeth.page@southderbyshire.gov.uk	**DOC:**
SUBJECT:	**REGULATION OF INVESTIGATORY POWERS ACT 2000 (RIPA) – REPORT ON USAGE**	
WARD(S) AFFECTED:	**ALL**	**TERMS OF REFERENCE: AG01**

1.0 Recommendations

1.1 To note the internal report on the Council's use of the Regulation of Investigatory Powers Act 2000.

2.0 Purpose of Report

2.1 To note the Report on the Council's use of the Regulation of Investigatory Powers Act 2000 between 1 September 2025 to 21 November 2025.

3.0 Detail

3.1 The Audit and Governance Committee has been authorised pursuant to the Council's Constitution to review the Council's use of RIPA, set the Council's general surveillance policy, and consider quarterly reports on the use of RIPA to ensure that it is being used as per the Council's Policy.

3.2 RIPA is intended to regulate the use of investigatory powers and ensure they are used in accordance with Human Rights. This is achieved by requiring certain investigations involving covert surveillance to be authorised by an appropriate Authorising Officer and then a JP before they are carried out.

3.3 Directed Surveillance is often conducted by local authorities to investigate benefit fraud or to collect evidence of anti-social behaviour. It may involve covertly following people, covertly taking photographs of them or using hidden cameras to record their movements.

3.4 RIPA stipulates that the person (Authorising Officer) granting an authorisation for Directed Surveillance must believe that the activities to be authorised are necessary on one or more statutory grounds. The members of the Leadership Team, identified in the Council's Policy and Procedure, consider all applications for authorisation. The

Authorising Officer must ensure that there is satisfactory reason for carrying out the surveillance, the covert nature of the investigation is necessary, proper consideration has been given to collateral intrusion, and the proposed length and extent of the surveillance is proportionate to the information being sought. This involves balancing the seriousness of the intrusion into the privacy of the subject of the operation against the need for the activity in investigative and operational terms. The Council is required to obtain judicial approval prior to using covert techniques. The Council's use of Directed Surveillance under RIPA is limited to the investigation of crimes which attract a six month or more custodial sentence.

3.5 The usage of RIPA during the period 1 September 2025 and 21 November 2025 has been nil. No authorisations have been requested or granted.

4.0 Financial Implications

4.1 None arising directly from this report.

5.0 Corporate Implications

5.1 The Council must act in accordance with the law when undertaking Directed Surveillance and in particular the authorisation process and the surveillance crime threshold.

6.0 Community Implications

6.1 Section 8 of the application form asks the applicant to supply details of any potential collateral intrusion and to detail why the intrusion is unavoidable. The idea behind collateral intrusion is to identify who else, apart from the subject of the surveillance, can be affected by the nature of the surveillance. Any application for authorisation should include an assessment of the risk of the collateral intrusion and this should be taken into account by the Authorising Officer when considering proportionality. The Authorising Officer needs to know by those carrying out the surveillance if the investigation or operation would unexpectedly interfere with the privacy of individuals not covered by the authorisation. An Authorising Officer must be made aware of any particular sensitivities in the local community.

REPORT TO:	**AUDIT AND GOVERNANCE COMMITTEE**	**AGENDA ITEM: 7**
DATE OF MEETING:	**03 DECEMBER 2025**	**CATEGORY: DELEGATED**
REPORT FROM	**EXECUTIVE DIRECTOR – LAW AND PEOPLE**	**OPEN**
MEMBERS' CONTACT POINT:	**ELISABETH PAGE – HEAD OF LEGAL AND DEMOCRATIC SERVICES** elisabeth.page@southderbyshire.gov.uk	**DOC:**
SUBJECT:	**REGULATION OF INVESTIGATORY POWERS ACT 2000 (RIPA) – POLICY AND TRAINING**	
WARD(S) AFFECTED:	**ALL**	**TERMS OF REFERENCE: AG01**

1.0 Recommendations

1.1 To approve the RIPA Policy at Appendix 1.

1.2 To note the RIPA training programme designed to support the Policy and the Council's use of RIPA.

2.0 Purpose of Report

2.1 To approve the revised RIPA Policy.

3.0 Detail

3.1 The Audit and Governance Committee has been authorised pursuant to the Council's Constitution to review the Council's use of RIPA, set the Council's general surveillance policy, and consider quarterly reports on the use of RIPA to ensure that it is being used as per the Council's Policy.

3.2 RIPA is intended to regulate the use of investigatory powers and ensure they are used in accordance with Human Rights. This is achieved by requiring certain investigations involving Directed Surveillance and Covert Human Investigating Sources (CHIS) to be authorised by an appropriate Authorising Officer and then a JP before they are carried out.

3.3 The Council is required to :

- have a policy and procedure to implement RIPA
- ensure that all officers who undertake investigations are trained as to when a RIPA authority is required
- ensure that Authorising Officers are appropriately trained
- ensure the use of RIPA and the Council's RIPA Policy is reviewed by a committee/board

3.4 The Council is audited on its compliance on a regular basis by the Investigatory Powers Commissions Officer (IPCO). The last audit was in July 2023.

3.5 The Council has to submit an annual return to the IPCO in the December/January of each year detailing how many CHIS or Directed Surveillance applications have been made and/or granted during the proceeding year.

3.6 The Council is required to obtain judicial approval prior to using covert techniques. The Council's use of Directed Surveillance under RIPA is limited to the investigation of crimes which attract a six month or more custodial sentence or is an offence relating to the sale of alcohol or tobacco products to minors.

3.7 RIPA stipulates that the person (Authorising Officer) granting an authorisation for Directed Surveillance or a CHIS must believe that the activities to be authorised are necessary on one or more statutory grounds. The Authorising Officer must ensure that there is satisfactory reason for carrying out the surveillance, the covert nature of the investigation is necessary, proper consideration has been given to collateral intrusion, and the proposed length and extent of the surveillance is proportionate to the information being sought. This involves balancing the seriousness of the intrusion into the privacy of the subject of the operation against the need for the activity in investigative and operational terms.

3.8 Following the Leadership Team restructure and the Constitution Review the Council's RIPA Policy has been reviewed and revised, with a recommendation that the revised Policy at Appendix 1 is adopted by the Council. The Policy provides that the following are appointed as Authorising Officers- the Chief Executive and the Executive Directors for Resources and Transformation, Environment and Communities, and Places and Prosperity. The Executive Director- Law and People is appointed as the Senior Responsible Officer and the Head of Legal and Democratic Services is appointed is the RIPA Monitoring Officer.

3.9 In addition, a Central RIPA register has been created and training has been provided to all investigating officers by the specialist information governance trainers *Act Now*. *Act Now* will provide refresher training to investigating officers annually. Authorising Officers will be trained in the New Year and the Head of Legal and Democratic Services is scheduled to provide training to this Committee in March 2026.

4.0 Financial Implications

4.1 There is a fee for providing the training at an indicative cost of £2,000 which can be absorbed within existing budgets.

5.0 Corporate Implications

5.1 The Council must act in accordance with the law when undertaking Directed Surveillance and using a CHIS and in particular the authorisation process and the surveillance crime threshold. The Policy and training ensures it does so.

6.0 Community Implications

6.1 The Policy is a vital part of the Council and its relationship with the Community. It shows that investigations are considered in accordance with a clear process.

APPENDIX 1

SOUTH DERBYSHIRE DISTRICT COUNCIL REGULATION OF INVESTIGATORY POWERS ACT 2000 (RIPA)

POLICY AND GUIDANCE

Introduction

South Derbyshire District Council (The Council) only carries out Covert Surveillance where such action is justified and endeavours to keep such surveillance to a minimum. It recognises the importance of complying with RIPA when such an investigation is for the purpose of preventing or detecting crime or preventing disorder and has produced this guidance document to assist Officers.

Applications for authority

All applications for authorisation in accordance with RIPA will be considered by a member of the Leadership Team identified in the table below. Any incomplete or inadequate application forms will be returned to the applicant for amendment. Authorising Officers shall in particular ensure that:-

- there is a satisfactory reason for carrying out the surveillance
- the covert nature of the investigation is necessary
- proper consideration has been given to collateral intrusion
- the proposed length and extent of the surveillance is proportionate to the information being sought.
- Chief Executive's authorisation is sought where legal/medical/clerical issues are involved
- The authorisations are reviewed and cancelled.
- Records of all authorisations are sent to the Legal and Democratic Services Manager for entry on the Central Register.

AUTHORISING OFFICERS
CHIEF EXECUTIVE
EXECUTIVE DIRECTOR- RESOURCES & TRANSFORMATION EXECUTIVE DIRECTOR- ENVIRONMENT & COMMUNITIES EXECUTIVE DIRECTOR- PLACE & PROSPERITY

Senior Responsible Officer

The **Senior Responsible Officer** is the **Executive Director of Law and People**. The Senior Responsible Officer has overall responsibility for RIPA, as outlined in the Codes of Practice and the Council's Policy and Guidance.

RIPA Monitoring Officer

The **RIPA Monitoring Officer** is the Council's **Head of Legal and Democratic Services.** The RIPA Monitoring Officer is responsible for the maintenance of the Central Record of Authorisations and the collation of RIPA applications/authorisations, reviews, renewals, and cancellations. In addition, there is responsibility for providing oversight of the RIPA process within the Council and for RIPA training.

The RIPA Monitoring Officer shall ensure that refresher training is offered at least every 2 years to all directorates of the Council and shall also give advice and training on request.

The RIPA Monitoring Officer is responsible for raising RIPA awareness within the Council.

Authorising Officers shall be responsible for ensuring that relevant members of staff are aware of the Act's requirements.

Legislative Changes

By virtue of sections 37 and 38 of the Protection of Freedoms Act 2012, from 1st November 2012 the Council has been required to obtain judicial approval prior to using covert techniques. Authorisations and notices under RIPA will only be given effect once an Order has been granted by a Justice of the Peace (JP), a District Judge or Lay Magistrate.

Local authorities in England and Wales could no longer seek the protection of the Act on the grounds provided by subsections 28(3)(d) and (e) (i.e. in the interests of public safety and for the purpose of protecting public health).

In relation to Directed Surveillance (though not to authorising CHIS), local authority powers were further limited by Statutory Instrument 2012/1500.

To authorise Directed Surveillance, the Authorising Officer must demonstrate that the proposed activity is necessary for the prevention or detection of a crime which either carries a maximum sentence of at least six months' imprisonment or is an offence relating to the sale of alcohol or tobacco products to minors. (As to the definition of 'detecting crime', see RIPA section 81(5).)

REGULATION OF INVESTIGATORY POWERS ACT 2000 (RIPA)

DIRECTED SURVEILLANCE AND COVERT HUMAN INTELLIGENCE SOURCE

1. Purpose

The purpose of this guidance is to explain

the scope of RIPA – Part II;
the circumstances where it applies; and
the authorisations procedures to be followed

2. Introduction

2.1 The Regulation of Investigatory Powers Act 2000 ("the Act"), which came into force in 2000, is intended to regulate the use of investigatory powers exercised by various bodies including local authorities and ensure that the powers are used in accordance with human rights. This is achieved by requiring certain investigations to be authorised by an appropriate Authorising Officers before they are carried out.

2.2 The investigatory powers, which are relevant to the Council, are Directed Covert Surveillance in respect of specific operations or specific investigations and the use of Covert Human Intelligence Sources. The Act makes it clear for which purposes the powers may be used, to what extent, and who may authorise the use. There is also a Code of Practice in relation to the use of these powers, and this attached at **Appendix A and B.**

2.3 Consideration must be given, prior to authorisation as to whether or not the acquisition of private information is **necessary and proportionate**, i.e. whether a potential breach of a human right is justified in the interests of the community as a whole, or whether the information could be gleaned in other ways.

2.4 A public authority may only engage the Act when in performance of its core functions, that is the specific public functions undertaken by the authority in contrast to the ordinary functions that are undertaken by every authority, for example, employment issues, contractual arrangements, etc.

3. Scrutiny and Tribunal

3.1 External Scrutiny

3.1.1 The Investigatory Powers Commissioners Office (IPCO/Commissioner) was set up to monitor compliance with the Act. The IPCO has "a duty to keep under review the exercise and performance by the relevant persons of the powers and duties under Part II of the Act", and the Investigatory Powers Commissioner will from time to time inspect the Council's records and procedures for this purpose.

3.1.2 In order to ensure that investigating authorities are using the powers properly, the Act also establishes a Tribunal to hear complaints from persons aggrieved by conduct, e.g. directed surveillance. Applications will be heard on a judicial review basis. Such claims must be brought no later than one year after the taking place of the conduct to which it relates, unless it is just and equitable to extend this period.

3.1.3 The Tribunal can order:

- Quashing or cancellation of any warrant or authorisation
- Destruction of any records or information obtained by using a warrant or Authorisation
- Destruction of records or information held by a public authority in relation to any person

3.1.4 The Council has a duty to disclose to the Tribunal all documents it requires if any Council officer has:

- Granted any authorisation under the Act
- Engaged in any conduct as a result of such authorisation

3.2 **Internal Scrutiny**

3.2.1 The Senior Responsible Officer is responsible for:

- The integrity of the process in place within the Council to authorise Directed Surveillance and CHIS
- Compliance with Part II of the Act and with the accompanying Codes of Practice
- Engagement with the IPCO when they conduct its inspections and
- Where necessary oversee the implementation of any post-inspection action plans recommended or approved by the IPCO

3.2.2 The Audit and Governance Committee will review the Council's use of the Act and the Policy and Guidance document at least once a year. The Committee will also consider internal reports on the use of the Act on at least a quarterly basis to ensure that it is being used consistently with this Policy and that that Policy is fit for purpose. The Members will not, however, be involved in making decisions on specific authorisations.

Elected Members and Senior Responsible Officers (see paragraphs 3.42 and 9.2 of the CHIS Code of Practice) are required to ensure that policies are fit for purpose and that Authorising Officers are competent. An Elected Member has no need to know the identity of a CHIS nor know the detail of conduct authorisations. The Executive Director- Law & People may provide Elected Members with a copy of IPCO inspection reports, redacted if necessary.

4. Benefits of RIPA authorisations

4.1 The Act states that if authorisation confers entitlement to engage in a certain conduct and the conduct is in accordance with the authorisation, then it will be lawful for all purposes. Consequently, the Act provides a statutory framework under which Covert Surveillance can be authorised and conducted compatibly with Article 8 of the Human Rights Act 1998 – a person's right to respect for their private and family life, home and correspondence.

4.2 Material obtained through properly authorised Covert Surveillance is admissible evidence in criminal proceedings.

4.3 Section 78 Police and Criminal Evidence Act 1984 allows for the exclusion of evidence if it appears to the court that, having regard to all the circumstances in which the evidence was obtained, the admission of the evidence would have such an adverse effect on the fairness of the proceedings that the court ought not to admit it. Evidence obtained through Covert Surveillance will not be excluded unless the test of unfairness is met.

5. Definitions

5.1 'Covert' is defined as surveillance carried out in such a manner that is calculated to ensure that the person subject to it is unaware that it is or may be taking place. (s.26 (9)(a) of the Act)

5.2 'Covert Human Intelligence Source' (CHIS) is defined as a person who establishes or maintains a relationship with a person for the covert process of obtaining information about that person. (s.26 (8) of the Act)

5.3 'Directed Surveillance' is defined as Covert but not Intrusive and undertaken:

- for a specific investigation or operations
- in such a way that is likely to result in the obtaining of private information about any person
- other than by way of an immediate response (s.26 (2) of the Act)

5.4 'Private Information' includes information relating to a person's private or family life and can embrace aspects of business and professional life.

5.5 'Intrusive' surveillance is Covert Surveillance that is carried out in relation to anything taking place on any residential premises or in any private vehicle and involves the presence of an individual on the premises or in the vehicle or using a surveillance device. **The Council may not authorise such surveillance**.

5.6 'Authorising Officers' will be responsible to ensure their relevant members of staff are suitably trained as 'Applicants' so as to avoid errors in the operation of the process and completion of relevant forms. It is important that relevant Executive Directors, Assistant Directors, Heads of Service and Authorising Officers take personal responsibility for the efficient and

effective operation of this Policy and Guidance document within their respective areas.

5.7 Authorising Officers will also ensure that staff who report to them follow this Policy and Guidance document and do not undertake or carry out any form of surveillance without first obtaining the relevant authorisations in compliance with this document.

5.8 Authorising Officers must also ensure when sending copies of any forms to the RIPA Co-ordinating Officer, that they are by **encrypted email** marked '**RIPA – Private and Confidential'.**

6. When does the Act apply?

6.1 Where the Directed Surveillance of an individual or group of individuals, or the use of a CHIS is necessary for the purpose of preventing or detecting crime or of preventing disorder.

The Act does:

- require prior authorisation of Directed Surveillance
- prohibit the Council from carrying out Intrusive Surveillance
- require authorisation of the conduct and use of a CHIS
- require safeguards for the conduct and use of CHIS

The Act does not:

- make unlawful conduct which is otherwise lawful
- prejudice or dis-apply any existing powers available to the Council to obtain information by any means not involving conduct that may be authorised under this Act. For example, it does not affect the Council's current powers to obtain information via the DVLA or to get information from HMLR as to the ownership of a property.

6.2 If Authorising Officers or any Applicants are in doubt, s/he should speak to a representative from the Legal Services BEFORE authorising, renewing, cancelling or rejecting any Directed Surveillance and/or use of a CHIS.

CCTV

6.3 The normal use of CCTV is not usually Covert because members of the public are informed by signs that such equipment is in operation. However, authorisation should be sought where it is intended to use CCTV covertly and in a pre-planned manner as part of the specific investigation or operation to target a specific individual or group of individuals. Equally a request, say by the police, to track particular individuals via CCTV recordings may require authorisation (from the Police).

7. Covert Human Intelligence Source ("CHIS")

7.1 Put simply, these are undercover individuals who do not reveal their true identity or professional witnesses used to obtain information and evidence.

7.2 The Act defines a CHIS under section 26 of the Act as anyone who:

(a) establishes or maintains a personal or other relationship with a person for the covert purpose of facilitating the doing of anything falling within paragraphs (b) or (c)

(b) covertly uses such a relationship to obtain information or provide access to any information to another person; or

(c) covertly discloses information obtained by the use of such a relationship or as a consequence of the existence of such a relationship

7.3 Any reference to the conduct of a CHIS includes the conduct of a source which falls within (a) to (c) or is incidental to it.

7.4 References to the use of a CHIS are references to inducing, asking or assisting a person to engage in such conduct.

7.5 Section 26(9) of the Act goes on to define:-

(b) a purpose is Covert, in relation to the establishment or maintenance of a personal or other relationship, if, and only if, the relationship is conducted in a manner that is calculated to ensure that one of the parties to the relationship is unaware of that purpose; and

(c) a relationship is used covertly, and information obtained as mentioned in paragraph 7(c) above and is disclosed covertly, if, and only if it is used or as the case may be, disclosed in a manner that is calculated to ensure that one of the parties to the relationship is unaware of the use or disclosure in question.

7.6 Juvenile Sources

7.6.1 Special safeguards apply to the use or conduct of juvenile sources; that is sources under the age of 18 years. On no occasion should the use or conduct of a source under the age of 16 years be authorised to give information against their parents or any person who has parental responsibility of them. The duration of a juvenile CHIS is four months. The Regulation of Investigatory Powers (Juveniles) Order 2000 SI No. 2793 contains special provisions which must be adhered to in respect of juvenile sources.

7.7 Vulnerable Individuals

7.7.1 A Vulnerable Individual is a person who is, or may be, in need of community care services by reason of mental or other disability, age or illness and who is, or may be, unable to take care of himself, or unable to protect himself

against significant harm or exploitation. Any individual of this description should only be authorised to act as a source in the most exceptional circumstances.

Only the Chief Executive, or somebody deputising for them in their absence, may authorise the employment of juvenile sources, vulnerable individuals and the obtaining of confidential information.

8. Types of Surveillance

8.1 '**Surveillance**' includes

- monitoring, observing, listening to persons, watching or following their movements, listening to their conversations and other such activities or communications
- recording anything mentioned above in the course of authorised surveillance
- surveillance, by or with, the assistance of appropriate surveillance device(s)

Surveillance can be overt or covert

8.2 Overt Surveillance

8.2.1 Most of the surveillance carried out by the Council will be done overtly – there will be nothing secretive, clandestine or hidden about it. In many cases, officers will be behaving in the same way as a normal member of the public and/or will be going about Council business openly.

8.2.2 Similarly, surveillance will be Overt if the person subject to the surveillance has been informed it will be happen (e.g. where a noisemaker is warned (preferably in writing) that noise will be recorded if the noise continues, or where a Licence is issued subject to Conditions, and the License Holder is told that Officers may visit without notice or identifying themselves to the owner/proprietor to check that the Conditions are being met.

8.3 Covert Surveillance

8.3.1 The Act regulates two types of Covert Surveillance, (Directed Surveillance and Intrusive Surveillance) and the use of Covert Human Intelligence Sources (CHIS's).

8.4 Directed Surveillance

8.4.1 Directed Surveillance is covert surveillance that is carried out for the purposes of a specific investigation or operation in such a manner as is likely to result in the obtaining of private information about any person, whether or not they are subject of the action. It includes the activity of monitoring, observing, listening and recording by or with the assistance of surveillance equipment. It need not be subject specific. A search for an identified person in a public place will not amount to directed surveillance, unless it includes covert activity that may elicit private information about that person or any

other person. Any processing of data (e.g. taking a photograph to put on record) is an invasion of privacy.

8.4.2 Private information in relation to a person includes any information relating to his private and family life, his home and his correspondence. The fact that Covert Surveillance occurs in a public place or on business premises does not mean that it cannot result in the obtaining of private information about a person. Prolonged surveillance targeted on a single person will undoubtedly result in the obtaining of private information about them and others that they come into contact, or associate, with.

8.4.3 **For the avoidance of doubt, only those Officers designated and certified to be 'Authorising Officers' for the purpose of the Act can authorise 'Directed Surveillance' IF, AND ONLY IF, the Act authorisation procedures detailed in this document are followed. If an Officer has not been 'authorised' for the purposes of the Act, they can NOT carry out or approve/reject any action set out in this Policy and guidance document.**

8.4 **Directed Surveillance Crime Threshold**

The crime threshold applies only to the authorisation of Directed Surveillance by the Council under RIPA, not to the authorisation of the Council's use of CHIS.

The amendments to the Regulation of Investigatory Powers (Directed Surveillance and Covert Human Intelligence Sources) Order 2010 have the following effect:

- The Council can only authorise use of directed surveillance under RIPA to prevent or detect criminal offences that are either punishable, whether on summary conviction or indictment, by a maximum term of at least 6 months imprisonment or are related to the underage sale of alcohol and tobacco.
- The Council cannot authorise Directed Surveillance for the purpose of preventing disorder unless this involves a criminal offence(s) punishable (whether on summary conviction or indictment) by a maximum term of at least 6 months imprisonment.
- The Council may therefore continue to authorise the use of Directed Surveillance in more serious cases as long as the other tests are met, i.e. that it is necessary and proportionate and where approval from a JP has been granted. Examples of cases where the offence being investigated attracts a maximum custodial sentence of 6 months or more could include more serious criminal damage, dangerous waste dumping and serious or serial benefit fraud.
- The Council may also continue to authorise the use of Directed Surveillance for the purpose of preventing or detecting specified criminal offences relating to the underage sale of alcohol and tobacco where the necessity and proportionality test is met and prior approval from a JP has been granted.

The Council may not authorise the use of Directed Surveillance under RIPA to investigate disorder that does not involve criminal offences or to investigate low-level offences which may include, for example, littering, dog control and fly-posting.

8.4.1 **Impact on Investigations**

At the start of an investigation, Officers will need to satisfy themselves that what they are investigating is a criminal offence. Directed Surveillance is an invasive technique and at the point it is decided whether or not to authorise its use it must be clear that the threshold is met and that it is necessary and proportionate to use it.

During the course of an investigation the type and seriousness of offences may change. The option of authorising directed surveillance is dependent on the offence under investigation attracting a sentence of a maximum 6 months imprisonment or more or being related to the underage sale of alcohol and tobacco. Providing the offence under investigation is one which appears on the statute book with at least a maximum 6 months term of imprisonment or is related to the specific offences listed in the order concerning the underage sale of alcohol and tobacco an application can be made. However, if during the investigation it becomes clear that the activity being investigated does not amount to a criminal offence or that it would be a less serious offence that does not meet the threshold, the use of Directed Surveillance should cease promptly. If a Directed Surveillance authorisation is already in force it should be cancelled.

Directed Surveillance will be authorised against a specific offence which meets the threshold, and the type and the timing of the deployment of the surveillance will always reflect this. There may be cases where it is possible, with the same evidence obtained by the same deployment, to substantiate a variety of different charges, some of which fall below the threshold, it will be for the Courts to decide whether to admit, and what weight to attach to, the evidence obtained in the lesser charges.

8.5 **Intrusive Surveillance**

8.5.1 This is when it:-

- is Covert;
- relates to residential premises and private vehicles; and
- involves the presence of a person in the premises or in the vehicle or is carried out by a surveillance device in the premises/vehicle. Surveillance equipment mounted outside the premise will not be intrusive, unless the device consistently provides information of the same quality and detail as might be expected if they were in the premises/vehicle.

8.5.2 **This form of surveillance can be carried out only by Police and other law enforcement agencies. Council Officers must not carry out intrusive surveillance.**

8.6 **Proportionality**

8.6.1 Proportionality is a key concept of the Act. If the activities are deemed necessary, the Authorising Officer must also be satisfied that the activities are proportionate to what is sought to be achieved by carrying them out. This involves balancing the seriousness of the intrusion into the privacy of the subject of the operation (or any other person who may be affected) against the need for the activity in investigative and operational terms.

8.6.2 The term incorporates four concepts, and the following must be fully considered:

- the means should not be excessive in relation to the gravity of the mischief being investigated; the size and scope of the operation must be balanced;
- the least intrusive means of surveillance should be chosen; explaining how and why the methods used will cause the least intrusion and
- collateral intrusion involves invasion of third parties privacy and should, so far as is possible, be minimised; it must be a proportionate use of legislation and the only reasonable way of obtaining the necessary result and
- the activity must be proportionate to the degree of target on others; there should be evidence of other methods considered and why they were not implemented.

8.6.3 Extra care should be taken over any publication of the product of the surveillance.

9. Authorisations (See flowchart at Appendix C)

9.1 Applications for Directed Surveillance

All application forms (**see Appendix E**) must be fully completed with the required details to enable the Authorising Officer to make an informed decision. The description of the proposed operation should be full and detailed, specifying any equipment to be used. The use of maps or sketches to show for example observation posts and target premises should also be considered.

No authorisation shall be granted unless the Authorising Officer is satisfied that the investigation is:

- necessary for one of the reasons listed above
- proportionate to the ultimate objective
- at an appropriate level (i.e. not excessive)

and that no other form of investigation would be appropriate.

A Risk Assessment will be required to ensure the safety and welfare of the CHIS, prior to, and during an operation. The Risk Assessment should also be approved by the Authorising Officer.

Section 32(5) of RIPA requires the Authorising Officers to describe and specify what they are granting. This may or not be the same as requested by the Applicant. For the benefit of those operating under the terms of an authorisation, or any person who may subsequently review or inspect an authorisation, it is essential to produce, with clarity, a description of that which is being authorised (i.e. who, what, where, when and how). Authorising Officers should as a matter of routine state explicitly and in his own words what is being authorised, and against which subjects, property or location. Mere reference to the terms of the application is inadequate.

Authorising Officers must be careful in the use of 'or' and 'and' in order not to restrict what is intended. For example, Authorising Officers should not use 'or' when 'and' is meant (e.g. deployment of …. on vehicle A or vehicle B' limits deployment to either vehicle, not both simultaneously or one after the other).

The Authorising Officer's statement should be completed as a personal contemporaneous record of the thinking which justified the authorisation.

Authorising Officers should set out, in his own words, why they are satisfied or why they believe the activity is necessary and proportionate. A bare assertion is insufficient.

9.1.1 Necessity: Covert Surveillance cannot be said to be necessary if the desired information can reasonably be obtained by overt means. It must also be necessary for the purpose of preventing or detecting crime or of preventing disorder.

Authorising Officers must be satisfied that the use of Covert Surveillance is necessary for one of the purposes specified in section 28(3) of RIPA. In order to be satisfied, the conduct that it is aimed to prevent or detect must be identified and clearly described, particularly if it is questionable whether serious crime criteria are met. Often missed is an explanation of why it is necessary to use the covert techniques requested.

9.1.2 Proportionality: The method of surveillance proposed must not be excessive in relation to the seriousness of the matter under investigation. It must be the method which is the least invasive of the target's privacy.

Proportionality should be carefully explained, not merely asserted, nor is describing parts of the operation itself germane to proportionality.

A potential model answer would make clear that the four elements of proportionality had been fully considered:

1. balancing the size and scope of the operation against the gravity and extent of the perceived mischief;

2. explaining how and why the methods to be adopted will cause the least possible intrusion on the target and others;
3. that the activity is an appropriate use of the legislation and the only reasonable way, having considered all others, of obtaining the necessary result; and
4. providing evidence of other methods considered and why they were not implemented.

An authorisation should demonstrate how an Authorising Officer has reached the conclusion that the activity is proportionate to what it seeks to achieve, including an explanation of the reasons why the method, tactic or technique proposed is not disproportionate (the proverbial 'sledgehammer to crack a nut'). Proportionality is not only about balancing the effectiveness of covert methods but of explaining why the particular covert method, technique or tactic is least intrusive. It is insufficient to make a simple assertion or to say that the 'seriousness' of the crime justifies any or every method available.

To assist an Authorising Officer to reach a proper judgment, the value of the date, information or intelligence on which the application has been made should be made clear. It is considered best practice for law enforcement agencies to utilise standard evaluation nomenclature which grades both the source and the information. While it is not necessary or desirable in the application to spell out in detail the content of intelligence logs, cross-referencing to these enables an Authorising Officer to check detail. Particular care should be taken when using date or information obtained from open or unevaluated sources such as the Internet or social networks.

The law prevents an Applicant or Authorising Officer from referring to interception and this presents significant difficulty when covert surveillance is to be based solely on that type of intelligence. Without product derived from other acquisition methods, or an approved summary of the closed material, covert surveillance cannot be authorised.

9.1.3 Collateral intrusion, which affects the privacy rights of innocent members of the public, must be minimised and use of the product of the surveillance carefully controlled so as to respect those rights.

This note applies to Directed Surveillance only. To comply with *R v Sutherland* the Authorising Officer should clearly set out what activity and surveillance equipment is authorised in order that those conducting the surveillance are clear on what has been sanctioned at each stage in the authorisation process. It is recognised that it is not always possible, at the outset of an investigation, to foresee how it will progress, but this should not provide a reason for the applicants to request a wide number of tactics 'just in case' they are later needed. The Authorising Officer may not authorise more than can be justified at the time of their decision and should demonstrate control and a proper understanding of necessity, collateral intrusion and proportionality, relating to each tactic requested. In straightforward cases, an applicant should request only the tactics that are known to be available and intended to be used. In more complex cases,

where it is foreseen based on operational experience and assessed intelligence that additional tactics may be required as the investigation develops, additional tactics may be requested by way of review. The Authorising Officer should consider the use made of tactics to date, along with their impact and any product, to ensure that each additional tactic is necessary, whether collateral intrusion can be justified, and whether the cumulative effect of the tactics is proportionate in light of progress. Amendment must be explicit and no tactic may be used prior to it being granted by an Authorising Officer. IPCO inspections will place significant emphasis on review and renewal procedures to ensure that Authorising Officers are addressing legal requirements throughout the life of an authorisation.

It is unlikely to be regarded as 'not reasonably practicable' for an Authorising Officer to consider an application, unless he is too ill to give attention, on annual leave, is absent from his office and his home, or is for some reason not able within a reasonable time frame to obtain access to a secure telephone or fax machine. Pressure of work is not to be regarded as rendering it impracticable for Authorising Officers to consider an application.

Advice should be sought from the Legal Services Section on any issues of concern.

Authorising Officers must also take into account the risk of **'collateral intrusion'** i.e. intrusion on, or interference with, the privacy of persons other than the subject of the investigation. The application must include an assessment of any risk of collateral intrusion for this purpose.

Steps must be taken to avoid unnecessary collateral intrusion and minimise any necessary intrusion.

Those carrying out the investigation must inform Authorising Officers of any unexpected interference with the privacy of individuals who are not covered by the authorisation, as soon as these become apparent.

Where such collateral intrusion is unavoidable, the activities may still be authorised, provided this intrusion is considered proportionate to what is sought to be achieved.

9.1.4 **The Authorising Officers' comments/approvals**

The key signature is that of the Authorising Officer on the authorisation. The authorising Officer must be able to establish that they have applied their own mind to the authorisation. If an Authorising Officer relies on words prepared by another, their signature signifies responsibility for those words. Authorisations will be retained by the centrally. It is always open to a trial judge to require evidence which satisfies them that documents relied on are authentic. The Council should be ready to provide the relevant witness where authenticity is open to question.

9.1.5 **Special consideration in respect of confidential information**

Particular attention is drawn to areas where the subject of surveillance may reasonably expect a high degree of privacy e.g. where confidential information is involved.

Confidential information consists of matters subject to legal privilege, communication between a Member of Parliament and another person on constituency matters, confidential personal information or confidential journalistic material.
(ss 98-100 Police Act 1997)

Legal privilege

Generally, this applies to communications between an individual and his/her legal adviser in connection with the giving of legal advice in connection with or in contemplation of legal proceedings. Such information is unlikely ever to be admissible as evidence in criminal proceedings.

If in doubt, the advice of the RIPA Monitoring Officer should be sought in respect of any issues in this area.

Confidential personal information

This is oral or written information held in (express or implied) confidence, relating to the physical or mental health or spiritual counselling concerning an individual (alive or dead) who can be identified from it. Specific examples provided in the codes of practice are consultations between a health professional and a patient, discussions between a minister of religion and an individual relating to the latter's **spiritual welfare** or matters of **medical or journalistic confidentiality**.

Confidential journalistic material

This is material acquired or created for the purposes of journalism and held subject to an undertaking to hold it in confidence.

It should be noted that matters considered to be confidential under the Act may not necessarily be properly regarded as confidential under section 41 Freedom of Information Act.

Where such information is likely to be acquired, the surveillance may only be authorised by the Chief Executive, or whoever deputises for them in their absence, and should only be authorised where there are exceptional and compelling circumstances that make the authorisation necessary.

9.1.6 **Notifications to Inspector/Commissioner**

The following situations must be brought to the Inspector/Commissioner's attention at the next inspection:

- Where an Officer has had to authorise surveillance in respect of an investigation in which he/she is directly involved.
- Where a lawyer is the subject of an investigation or operation;
- Where confidential personal information or confidential journalistic information has been acquired and retained.

9.1.7 **Applications for CHIS**

Same as for Directed Surveillance except that the authorisation must specify the activities and identity of the CHIS and that the authorised conduct is carried out for the purposes of, or in connection with, the investigation or operation so specified.

There are additional requirements in s29(5) of the Act relating to responsibility for dealing with the source and maintenance of records relating to the source.

All application forms (**see Appendix F**) must be fully completed with the required details to enable Authorising Officers to make an informed decision.

There should be a Controller, a Handler and a Recorder for a CHIS together with the requirement for a risk assessment if one is to be employed.

The Handler will have day to day responsibility for:-

- dealing with the CHIS;
- directing the day to day activities of the CHIS;
- recording the information supplied by the CHIS; and
- monitoring the CHIS's welfare and security

The Handler of a CHIS will be a senior and experienced Officer.

The Controller will normally be responsible for the management and supervision of the Handler and general oversight of the CHIS and shall be the Head of Service.

In addition to the requirements of the Act the duties set out in the RIP Source Records Regulations (S.I.2000/2725) must also be observed.

Any Officer considering applying for a CHIS should consult the RIPA Monitoring Officer before taking any practical steps.

10. Social Networking Sites (SNS) and Hotlines

The use of the internet may be required to gather information prior to and/or during an investigation, and this may amount to Directed Surveillance. This includes the repeated covert viewing of social media sites. Where there is an intention to use the internet as part of an investigation, consideration must be given as to whether the proposed activity is likely to interfere with a person's Article 8 rights, including the effect of any collateral intrusion. Any activity likely to interfere with an individual's Article 8 rights should only be used when necessary and proportionate to meet the objectives of a specific case. Where it is considered that private information is likely to be obtained, an authorisation must be sought. Where an investigating Officer may need to communicate covertly online, for example, contacting individuals using social media websites, a CHIS authorisation should be considered.

- Officers must not create a false identity in order to 'friend' individuals on social networks

  Officers must not use their own social media accounts to undertake surveillance.

- Officers viewing an individual's profile on a social network should do so only once in order to obtain evidence to support or refute their investigation.

- Monitoring or recording of open profiles on social networks, to gather evidence or to monitor an individual's status, must only take place once RIPA authorisation has been granted and approved by a JP.

- Officers should be aware that it may not be possible to verify the accuracy of information on social networks and, if such information is to be used as evidence, take reasonable steps to ensure its validity.

- If an overt account on a one-off occasion is used to gather information or evidence, then no authorisation is considered necessary.

Officers should also be aware of the risks of 'status drift' whereby a hotline informant, who initially supplies information in a manner not requiring authorisation, has developed inadvertently into a CHIS. In such a case CHIS relationship is formed invoking the procedures set out above.

The fact that digital investigation is routine or easy to conduct does not reduce the need for authorisation. Care must be taken to understand how the SNS being used works. Authorising Officers must not be tempted to assume that one service provider is the same as another or that the services provided by a single provider are the same.

Whilst it is the responsibility of an individual to set privacy settings to protect unsolicited access to private information, and even though data may be deemed published and no longer under the control of the author, it is unwise to regard it as 'open source' or publicly available; the author has a reasonable expectation of privacy if access controls are applied. In some cases data may be deemed private communication still in transmission (instant messages for example). Where privacy settings are available but

not applied the data may be considered open source and an authorisation is not usually required, however, repeat viewing of 'open source' sites may constitute directed surveillance on a case-by-case basis and this should be borne in mind.

An Investigating Officer must not adopt the identity of a person known, or likely to be known, to the subject of interest or users of the site without the consent of the person whose identity is used, and without considering the protection of that person. The consent must be explicit (i.e. the person from whom consent is sought must agree (preferably in writing) what is and is not to be done.

Where covert identities are used by Investigating Officers to research online private information, control measures including a central register of covert identities will be necessary. The Authorising Officers should have oversight of such information.

11. Judicial Approval

In order to authorise the use of Directed Surveillance and use of a CHIS under RIPA, the Council will need to obtain an Order approving the grant or renewal of an authorisation from a JP before it can take effect. If the JP is satisfied that the statutory tests have been met and that the use of the technique is necessary and proportionate he/she will issue an Order approving the grant or renewal for the use of the technique as described in the application.

Judicial approval is in addition to the existing authorisation process under the relevant parts of RIPA as outlined in the Codes of Practice. The process of assessing necessity and proportionality, completing the RIPA authorisation/application form and seeking approval from an Authorising Officer remains the same.

11.1 Procedure for Applying for Judicial Approval

11.1.1 Making the Application

The flowchart at **Appendix D** outlines the procedure for applying for Judicial approval. The application must be made by the Council. Following approval by the Authorising Officer the first stage of the process is for the Council to contact His Majesty's Courts and Tribunals Service administration team at the Magistrates Court to arrange a hearing.

Legal Services will contact the Magistrates Court to arrange a hearing. On the rare occasions where out of hours access to a JP is required then it will be for Legal Services to make arrangements with Court legal staff.

The Council will provide the JP with a copy of the original RIPA authorisation or notice and the supporting documents setting out the case. This forms the basis of the application to the JP and should contain all information that is relied upon.

Renewal requests must also be approved by the Magistrates Court.

The original RIPA authorisation or notice should be shown to the JP but will be retained by the Council so that it is available for inspection by the Commissioners' Offices and in the event of any legal challenge or investigation by the Investigatory Powers Tribunal. The Court may wish to take a copy.

In addition, the Council will provide the JP with a partially completed Judicial Application Form (**Appendix H**).

Although the Council is required to provide a brief summary of the circumstances of the case on the Judicial Application Form, this is supplementary to and does not replace the need to supply the original RIPA authorisation as well.

The order section of the Form will be completed by the JP and will be the official record of the JP's decision. The Council will need to obtain judicial approval for all initial RIPA authorisations/applications and renewals and the Council will need to retain a copy of the Judicial Application Form after it has been signed by the JP. There is no requirement for the JP to consider either cancellations or internal reviews.

All applications for authorisations and applications for Judicial approval, even if urgent, must be made in writing. There is no ability to request or authorise verbally.

11.1.2 Attending a Hearing

The hearing is a 'legal proceeding' and Officers need to be formally designated to appear, be sworn in and present evidence or provide information as required by the JP.

The hearing will be held in private and heard by a single JP who will read and consider the RIPA authorisation or notice and the Judicial Application Form. He/she may have questions to clarify points or require additional reassurance on particular matters.

The Investigating Officer and the Authorising Officer will need to answer the JP's questions on the Policy and practice of conducting covert operations and detail of the case itself. The Investigating Officer will need to have detailed knowledge of the investigation and will have determined that use of a covert technique is required in order to progress a particular case. This does not, however, remove or reduce in any way the duty of the Authorising Officer to determine whether the tests of necessity and proportionality have been met, Similarly, it does not remove or reduce the need for the forms and supporting papers that the Authorising Officer has considered and which have been provided to the JP to make the case.

A Legal Officer will also be in attendance at court.

An authorisation of Directed Surveillance or CHIS does not take effect until it has been approved and signed by the JP. The Council will record the dates and times of signature by both the Authorising Officer and the JP. Care should be taken to record the expiry date accurately thereafter.

11.1.3 Decision

The JP will consider whether he/she is satisfied that at the time the authorisation was granted or renewed, or the notice was given or renewed, there were reasonable grounds for believing that the authorisation or notice was necessary and proportionate. They will also consider whether there continues to be reasonable grounds. In addition, they must be satisfied that that the person who granted the authorisation or gave the notice was an appropriate designated person within the Council and the authorisation was made in accordance with any applicable legal restrictions, for example that the crime threshold for directed surveillance has been met.

The forms and supporting papers must by themselves make the case. It is not sufficient for the Council to provide oral evidence where this is not reflected or supported in the papers provided. The JP may note on the form any additional information he or she has received during the course of the hearing but information fundamental to the case should not be submitted in this manner.

If further information is required to determine whether the authorisation or notice has met the tests, then the JP will refuse the authorisation. If an application is refused the Council should consider whether they can reapply, for example, if there was information to support the application which was available to the Council, but not included in the papers provided at the hearing.

The JP will record his/her decision on the order section of the Judicial Application Form. The Magistrates Court will retain a copy of the Councils RIPA authorisation or notice and the Judicial Application Form.

This information will be retained securely by the Council. Magistrates' Courts are not public authorities for the purposes of the Freedom of Information Act 2000.

11.1.4 Outcomes

Following consideration of the case the JP will complete the Order section of the Judicial Application Form recording their decision. The JP may decide to:

- Approve the Grant or renewal of an authorisation notice.

  The grant or renewal of the RIPA authorisation will then take effect, and the Council may proceed to use the technique in that particular case.

- Refuse to approve the grant or renewal of an authorisation or notice.

The RIPA authorisation or notice will not take effect, and the Council may not use the technique in that case.

Where an application has been refused, the Council may wish to consider the reasons for refusal. For example, a technical error in the form may be remedied without the Council going through the internal authorisation process again. The Council may then wish to reapply for judicial approval once those steps have been taken.

- Refuse to approve the grant or renewal and quash the authorisation or notice.

  This applies where a Magistrates Court refuses to approve the grant, giving or renewal of an authorisation or notice and decides to quash the original authorisation or notice.

  The Court must not exercise its power to quash that authorisation or notice unless the Council has had at least 2 business days from the date of refusal in which to make representations.

11.1.5 Complaints/Judicial Review

There is no complaint route for a Judicial decision unless it was made in bad faith. Any complaints should be addressed to the Magistrates Advisory Committee.

The Council may only appeal a JP decision on a point of law by Judicial Review.

The Investigatory Powers Tribunal investigates complaints about the use of RIPA techniques by public bodies, including the Council. If, following a complaint to it, the Tribunal does find fault with a RIPA authorisation or notice it has the power to quash the JP's order which approved the grant or renewal of the authorisation or notice.

12. Working With/Through Other Agencies

When some other agency has been instructed on behalf of the Council to undertake any action under the Act, this document must be used (as per normal procedure) and the agency advised or kept informed, as necessary, of the various requirements. The agency must be made aware explicitly what they are authorised to do.

When some other agency (e.g. Police, HM Customs & Excise, HM Inland Revenue, etc.):-

(a) requests to use the Council's resources (e.g. CCTV surveillance systems), that agency must use its own RIPA procedures and, before an Officer agrees to allow the Council's resources to be used for the other agency's purposes, s/he must obtain a copy of that agency's RIPA form for the record (a copy of which must be passed to the RIPA

Monitoring Officer for the RIPA Central Register) and/or relevant extracts from the same which are sufficient for the purposes of protecting the Council and the use of its resources;

(b) requests to use the Council's premises for its own RIPA action, the Officer should, normally, co-operate with the same, unless there are security or other good operational or managerial reasons as to why the Council's premises should not be used for the agency's activities. Suitable insurance or other appropriate indemnities may be sought, if necessary, from the other agency for the Council's co-operation in the agent's RIPA operation, In such cases, however, the Council's own RIPA forms should not be used as the Council is only 'assisting' not being 'involved' in the RIPA activity of the external agency.

In terms of 2(a), if the Police or other Agency wish to use Council resources for general surveillance, as opposed to specific RIPA operations, an appropriate letter requesting the proposed use, extent of remit, duration, who will be undertaking the general surveillance and the purpose of it must be obtained from the Police or other Agency before any Council resources are made available for the proposed use. Copies of letters should be sent to the RIPA Monitoring Officer for retention.

13. Duration and Cancellation

- An authorisation for **Directed Surveillance** shall cease to have effect (if not renewed) 3 months from the date of grant or renewal.

- An authorisation for **CHIS** shall cease to have effect (unless renewed) 12 months from the date of grant or renewal.

If the proposed operation is expected to be completed quickly, then an early review should take place and Authorising Officers, in accordance with s.45 of the Act, must cancel each authorisation as soon as Authorising Officers decide that the surveillance should be discontinued.

It is a statutory requirement that authorisations are cancelled as soon as they are no longer required.

Documentation of any instruction to cease surveillance should be retained and kept with the cancellation form.

When cancelling an authorisation, Authorising Officers should:

1. Record the time and date (if at all) that surveillance took place and the order to cease the activity was made.

2. The reason for cancellation.

3. Ensure that surveillance equipment has been removed and returned.

4. Provide directions for the management of the product.

5. Ensure that detail of property interfered with, or persons subjected to surveillance, since the last review or renewal is properly recorded.

6. Record the value of the surveillance or interference (i.e. whether the objectives as set in the authorisation were met).

14. Reviews

Authorising Officers should review all authorisations at intervals determined by themselves. This should be as often as necessary and practicable. **The reviews should be recorded.** If it is anticipated that the surveillance period will be short, an early review should be carried out and the authorisation subsequently cancelled.

If the Directed Surveillance authorisation provides for the surveillance of unidentified individuals whose identity is later established, the terms of the authorisation should be refined at review to include the identity of these individuals. It would be appropriate to undertake a review specifically for this purpose.

Reviews and renewals should not broaden the scope of the investigation but can reduce its terms. Where other subjects may unexpectedly come under surveillance, authorisations can anticipate it by using words such as 'suspected of', 'believed to be' or 'this authority is intended to include conversations between any and all of the subjects of this investigation, including those whose identities are not yet known'.

Particular attention should be paid to the possibility of obtaining confidential information.

15. Renewals

Authorising Officers may renew an existing authorisation on the same terms as the original at any time before the original ceases to have effect.

A CHIS authorisation must be thoroughly reviewed before it is renewed.

16. Central Register of Authorisations

16.1 The Council must maintain the following documents:

- Copy of the application and a copy of the authorisation together with any supplementary documentation and notification of the approval given by Authorising Officers;
- A record of the period over which the surveillance has taken place;
- The frequency of reviews prescribed by Authorising Officers;
- A record of the result of each review of the authorisation;

- A copy of any renewal of an authorisation and supporting documentation submitted when the renewal was requested;

- The date and time when any instruction to cease surveillance was given;

- The date and time when any other instruction was given by Authorising Officers.

16.2 The RIPA Monitoring Officer holds the central register of all authorisations issued. A copy of every authorisation, renewal and cancellation issued should be lodged within 2 working days with the RIPA Monitoring Officer and sent by encrypted email

16.3 The Council must also maintain a centrally retrievable record of the following information:

- Central Register Number
- URN of Operation or Investigation
- Date submitted to Central Register
- Date Authorisation given
- Name & Position of Authorising Officer & whether the authorisation was granted by individual directly involved in investigation
- Self-authorisation (Y/N)
- Brief Description of Investigation
- Named Suspects or not Known
- Confidential information likely to be involved (Y/N)
- Date Attended Court
- Determining Magistrate
- Decision, Date, Time
- Prescribed Review Frequency
- Review Date (s)
- Renewal (Y/N, If Y Name & Position of Authorising Officer
- Period over which surveillance taken place
- Date of instruction to cease surveillance
- Cancellation Date
- Co-ordinating Officer Comments
- Date of Destruction

These records will be retained for at least 6 years and will be available for inspection by the IPCO.

17. Retention of records

The Council must ensure that arrangements are in place for the secure handling, storage and destruction of materials obtained through the use of Directed Surveillance. The Council must ensure compliance with the appropriate data protection requirements under the Data Protection Act 2004 and any relevant codes of practice relating to the handling and storage of material.

The electronic Central Register of Authorisations must restrict access to only the RIPA Monitoring Officer and RIPA Senior Responsible Officer,

18. Complaints procedure

18.1 The Council will maintain the standards set out in this guidance and the Codes of Practice (**See Appendices A and B**). The Surveillance Commissioner has responsibility for monitoring and reviewing the way the Council exercises the powers and duties conferred by the Act.

18.2 Contravention of the Data Protection Act 2004 may be reported to the Information Commissioner. Before making such a referral , a complaint concerning a breach of this Policy and Guidance document should be made using the Council's own internal complaints procedure at this link.

REGULATION OF INVESTIGATORY POWERS ACT 2000

ACQUISITION AND DISCLOSURE OF COMMUNICATIONS DATA

Introduction

The acquisition and disclosure of Communications Data is now regulated by Part 3 and 4 of the Investigatory Powers Act 2016.

See the Code of Practice at **Appendix G**

The Council does not undertake the acquisition or disclosure of communications data under RIPA.

APPENDIX A

Code of Practice

Covert Surveillance

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/384975/Covert_Surveillance_Property_Interrefernce_web__2_.pdf

APPENDIX B

Code of Practice

Covert Human Intelligence Sources

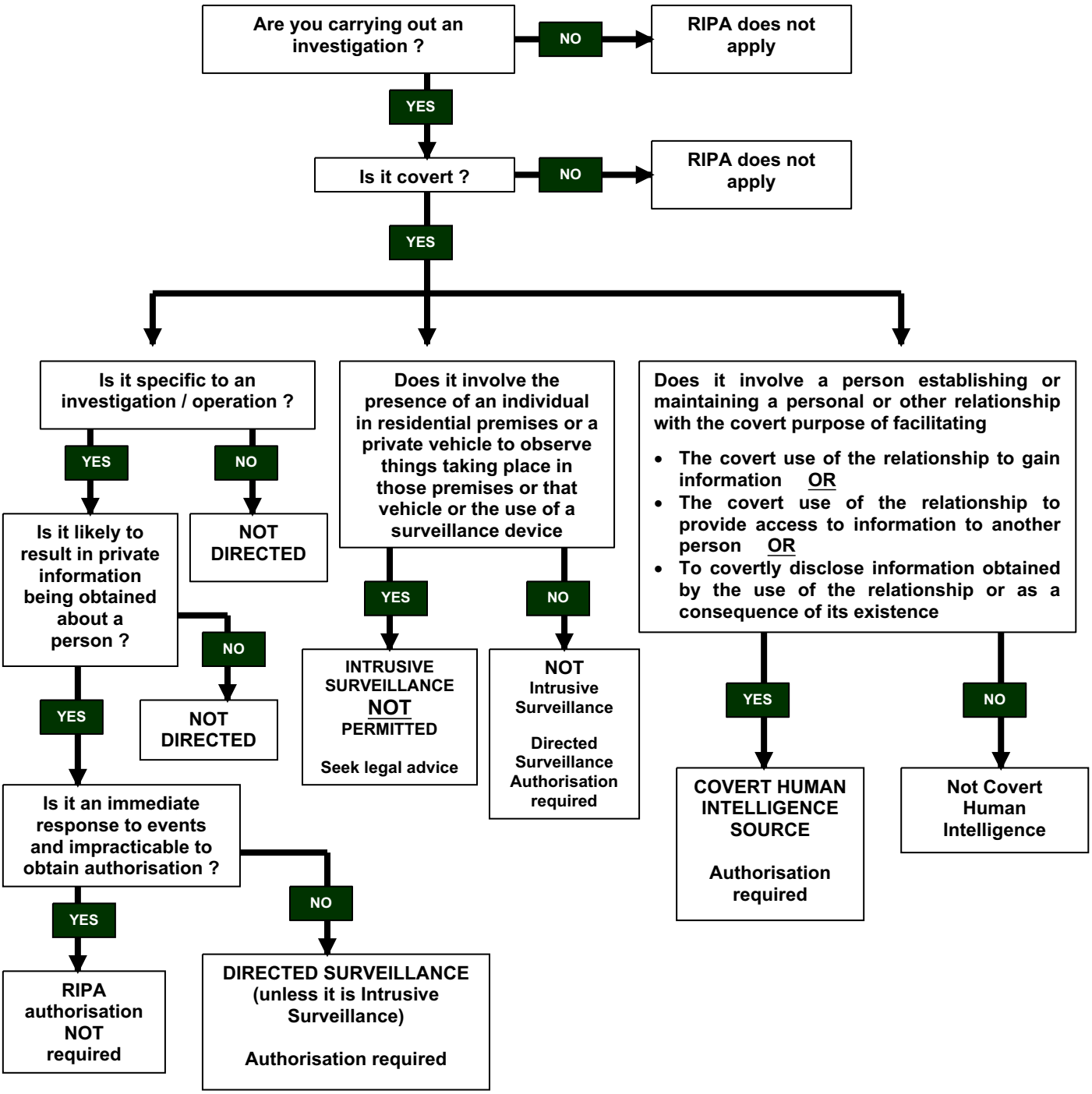
Covert Human Intelligence Sources code of practice 2022 - GOV.UK (www.gov.uk)

APPENDIX C

DIRECTED SURVEILLANCE/CHIS

Regulation of Investigatory Powers Act 2000

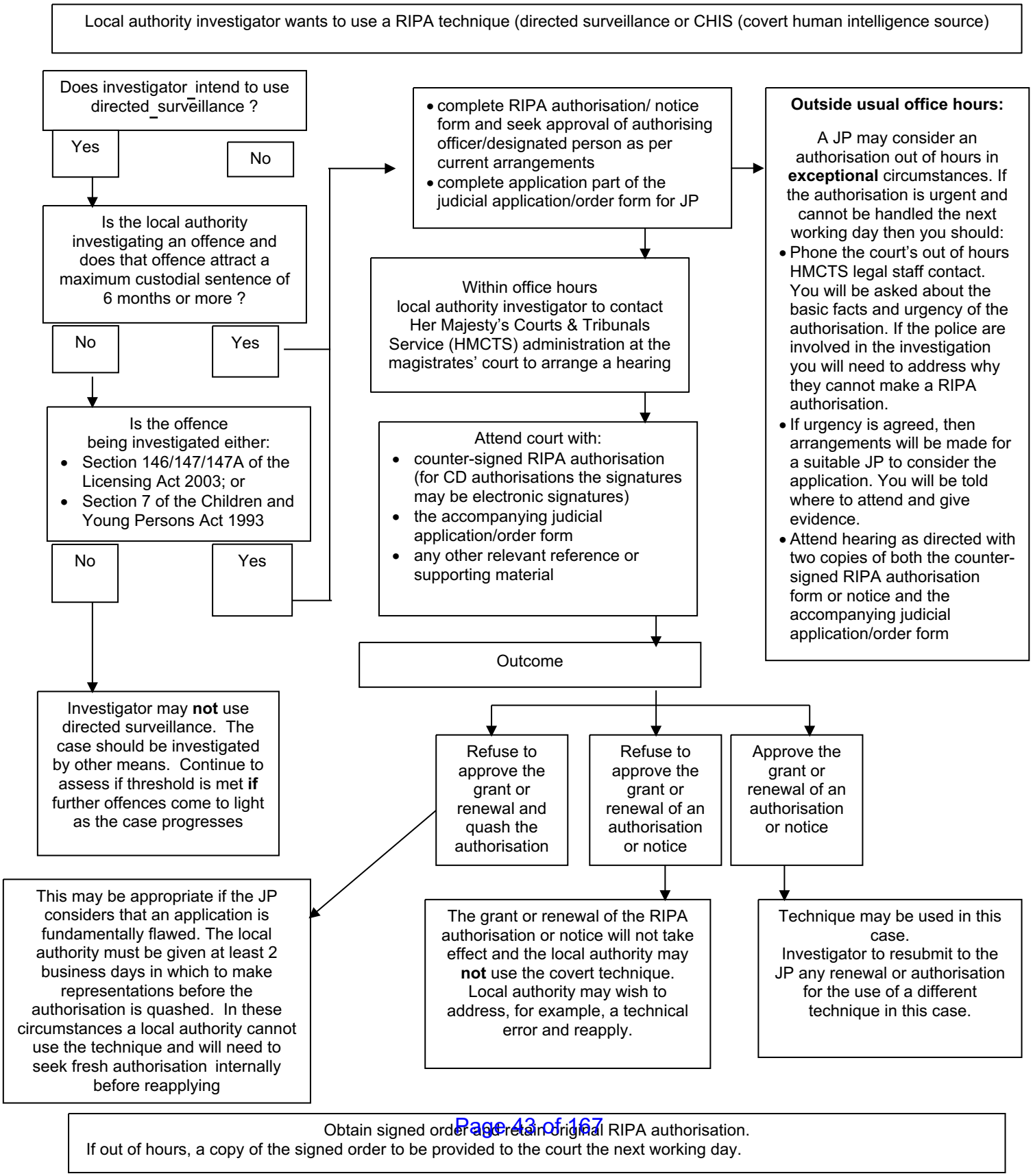
Do you need Authorisation?



APPENDIX D

LOCAL AUTHORITY PROCEDURE: APPLICATION TO A JUSTICE OF THE PEACE SEEKING AN ORDER

TO APPROVE THE GRANT OF A RIPA AUTHORISATION OR RENEWAL OF AUTHORISATION



APPENDIX E

Forms

Directed Surveillance

APPLICATION

https://www.gov.uk/government/publications/application-for-use-of-directed-surveillance

REVIEW

https://www.gov.uk/government/publications/review-of-use-of-directed-surveillance

CANCELLATION

https://www.gov.uk/government/publications/cancellation-of-use-of-directed-surveillance-form

RENEWAL

https://www.gov.uk/government/publications/renewal-form-for-directed-surveillance

APPENDIX F

Forms

Covert Human Intelligence Sources (CHIS)

APPLICATION

https://www.gov.uk/government/publications/application-for-the-use-of-covert-human-intelligence-sources-chis

REVIEW

https://www.gov.uk/government/publications/reviewing-the-use-of-covert-human-intelligence-sources-chis

CANCELLATION

https://www.gov.uk/government/publications/cancellation-of-covert-human-intelligence-sources-chis

RENEWAL

https://www.gov.uk/government/publications/renewal-of-authorisation-to-use-covert-human-intelligence-sources

APPENDIX G

Code of Practice

Acquisition and Disclosure of Communications data

Communications Data Code of Practice (accessible version) - GOV.UK

APPENDIX H

Application for judicial approval for authorisation to use a covert human intelligence source or to conduct directed surveillance - Regulation of Investigatory Powers Act 2000,

Local authority:

……

Local authority department:

……

Offence under investigation:

……..……..……..

Address of premises or identity of subject:

……..…….

……..……

……..……

Covert technique requested: (tick one and specify details)

Covert Human Intelligence Source ☐

Directed Surveillance ☐

Summary of details

……..……

……..……

……..……

……..……

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……..……

Note:
This application should be read in conjunction with the attached RIPA authorisation/RIPA application or notice.

Investigating Officer:

……

Authorising Officer/Designated Person:

……

Officer(s) appearing before JP:

……..

Address of applicant department:

……..

……

Contact telephone number:

……

Contact email address (optional):

……..

Local authority reference:

……

Number of pages:

……

Order made on an application for judicial approval for authorisation to use a covert human intelligence source or to conduct directed surveillance. Regulation of Investigatory Powers Act 2000,

Magistrates' court:

……

Having considered the application, I (tick one):

☐ am satisfied that there are reasonable grounds for believing that the requirements of the Act were satisfied and remain satisfied, and that the relevant conditions are satisfied and I therefore approve the grant or renewal of the authorisation/notice.

☐ refuse to approve the grant or renewal of the authorisation/notice.

☐ refuse to approve the grant or renewal and quash the authorisation/notice.

Notes

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Reasons

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……

Signed:

Date:

Time:

Full Name:

Address of magistrates' court:

REPORT TO:	**AUDIT AND GOVERNANCE COMMITTEE**	**AGENDA ITEM: 8**
DATE OF MEETING:	**03 DECEMBER 2025**	**CATEGORY: DELEGATED**
REPORT FROM:	**EXECUTIVE DIRECTOR - RESOURCES AND TRANSFORMATION**	**OPEN**
		DOC:
MEMBERS' CONTACT POINT:	**CHARLOTTE JACKSON HEAD OF FINANCE AND PERFORMANCE** Charlotte.Jackson@southdersyshire.gov.uk	
SUBJECT:	**RISK MANAGEMENT FRAMEWORK UPDATE**	
WARD(S) AFFECTED:	**ALL**	**TERMS OF REFERENCE: AG06**

1.0 Recommendations

1.1 The Committee notes the revisions made to the Risk Management Framework in Appendix A.

2.0 Purpose of the Report

2.1 The Framework has been revised to incorporate the recommendations arising from the audit undertaken by Central Midlands Audit Partnership, which concluded in July.

2.2 The Framework has also been updated to include the latest risk register template, as reported to Audit and Governance Committee, section 4.4, 18 June 2025 and to reflect the latest South Derbyshire District Council Committees Responsibilities for Functions.

2.3 Under this Committee's Terms of Reference, it is responsible for monitoring the effective development and operation of risk management

3.0 Executive Summary

3.1 The Risk Management Framework was last submitted to the Audit Sub Committee on the 19 June 2024 and Finance and Management Committee on the 20 June 2024.

3.2 Central Midlands Audit Partnership have undertaken a review of the Risk Management Framework, with the final report being provided in July 2025.

3.3 Following conclusion of the audit by Central Midlands Audit Partnership an assurance rating of 'reasonable' was given with two recommendations made, one was considered

a low risk and one a moderate risk. One additional minor risk was noted for consideration.

4.0 Detail

4.1 The below bullet points outline the key amendments made to the Risk Management Framework:

- Section 4.1 Overview of the Risk Management Process has been updated to reference the Audit and Governance Committee and to update the escalation process for Operational Risks to include the appropriate Executive Director.
- Section 4.8 Reporting arrangements has been updated to include reporting line flowcharts for Operational and Strategic risks as recommended by Central Midlands Audit Partnership (recommendation number 1: Reporting lines were not clearly defined in the Council's Risk Management Framework (low risk.)
- Section 4.8 Strategic Risk Register updated to remove Finance and Management Committee and replace with Audit and Governance Committee.
- Section 6.0 Ownership and Accountability has been updated to remove reference to the Audit Sub Committee and replace with the Audit and Governance Committee.
- Section 8.0 Risk Management Training has been updated to reflect the Council's mandatory Risk Management training programme as recommended by Central Midlands Audit Partnership (recommendation number 2: At the time of the audit, risk management training was still in development and not yet in place.
- Appendix 1 Risk Register Template. Has been updated to reflect the latest version of the template.
- Appendix 2 Risk Appetite. Has been updated with a paragraph at the beginning of the section to outline how the risk appetite should be used to assess risks to the Council as recommended by Central Midlands Audit Partnership as a minor risk for consideration.

5.0 Financial Implications

5.1 None directly arising from this Report.

6.0 Corporate Implications

Employment Implications

6.1 None directly.

Legal Implications

6.2 None directly.

Corporate Plan Implications

6.3 The Risk Management Framework has been updated to align with the Council Plan 2024-2028.

Risk Impact

6.4 The Risk Management Framework provides transparency and ensures robust controls are in place to mitigate risk to the Council.

7.0 Community Impact

Consultation

Not applicable in the context of the report.

Equality and Diversity Impact

7.1 Not applicable in the context of the report.

Social Value Impact

7.2 Not applicable in the context of the report.

Environmental Sustainability

7.3 Not applicable in the context of the report.

8.0 Conclusions

8.1 The Risk Management Framework has been amended to fully address the recommendations made by Central Midlands Audit Partnership and to reflect the latest risk register template and the Council's Committees Responsibilities for Functions.

9.0 Background Papers

9.1 Audit Sub Committee Report – Risk Management 19th June 2024, Finance and Management Committee Report – Risk Management 20th June 2024. Audit and Governance Committee on the 18 June 2025.

9.2 Appendix A – Risk Management Framework.

South Derbyshire District Council

RISK MANAGEMENT FRAMEWORK

AUTHOR: PERFORMANCE AND POLICY OFFICER

DATE: OCTOBER 2025

Version Control

Version	Description of version	Effective Date
1.0	Policy Statement and Framework Fully Revised.	December 2012
2.0	Review and Update for New Corporate Plan (no major changes.)	March 2016
3.0	Review and update to reflect new Corporate Plan and recommendations following an Audit.	December 2020
4.0	New Risk Register Template and amendments to sections 4,6,7,8 and section 10 new.	May 2021
5.0	Amended to include the recommendations made by internal audit in September 2022.	February 2023
6.0	New Risk Management Framework.	May 2024
6.1	Risk Management Framework amended to include the Council's risk appetite statement and the recommendations made by the Central Midlands Audit Partnership, Housing Consumer Standards.	November 2024 and January 2025
6.2	The Risk Management Framework has been amended to incorporate the audit recommendations from CMAP to include the reporting lines flowchart in section 4.8 and update Appendix 2 Risk Appetite, to include a paragraph to outline how the risk appetite should be used to assess risks to the Council. In addition, the risk register template in Appendix A has been updated to reflect the current template and the committee reporting structure has been amended in section 6.0 to reflect the latest structure.	October 2025

Approvals

Approved by	Date
Finance and Management Committee	December 2012
Director of Finance and Corporate Services	March 2016
Audit Sub Committee	December 2020
Audit Sub Committee	June 2021
Finance and Management Committee	20th June 2024
Audit Sub Committee	19th June 2024
Executive Director of Resources and Transformation and Chair of Finance and Management Committee	13th January 2025
Audit and Governance Committee	3rd December 2025

Associated Documentation

Description of Documentation	
Performance Management Framework	Version 3.0
Annual Governance Statement	
Emergency Planning and Business Continuity Framework	Held centrally on the Government's "Resilience Direct" website

1.0 INTRODUCTION

This document outlines the Council's commitment to managing risk in an effective and appropriate manner. It is intended to be used as the framework for the delivery of the Risk Management function and provides guidance to ensure management of risk is a routine process for all services.

This Framework will ensure that:

1. The management of risk contributes towards ensuring effective service delivery and the achievement of the Council's priorities and aims.

2. Ownership and accountability are clearly assigned for the management of risks throughout the Council.

3. There is a commitment to embedding risk management into the Council's culture and organisational processes, at all levels, including strategic and operational.

4. All Elected Members and officers acknowledge and understand the importance of risk management as a good governance process, by which key risks and opportunities are identified, evaluated and managed.

5. Effective monitoring and reporting mechanisms are in place to continuously review the Council's exposure to, and management of, risks and opportunities.

6. Best practice systems for managing risk are used throughout the Council, including mechanisms for monitoring and reviewing effectiveness against agreed standards.

7. Where possible the Council's approach is regularly assessed by the audit subcommittee.

8. The Risk Management Framework is reviewed and updated in line with the Council's developing needs and requirements.

2.0 WHAT IS RISK AND RISK MANAGEMENT?

A risk is defined as an uncertainty at a point in the future that can affect the ability of the organisation in achieving its strategic objectives.

Risk management has been defined as any action taken by an organisation to minimise a threat to the achievement of its objectives. In order to achieve this, threats – or risks – must be identified & assessed and control measures implemented to reduce the impact and/or likelihood of the risk being realised (occurring). Risk management is what the Council is doing every day as it delivers services to the residents of South Derbyshire, as every control in every process has in some way been implemented to ensure required services meet the needs of communities, businesses, and individuals to the fullest extent possible within current resources.

The risk management approach is vital to ensure that all elements of the organisation are challenged including decision making processes, working with partners, consultation, existing policies and procedures and also the effective use of assets – both staff and physical assets.

The risks facing the Council will change over time, some changing continually, so this is not a one-off process. Instead, the approach to risk management should be continual and the risks and the approach to managing them should be reviewed regularly.

In broad terms risks to the Council are split into two categories:

• Strategic risks – those risks relating to the long-term strategic priorities and aims of the Council and

• Operational risks – risks related to the day-to-day operation of each individual service area.

STRATEGIC RISK MANAGEMENT

Strategic risks are essentially those that threaten the long-term goals of the Council and therefore are mainly based around meeting the priorities and aims of the Council Plan.

Strategic risks will be controlled using a register that will detail the risks and associated controls. The register will be owned by the Leadership Team, with ownership for risks being assigned to individual officers, and will be reviewed every quarter by the Risk Management Group and Leadership Team.

Minutes will be taken to reflect discussion and changes to risks.

The strategic risks will be reported to the Finance and Management Committee every quarter.

OPERATIONAL RISK MANAGEMENT

Operational risks are those that threaten the routine service delivery of the Council.

Each service area will have their own operational risk register that details the risks associated with providing the service.

These registers will be updated by the risk owner each quarter (as a minimum) and will be reviewed regularly in 121s with the Executive Director.

Significant risks (significant risks are risks with a mitigated risk rating score of 8 or above) and the actions in controlling them will be reported to the Risk Management Group and Senior Leadership Board on a quarterly basis, as these will help in the consideration and formulation of the Strategic Risk Register.

2.1 RISK MANAGEMENT REVIEW AND MEASURE

The following are some of the practical ways that risks are managed and how effectiveness is measured:

- Provision and regular review of a comprehensive Strategic Risk Register.
- The Strategic Risk Register undergoes scrutiny and challenge by the Risk Management Group.
- Consideration of Strategic risks in the Finance and Management Committee report.
- Risk impact is considered in every committee report.
- Provision and regular review of Operational Risk Registers.
- Provision and review of Project and Partnership Risk Registers.
- Successful internal and external assessment.

3.0 RISK MANAGEMENT AIMS AND OBJECTIVES

Risk Management aims are to:

- adopt best practices in the identification, evaluation, and monitoring of risks across all processes to ensure that risks are properly considered and reduced as far as practicable.
- Integrate Risk Management into the culture of the Council.
- Support risk-informed decision making at all levels.
- Raise awareness of the need for the management of risks by all those connected with the delivery of services (including partners and stakeholders).
- Enable the Council to anticipate and respond to changing circumstances.
- Minimise injury, damage, loss and inconvenience to residents, staff, service users,

assets etc. arising from or connected with the delivery of Council services.

- Implement an effective Risk Management Framework.

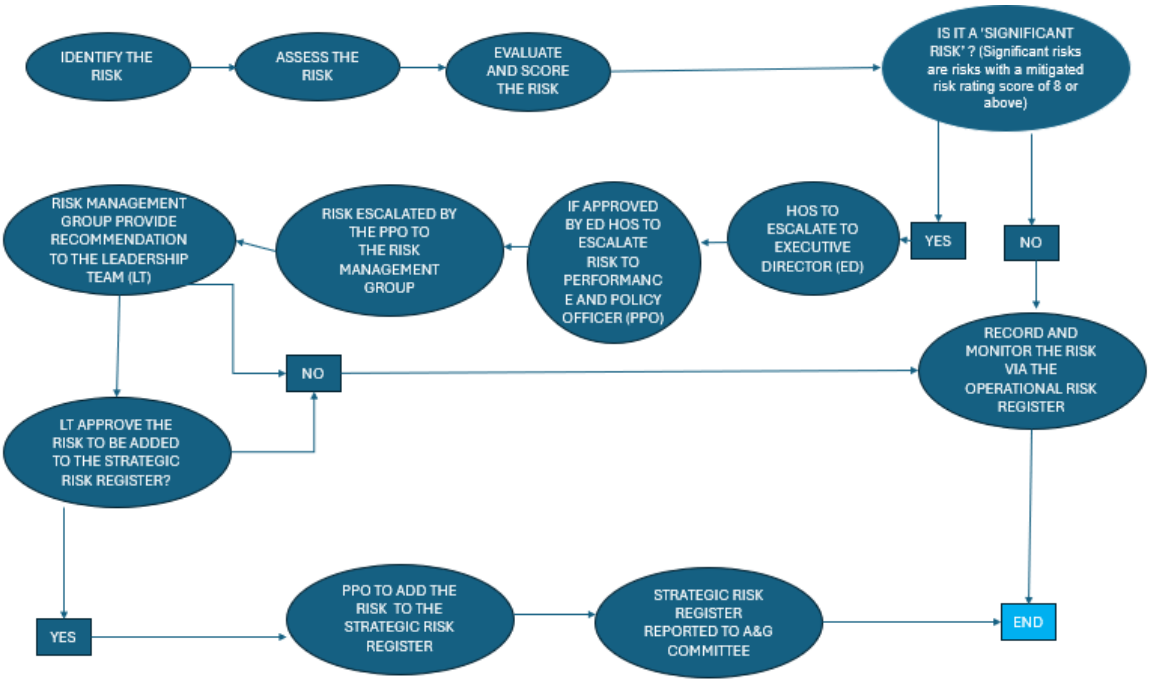
Risk Management Objectives are to:

- Support delivery of the Council's four priorities as set out within the Council Plan 2024-2028.
- Ensure risk management is incorporated into strategic, operational and project working.
- Broaden the organisations understanding of risk management by engaging with officers from across the Council, at all levels, on risk matters at both operational and strategic level.
- Provide assurance through reporting of risk management arrangements to the Audit Sub Committee.
- Provide Risk Management training.
- Manage risk in accordance with best practice and ensure compliance with statutory requirements.
- Review and monitor our partnerships management of risk.

4.0 RISK MANAGEMENT PROCESS

4.1 Overview of the Risk Management Process

The flowchart below provides an overview of the risk management process, further detail is provided from section 4.2 onwards.



4.2 Identifying & Documenting Risks

The first stage of the risk management process is to identify risks which may prevent

service/project/partnership delivery. For service related and project risks, this is best undertaken by engaging staff working in the area to ensure that all potential risks are captured for assessment. A detailed breakdown of other methods which can be used to identify risks are outlined below. Such risks will be recorded in the Operational Risk Register, if relating to business-as-usual activities within services, or within a dedicated project or partnership risk register.

Each Service within the Council will maintain its own Operational Risk Register, which is subject to review by relevant Heads of Service and all corporate projects will be maintained in a project risk register, the template for the risk register is in Appendix 1.

4.3 How to identify risks to be added to the risk register.

Risk is typically identified by employing a variety of methods such as brainstorming, interviewing, reviewing complaint logs or insurance claims history, each aimed at effectively managing potential threats to communities and operations. Here are some other key strategies commonly used:

1 Risk Assessments: Councils regularly conduct risk assessments to identify potential risks in such areas as public safety, health, environmental impact and financial stability. These assessments help in determining the likelihood of an event occurring and its potential impact.

2 Community Consultation: Engaging with community members through surveys, public meetings, and feedback mechanisms allows us to gather insights about concerns and potential risks perceived by residents.

3 Data Analysis: Utilising data from various sources, such as crime statistics, health reports, and environment data, helps us to identify patterns and emerging risks. This approach often involves collaboration with other government agencies.

4 Expert Consultation: Consulting with experts in fields such as public health, urban planning, and environmental science can provide us with specialised knowledge.

5 Monitoring Media and social media: Media outlets and social media platforms can be valuable sources for identifying emerging issues and risks. We can use these tools to stay informed about what is happening locally and globally.

6 Legislation and Regulatory Changes: Keeping abreast of changes in laws and regulation helps us to anticipate risks associated with compliance or the need to alter existing policies.

7 Technology and Innovation: Adoption of new technologies can also introduce new risks, such as cyber security threats, which require ongoing vigilance and adaptation.

Through these methods, we aim to proactively manage and mitigate risks, ensuring that we can respond effectively to protect public interest and community well-being.

4.4 Assessing Risks

The Council utilises a 4x4 risk matrix to assess the impact and likelihood of risks in

accordance with internationally recognised methods of risk assessment. Appendix 1 provides further detail on how impact and likelihood scores are defined and scored for risks. All risks are assessed twice. The first assessment involves a calculation of an overall inherent score, essentially evaluating the risk before controls are put in place to minimise the threat. The second assessment takes place after the controls have been evaluated and is referred to in section 4.5 below.

The direction of travel of the mitigated risk will be recorded in the risk register to show whether the risk trend is increasing, decreasing, or remaining the same.

4.5 Evaluating the Control Environment

After the inherent risk score has been calculated the risk is evaluated again once the controls are put in place, this determines the extent to which risk scores are reduced.

4.6 Responding to Risks

In preparing the Risk Appetite statement the Council has established eleven risk categories - technology, reputational, partnership, financial, legislative, environmental, people, cyber security, safeguarding & welfare and transformation. The risk appetite level (either averse, cautious, open or eager) has been agreed for each of these categories. Further detail of the risk categories and risk appetite levels can be found in Appendix 2. By establishing the Councils risk appetite for each of the categories the Leadership Team and Heads of Service can take this into consideration when evaluating risks and making decisions about the actions necessary to minimise risk.

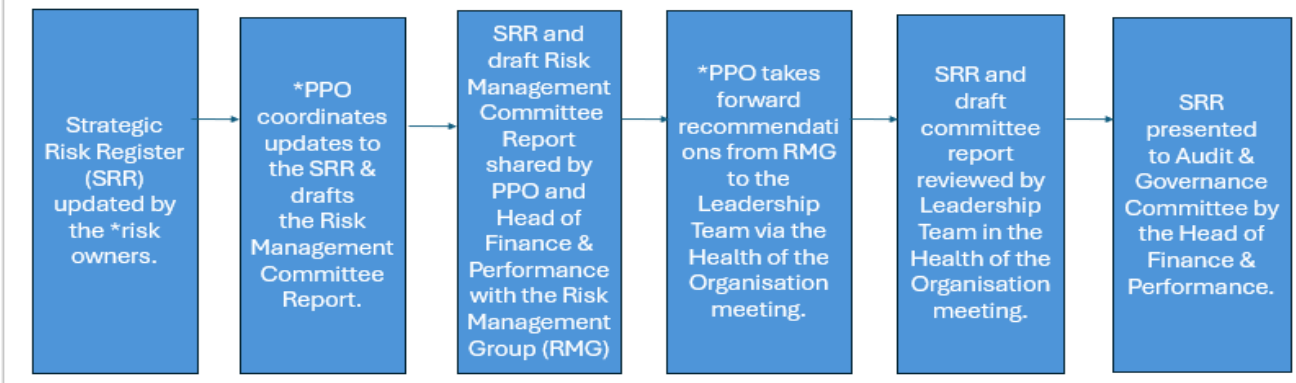
4.7 Monitoring Management of Risks

All Risk Registers are reviewed by the risk owners regularly, as a minimum on a quarterly basis to determine whether any amendments are required to existing risks for example, risk scores may need to be amended as a result of changes in circumstances and/or implementation of actions or a new risk(s) may have been identified and will need to be added to the Operational or Strategic Risk Register. If a risk is no longer deemed a risk this should be discussed with the Executive Director in the first instance and recommended for removal from the risk register to the Risk Management Group and Leadership Team.

4.8 Reporting Arrangements

The reporting line flowcharts below provide an overview of the hierarchical structure of risk reporting.

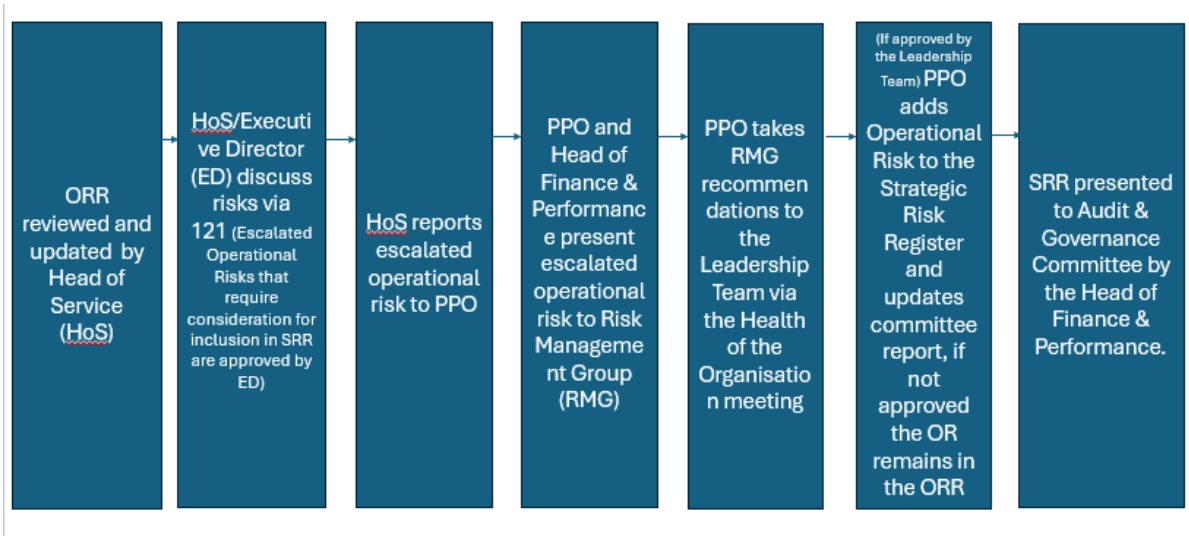
Strategic Risk Register (SRR) Reporting Line



*** Risk Owners are assigned in the Strategic Risk Register. *PPO Performance and Policy Officer**

The Strategic Risk Register is reviewed on a quarterly basis by the Risk Management Group (RMG) who then report their recommendations to the Leadership Team who make the final decision. Following this review, a Risk Management Quarterly Report is prepared and submitted to the Audit and Governance Committee.

Operational Risk Register (ORR) Reporting Line



Operational Risk Registers are reviewed and updated on a quarterly basis (as a minimum) by Heads of Service and will form part of the discussion with the relevant Executive Director during service performance 121 discussions and/or direct management team. Minutes will be taken to reflect discussion and changes to risks. All risks with a mitigated risk score of 8 or above in the Operational Risk Registers will be escalated to the Risk Management Group for review and consideration in respect of whether the risk should be added to the Strategic Risk Register.

5.0 RISK APPETITE STATEMENT

5.1 RISK APPETITE STATEMENT – The Council has a broadly open appetite when reviewing risk, decisions will be made on a case-by-case basis based on a predetermined criteria. See Appendix 2, for in depth guidance on the Councils risk appetite.

5.2 Risk appetite can be defined as the amount of risk the Council is willing to take in pursuit of its objectives. A well-defined risk appetite means Elected Members and officers are clear about which risks are acceptable, and which risks should be avoided. Risk appetite should be at the heart of how the Council delivers services and sets the tone for the risk culture of the Council.

5.3 Understanding and setting a clear risk appetite level is essential to achieving an effective risk management framework and should be done before how to treat risks can be considered.

5.4 Establishing and articulating the risk appetite level helps to ensure that consideration in the way the Council responds to risk is consistent and that there is a shared vision for managing risk. There are risks for which the Council is the custodian on behalf of the public and the environment, where risk appetite may be very low, and there may be risks with choices about investment in projects, research and delivery roles, where risk taking may be encouraged.

5.4 In determining the statement, it is recognised that risk appetite is subject to change and needs to flex in line with the Council's strategic environment and business conditions; and as such the statement will be reviewed periodically, every three years.

6.0 OWNERSHIP AND ACCOUNTABILITY

To support effective governance and decision-making at each level, the roles and responsibilities for risk management are clarified and defined below

Full Council.

Sets the Council Plan and Governance Arrangements, etc.

Audit and Governance Committee

To have responsibility for reviewing in respect of governance, risk and control arrangements, financial reporting, and audit and assurance arrangements including risk management.

Risk Management Group (cross organisational officer group) - On behalf of the Leadership Team:

- To consider operational risks which have been escalated as 'significant risks' and provide recommendation to the Leadership Team for inclusion of the risk in the Strategic Risk Register.
- Review the Strategic Risk Register each quarter and provide recommendations to the Leadership Team for review and sign off (by the Leadership Team)
- Makes recommendations for the assessment of risk and timing and nature of mitigating actions.
- Promote risk management best practice.
- Challenge specific officers responsible for taking action to manage risks.

Leadership Team

- Overall ownership of the risk management process and endorsement of the strategic direction of risk management.
- Ensure that there are clear accountabilities for managing risks and that managers are equipped with the relevant skills and guidance to perform their assigned roles effectively and efficiently.
- Overall responsibility for maintaining and reviewing the Strategic Risk Register.
- Overall responsibility for agreeing if an operational/project/partnership risk should be added to the Strategi Risk Register.
- Challenges (and holds accountable) specific officers responsible for taking action to manage risks.
- Ensures Partnership boards make appropriate provision for risk management in their respective areas of control.
- Determine and continuously assess the nature and extent of the strategic risks that the Council is willing to take to achieve its objectives - its "risk appetite" - and ensure that planning and decision-making appropriately reflect this assessment.
- Incorporate risk management into Departmental Management Team agendas.
- Chair Risk Management Group meetings or nominate a suitable chair / risk champion.
- Ensure the allocation of appropriate resources for risk management, which can include, but is not limited to people, skills, experience and competence.
- Use horizon scanning to identify emerging sources of uncertainty, threats and trends.
- Agree the frequency and scope of its discussions on risk to review how management is responding to risks and how this is integrated with other matters including business planning and performance management processes.

All Heads of Service

- Maintain the operational risk register for their service, ensure the register is maintained and up to date (as a minimum on a quarterly basis) and escalate risks that are *'significant' for consideration to be added to the Strategic Risk Register

on a quarterly basis.

- Ensure that mitigating actions are carried out, and controls are in place to reduce risks, whilst identifying and enabling cost-effective strategies to be put in place to minimise the incidence of these.
- Maintain partnership risk register(s) for partners identified as 'significant' ensure the register is maintained and up to date and escalate risks that are 'significant' for consideration to be added to the Strategic Risk Register on a quarterly basis.
- Maintain project risk register(s) for projects that sit outside of the Digital and Customer Transformation Plan and ensure the register is kept up to date and escalate risks that are 'significant' for consideration to be added to the Strategic Risk Register on a quarterly basis.
- Contribute to the development of a risk management culture in their teams.
- Use horizon scanning to identify emerging sources of uncertainty, threats and trends.
- feedback on the effectiveness of the risk management process.

***** Significant risks are risks with a mitigated risk rating score of 8 or above.

Line Managers

- Contribute to the maintenance of a risk register for their service area.
- Share relevant information with colleagues.
- Feedback on effectiveness of the risk management process to their Heads of Services.
- Utilise risk management data to minimise unwanted incidents and outcomes at operational level.
- Ensure staff have the appropriate skills to manage risk.

Elected Members - Understand the strategic risks faced by the Council. Oversee the effective management of these risks by officers. Ensure that risks have been considered in decision-making.

Internal Audit

- Evaluating the adequacy and effectiveness of controls in responding to risks within the Council's governance, operations and information systems.
- Assessing and making appropriate recommendations to improve the Council's governance processes for overseeing risk management and controls.

External Audit– as part of their annual Value for Money judgement, they review the Council's overall Governance arrangements as published in the Annual Governance Statement, which includes risk management.

Executive Director (Resources and Transformation) – Lead officer for the risk management process, demonstrating a commitment to managing risk.

Executive Directors -

- Reviews Operational Risk Registers for their relevant service areas.
- Ensure reports to members seeking approval for decisions include appropriate reference to relevant risk management arrangements.

Health and Safety - Ensures the Council has appropriate arrangements in place to manage health and safety risk.

Data Protection Officer - Assists in the identification of areas of information risk; and Co-ordinates all information management activity.

Performance and Policy Officer – Responsible for co-ordination of the risk management process, co-ordinating and preparing reports and providing advice and support.

All Employees

- Liaise with their line manager to assess areas of risk and opportunity in their job.
- Identify new or changing risks in their job and feed these back to their line manager.
- Highlight any risk management issues or inadequacies with their job or department.
- Be aware of their accountability for ensuring that risks are adequately managed.
- Understand how they can make a positive contribution to the improvement of risk management practices.

7.0 REPORTING

No matter how good the process to identify and control risks is, it will not be effective unless the information gained from it is reported and used to influence other management issues / processes. Therefore, it is essential that there is a defined process and timetable for reporting the results of the risk management process to both Elected Members and officers.

Types of Report

➢ **The Strategic Risk Register** is reported to the Risk Management Group, Leadership Team and Finance and Management Committee on a quarterly basis.

➢ **Operational Risk Registers** are reported to the Executive Director and are reviewed regularly in 121s. The Operational Risk Register should be maintained and kept up to date, if a significant risk is identified and the Executive Director agrees, the risk should be escalated for consideration to the Strategic Risk Register on a quarterly basis. Significant risks identified in the Operational Risk Registers will be referred to the Risk Management Group for consideration for inclusion on the Strategic Risk Register. The Risk Management Group will submit their recommendations report to the Leadership Team each quarter.

➢ **Project Risk Registers** (projects that sit outside of the Digital and Customer Transformation Plan) are reported to the Executive Director and are reviewed regularly in 121s. The Project Risk Registers should be maintained and kept up to date, if a significant risk is identified and the Executive Director agrees, the risk should be escalated for consideration to the Strategic Risk Register.

➢ **Digital and Customer Transformation project risks** are reported through the project management process and reported to the Leadership Team.

➢ **Partnership Risk Registers** are maintained for ‘high risk partnerships’ see Appendix 3.

➢ **The Strategic Risk Register** is presented to Finance and Management Committee every quarter.
➢ **An annual report review** of the Risk Management Framework taking into account changes in methodology and results of internal and external reviews. Going to the Risk Management Group, Leadership Team and Audit Sub Committee.

8.0 RISK MANAGEMENT TRAINING

For the benefits of Risk Management to be realised, it is necessary for the process to be embedded in the culture and operations of the Council. To facilitate this, mandatory risk management training will be included in the council's workforce development plans to ensure staff have the necessary knowledge and skills to effectively identify and manage risk.

9.0 LINKS

Risk management cannot operate in isolation to other management processes. To fully embed a risk management culture, it must be demonstrated that risk is considered and influences all decisions that the Council makes. It is essential that there is a defined link between the results of managing risk and the following:

- The Council Plan
- Service Plans
- Risk impact is considered in every committee report
- Developing risk management links with key partners and contractors, to ensure that principles are adopted in all areas of service delivery.

10.0 PARTNERSHIPS AND CONTRACTORS

Partnership working plays an important role in the way the Council delivers key outcomes or important services. The focus for many public, private, voluntary and community organisations has been on the opportunities offered by partnership or joint working arrangements.

Partnership working presents the authority with governance and accountability challenges which needs to be managed. Guidance on Risk Management with Partnerships is outlined in **Appendix 3.**

The Councils significant partnerships are detailed in the Councils operational Service Plans which are reviewed and published annually.

11.0 REVIEW

The Risk Management Framework will be reviewed on an annual basis.

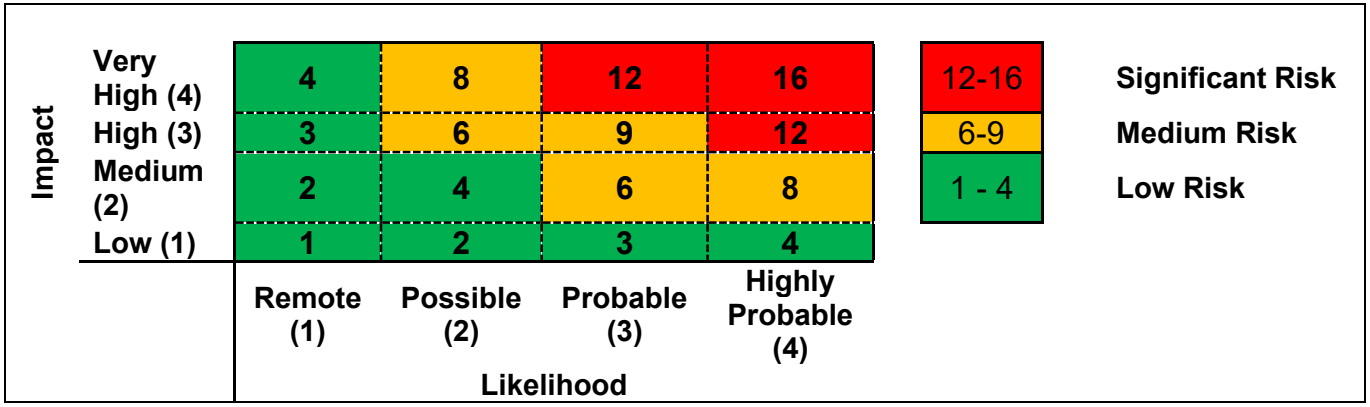
APPENDIX 1 RISK REGISTER TEMPLATE

<table>
<tr><td colspan="2">Risk Reference and Description:</td><td>Risk Owner:</td></tr>
<tr><td>Risk Cause:
•</td><td colspan="2">Risk Impact:
•</td></tr>
<tr><td>Inherent Risk Impact Rating: (Likelihood and Impact)
<table><tr><th>Likelihood</th><th>Impact</th><th>Score</th></tr><tr><td></td><td></td><td></td></tr></table>Mitigated Risk Impact Rating: (Likelihood and Impact)
<table><tr><th>Likelihood</th><th>Impact</th><th>Score</th></tr><tr><td></td><td></td><td></td></tr></table></td><td colspan="2">Direction Of Travel For The Mitigated Risk Impact Rating:

(Select from these visuals)
  </td></tr>
<tr><td colspan="3">Mitigating Actions/Update: (what are we currently doing about the risk.)
•</td></tr>
<tr><td colspan="3">Mitigating actions identified for future progression:
•</td></tr>
<tr><td colspan="3">Summary of changes made to this risk since it was last reviewed:</td></tr>
</table>

RISK IMPACT AND LIKELIHOOD DEFINITIONS

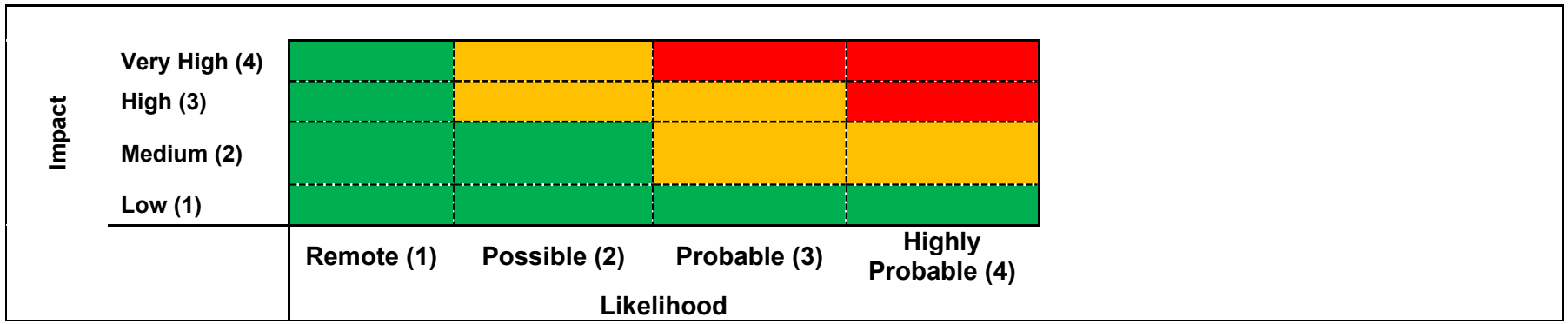
The table below outlines how the impact and likelihood of the risk is scored using the threshold and description as guidance.



Impact	Thresholds and Description
1 – Low	Limited impact on service objectives if any, section objectives unlikely to be met, financial loss less than £10,000, no media attention
2 – Medium	Slight delay in achievement of service objectives, minor injuries, financial loss over £50,000, adverse local media attention, breaches of local procedures
3 – High	Significant threat to Council objectives. Non-statutory duties not achieved, permanent injury, financial loss over £100,000, negative national media attention, litigation expected, serious issues raised through inspection, breakdown of confidence of partners.
4 – Very high	Objectives cannot be delivered. Statutory duties not achieved, death, financial loss over £500,000, adverse national media attention, litigation almost certain, prosecutions, breaches of law, inspection highlights inadequate service, Council unable to work with partner organisation
Likelihood	**Thresholds and Description**
1 – Remote	May occur only in exceptional circumstances (e.g. once in 10 years)
2 – Possible	Unlikely to occur but could at some time (e.g. once in three years)
3 – Probable (in two years)	Fairly likely to occur at some time or under certain circumstances (e.g. once in two years)
4 – Highly probable (in 12 months)	Will probably occur at some time or in most circumstances (e.g. once in 12 months)

Risk Matrix

The below table summarises the risk likelihood and impact for risks after controls have been put in place to mitigate the risk.



Use of a RAG System

The Risk Register includes the **'inherent risk rating'** the level of risk in place before actions are taken to alter the risk's impact or likelihood and the '**mitigated risk rating**' is the remaining risk level following the development and implementation of the actions.

The Risk Register will capture all controls (actions) that have been put in place to mitigate the risk, whilst the likelihood of the risk may remain the same the level of impact should reduce. The **'mitigated risk rating'** will be reviewed every quarter by the risk owner.

Risks are rated, scored and classed as **Red, Amber,** or **Green.** The Risk Matrix Table in Appendix 1 outlines the scoring of impact and likelihood of the risk using the threshold and description as guidance.

The rating score considers the likelihood of a risk occurring and the potential impact if things go wrong.

This classification is intended to prioritise risks at a point in time and ensure that prevailing (Red) risks are being given appropriate treatment at that time.

The rating serves as a guide for stakeholders to help understand the extent and severity of risks at a particular time and how they may have changed.

Some risks will remain high, such as health and safety, due to the very nature that an incident could have a serious and significant effect for the Council.

APPENDIX 2 – RISK APPETITE

The risk categories and the Council's risk appetite levels for each category are outlined in detail below. This appendix should be used as a reference when identifying, assessing, and managing risks, as well as when determining appropriate mitigating actions. It provides essential guidance to ensure risks are considered consistently and in alignment with the Council's overall risk management approach.

South Derbyshire have set four risk appetite levels ranging from averse through to eager, these represent the amount of risk the Council is willing to take in pursuit of our strategic objectives in any given area. Averse leans towards ultra safe options that will not increase the exposure of the Council to certain risks but also may mean that the Council does not exploit opportunities to the fullest extent. The eager category means the Council are often at the cutting edge of development in these areas that may lead to greater progress. However, this will allow more risk into the Council and may mean that we experience larger losses and potential failures.

Averse – We will actively seek out ultra safe actions to reduce risks to the lowest level, using only methods that have been tried and tested at other organisations across the sector where the chance of success is very high. We are not willing to risk any reputational or staff related impacts from the result of decisions in these areas.

We will not seek to innovate in any way in this area and are willing to accept a lack of progress or stagnation as a result, investment in this area will be minimal and only seek to help support the basic tried and tested methods we have previously had success with. We will never sacrifice long or short-term objectives to seek opportunity in this area.

Cautious – Although we have a preference for safe options with tried and tested methods, we are willing to take some risks where sufficient evidence has been provided that the project will yield successful results. Innovation is to be pursued only where there is reasonable certainty of return on investment and where results at similar organisations have been seen elsewhere.

We are willing to sacrifice short- and long-term strategic objectives provided there is a very high likelihood of widespread benefits to the organisation.

Open – There is an organisational willingness to accept more risk in this area, particularly when there is a clear benefit to the organisation. We will seek out more innovative approaches and pursue opportunities even when success is not guaranteed. We are willing to cause some reputational or workforce impact if the long-term benefit far outweighs the short-term disruption.

We will consider a wider variety of options in this area and will choose options with the highest upside gain as well as the factoring in the likelihood of success. We understand that losses may happen in in these areas, but we feel that the overall long-term benefit

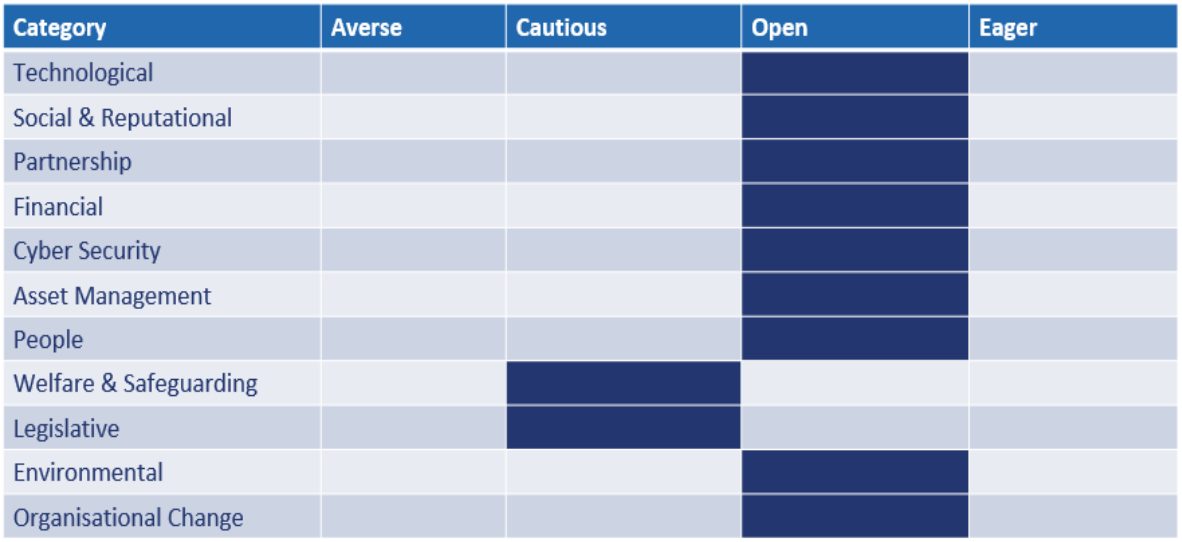
makes this an acceptable risk to take.

Eager -We are willing to accept very risky propositions in this area often with uncertain outcomes. We seek to innovate and be market leaders and will accept wide scale disruption or failure to achieve strategic goals in order to do this. We understand that our work in this area may cause disruption and may not always be successful.

However, we believe that this is acceptable and the nature of what we are doing will allow the organisation to move effectively into the future. Innovation is actively sought, and we will lead the way developing and using new technologies and methods that may have uncertain results but that offer large potential rewards.

RISK APPETITE – AT A GLANCE

This is a snapshot of how the Councils risk appetite levels are aligned with the risk categories.



Category	Averse	Cautious	Open	Eager
Technological			■	
Social & Reputational			■	
Partnership			■	
Financial			■	
Cyber Security			■	
Asset Management			■	
People			■	
Welfare & Safeguarding		■		
Legislative		■		
Environmental			■	
Organisational Change			■	

Further detail on each of the categories and appetite levels can be found in the table below:

Risk Appetite Appendix 2		
Category and Description	**Appetite Level**	**Statement**
Technology – Risk arising from the new and emerging technologies that South Derbyshire may be subject to and able to take advantage of. Examples in technology risks	**Open –** There is an organisational willingness to accept more risk in this area.	The Council believes that they should be open to new innovation, we aim to support our growth ideals and service delivery via the investment in new technologies and will seek opportunities even if we are not certain that they will be successful. We understand that this exposes us to an increased level of risk, but we believe this to be necessary to support the continuing development of the Council.

could include: the advancement of AI, investment in new systems, use of technology reliant ways of working such as drones, lone working apps or driver telematics.		
Social/ Reputational - These risks arise from social or reputational factors, that could lead to a loss of credibility or trust in South Derbyshire District Council if they happen. Examples of these types of risks could include decisions by the Council that are seen as unethical; decisions or actions involving treatment of people; or projects we choose to get involved in that don't turn out as expected	**Open** - There is an organisational willingness to accept more risk in this area.	Due to the inherently risky environment within which we operate we have decided to take an open view in relation to our reputational risk. The Council must be prepared to make decisions that may make us unpopular in the short term as long as these decisions are aligned to the long-term benefit of the community and achievement of our wider strategic objectives. We are willing to accept an increased degree of scrutiny from the community and potentially the media in pursuit of our objectives but will not rush into decisions that may have widespread and further reaching reputational impacts.
Partnership – Risks arising from the partnerships that the Council enters into. Examples of partnership risks could include poor	**Open** - There is an organisational willingness to accept more risk in this area.	The Council is willing to be proactive in its pursuit of new partnerships and will consistently look for new organisations that can help to further develop the Council and aid in the achievement of our strategic objectives. Despite this we express an understanding that certain partnerships that carry a strategic value and have the potential for benefit cannot be easily broken. We also understand the need to be

contract management, deteriorating relationships and inability to influence change within the sector.		aware of our wider reputation within the marketplace and the need to continue to be an attractive proposition for potential partners. We know that this approach may lead to more work in seeking out and brokering partnerships but should prevent the Council from remaining in partnerships that are no longer providing maximum value.
Financial – Risks arising from economic constraints and influences and financial losses arising from increased costs, budget overspend and lower than forecast investment returns.	**Open** - There is an organisational willingness to accept more risk in this area.	It has been decided that for the Council to achieve its long-term strategic goals and growth ambitions we require an open financial appetite, we understand that there are various elements to financial appetite and will review decisions on a case-by-case basis to ensure that fiduciary responsibility is maintained. However, we will seek to look for new investments and will empower employees to invest in their teams and the wider organisation in order to drive improvement.
Cyber Security – Risks arising from the threat of potential cyber-attack against the organisation, these risks involve the development of cyber security responses and its linkage to wider technology within the organisation, potential risks include, remote and lone working, attached devices and new forms of security innovation.	**Open** - There is an organisational willingness to accept more risk in this area.	While the Council understands the strict importance of cyber security this does not mean that we should not be innovative in our approach, no actions should be taken that would endanger the security of the Council, but we feel that cyber security should be able to support our current work approach. As such where we have seen successful innovation in peer organisations, we will consider investment even if we are not certain that the same results can be guaranteed. We hope that this approach will lead to a more agile Council that can operate quickly and effectively across multiple strands of business.
Asset Management – These risks arise from commercial investments and management of key assets that are held by the Council. Risks can include loss of invested capital as well as the failure	**Open** - There is an organisational willingness to accept more risk in this area.	We feel that our current asset management approach represents an open appetite and at this point we see no reason for this to change. We will continue to seek new investments where the potential for returns is sound there is the potential for this appetite to extend further to support the growth of the council. However, at this point, any new innovations outside of our normal practices will require evidence of success in similar organisations. While our current approach is successful, we understand

of the project, this risk can have a significant impact on other risk categories such as workforce, community reputation and finance. This area of risk can also bring widespread opportunity as well as the potential for significant gains to be made for the Council.		the need to remain aware of new developments that may require us to change our appetite at a later date.
People – Risks arising from relationships with and management of the Council's workforce. Risks can include resignation, disruption and general unhappiness, however, there is space here for innovation and to be a market leader in workforce development.	**Open** - There is an organisational willingness to accept more risk in this area.	We are willing to be active in seeking risk surrounding our people and workforce and we accept that this may cause disruption within our Council, we are willing to accept this potentially higher turnover of staff as we feel that it will lead to an increase in skills in the long term. There will be a need to see that there is upside potential to help improve retention and recruitment practices following short term disruptions. We will seek to innovate and lead the way in people management including being aware of new and emerging workforce practices and have dedicated champions within the workplace to help ensure that all employees are valued. We will expand our recruitment networks to previously untapped areas in an attempt to attract new ideas and a wider set of candidates. This is part of a long-term plan to seek to empower our staff and encourage them to development across the organisation.
Welfare and Safeguarding - Risks arising from the nature of the work that our staff undertake during their day-to-day roles, this can include the development of new policies	**Cautious** - Although the Council prefers safe options with tried and tested methods, we are willing to take some risks where sufficient evidence has been provided the project will	We are willing to take a degree of risk in relation to safeguarding particularly when it appears that greater value can be achieved for the Council through the development of new relationships elsewhere. We are willing to take some risk in relation to safeguarding and welfare but will ensure that we have seen similar relationships work in other similar sized organisations within the sector and that there is a high likelihood (85%) these will succeed for us. Although we are not averse to risk in this area, we are not going to seek to actively seek out risk

and procedures, lone working arrangements as well as ensuring that effective mechanisms are in place to protect our staff.	yield successful results.	unless success and tangible benefit is highly likely. We understand that this means a greater degree of stability but will also mean less innovation in this area.
Legislative – Risks arising from the legal and regulatory environment, such as non-compliance with employment law, poor corporate governance or non-compliance with standards required by regulatory bodies.	**Cautious** – Although the Council prefers safe options with tried and tested methods, we are willing to take some risks where sufficient evidence has been provided the project will yield successful results.	The Council will take a cautious approach to legislative risk and will not seek to work in ways that may invite legal challenge to the Council. We believe that the potential ramifications of such actions often outweigh the benefits in the long term. We understand that this means that we may be subject to increased costs as a result of this approach but believe that this will be in the best interest of the Council. We are willing to consider accepting additional legal risks where there is a solid foundation of evidence or where we have seen partners or peer organisations take similar actions with great success.
Environmental – Risks arising from the physical impacts of the changing climate (flooding/high wind/extreme heat) and/or the Council's transition to net zero.	**Open** - There is an organisational willingness to accept more risk in this area.	In order to achieve its objectives, the Council believes that it should have an open appetite in relation to Environmental risks, this means that we will seek to innovate in a controlled manner where we have seen working methods and technologies be successful across the sector. We know that this approach may result in some losses and setbacks, but this will only help the growth and development of the Council. Within this there is the potential for more scope to advance the appetite towards 'Eager' as we decide how we would best like to exploit new opportunities in this space such as new technology and the harnessing of alternative power sources.
Organisational Transformation – Risks arising in the development of new organisational direction and can	**Open** - There is an organisational willingness to accept more	Transformation requires an open appetite in order to allow the changes that the Council wish to implement to take place. We will seek to set a culture of change, empowerment and innovation that is supported by strong governance we will look across the sector as well as to partners and

involve significant upheaval and change to ways of working. These risks are often linked to people, finance and new legislation, types of risks can include; new department development, restructuring of the organisation, investment in new property or technology.	risk in this area.	the private sector to continue to find new ways to develop and allow for continuous growth and improvement. We are willing to accept potential failures and increased costs in order to achieve these objectives and will seek to use any missteps as a springboard for learning and development.

APPENDIX 3 GUIDE TO RISK MANAGEMENT WITH PARTNERSHIPS

There are many definitions as to what constitutes a 'partnership'. For the purposes of this guide a key partnership is defined as:

"An agreement between two or more independent bodies to work collectively to achieve a common objective."

and typically, partner may comprise of one or more of the following criteria:

- are independent of the Council i.e. another public sector body, voluntary organisation etc.
- agree to co-operate to achieve a common goal or shared objective(s)
- plan and implement a jointly agreed programme, often with staff or resources provided jointly.
- pool resources and rewards.
- work collaboratively with other authorities.
- may receive a grant to provide a service on behalf of the Council.

What is not a Partnership? The above definition should exclude the following:

- where the Council is consulting partners but ultimately has direct control over budgets or decision making
- consultation groups set up to discuss or consider specific topics.
- appointments and/or financial commitments to outside bodies where the Council has no strategic or policy function.
- private finance initiatives and other commercial agreements, or contracts where the Council is paying other organisations to deliver a service or goods and vice versa.
- joint ventures will developers

ASSESSING THE SCALE OF YOUR PARTNERSHIP

It is recommended all key partnerships outlined in the Council's Service Plans undergo the assessment to determine if the partnership is high or low risk. A record of this assessment should be retained by the Head of Service for audit purposes.

A crucial first step in the way the Council manages risk in partnerships is an initial assessment to decide what scale of partnership you are dealing with. This assessment process should be completed at the earliest possible stage of a partnership.
The process uses five criteria relating to financial commitment, impact on the Council's key aims, procurement complexity, organisational impact and legal requirement. The process is simple and enables us to identify a partnership as **high** or **low** risk and therefore decide on the level of risk management application required.
From a risk management perspective, it is not necessary to devote the same amount of resources and attention to every partnership. The scale of the partnership will determine the level of input required. Once you have completed this process you should then be able to determine if the partnership is "High" or "Low" risk. Clearly the higher the risk the more risk management activity is required.

Looking at the table below, under each ‘impact evaluation’ heading find the statement that best matches your partnership. Each statement is assigned a score of 1 to 4 according to the column it sits in.

If during this process your partnership fits into any one red box, then it will be deemed as high risk and therefore you should refer to Appendix B.

If none of the statements in red boxes apply to your partnership, calculate the total value of your partnership by adding together the scores of the statements you have selected for each of the evaluation statements.

	SCORE			
IMPACT EVALUATION	1	2	3	4
Estimated SDDC Financial Commitment What is the estimated SDDC financial commitment for the partnership? This should include capital investment required, resource costs, staff costs, equipment costs etc.	Up to £10K	Over £50K	Over £100K	Over £500K
Contribution to corporate key aims Will this partnership make a significant contribution to the achievement of any of SDDCs key aims	No contribution	Linked to other work that contributes to a corporate key aim	Partial contribution to a corporate key aim	Significant contribution to 1 or more corporate key aim
Organisational impact What impact will your partnership have on the way the organisation works? (Change to business processes, staff redeployment etc.)	None or very minimal	Some new business processes and possibly some retraining	Significant restructure of processes and work areas	Transfer of staff or outsourcing
Contribution to delivery of external policy or legislation Is this partnership required to meet the specific requirements laid out in a piece of legislation, mandatory central government policy directive or Audit Commission recommendation?	No contribution	Contributes to other work that is delivering policy or legislation	Direct links to policy or legislation	Fundamental to achievement of policy or legislation
Procurement complexity Does your partnership involve the purchase of any service or other goods that will require a procurement contract? If so, what level of risk is attached to the contract?	No contracts involved	Low risk contract	Medium risk contract	High risk contract

5-9 Points
Low Risk
Go to Appendix A

10-20 Points
High Risk
Go to Appendix B

APPENDIX A

LOW RISK PARTNERSHIPS

If your partnership has been assessed as low risk, then there is no need to go through a detailed risk management process. There is still however a need for robust management of the partnership and provided that you are able to answer yes to the questions in the checklist below the risks should be under control.

- Is there a clear business need for the partnership?
- Is a partnership approach the best way to achieve our objectives?
- Is there a written partnership agreement?
- Are there clear aims and objectives set out?
- Is there a clear governance structure in place?
- Are there clearly defined roles and responsibilities set out?
- Are there clear lines of accountability set out?
- Is there a clear means of controlling finance?
- Has a means of identifying performance been agreed and defined?
- Is a regular operational meeting held to review performance and jointly identify risks and agreed control measures?
- Has a clear exit strategy been agreed?
- Is there a secondary/back up plan in place should the partnership fail?

If you are unable to answer yes to these questions, then the partnership could be at risk. You therefore need to take action to ensure a positive answer.

APPENDIX B

HIGH RISK PARTNERSHIPS

If you have assessed your partnership as high risk, then you should adhere to the guidance in this appendix.

You will need to gain the agreement of the partner to work to the Council's Risk Management Framework and follow the 'risk management process guidance' as outlined in the framework – identify, assess, treat, monitor and report. The Council will work with the partner to jointly identify any risks and agree appropriate actions to mitigate against the risk. It is recommended the risk register template and accompanying matrix **(Appendix 1)** is adopted with the partner to support the management and review of risks.

The owner of the relationship with the partner (Head of Service or Director) will update the appropriate Council Risk Register (Chief Executive, Corporate, Service Delivery) to indicate that the partnership is under risk management review. The 'risk category' should be selected to ensure transparency.

Risk Management will not happen unless it is properly resourced. This includes the provision of people, time and in some cases finance to make it happen. You should create a plan for managing risk. The plan will describe how risk will be addressed in the partnership. It will set out the agreed framework for who will lead, who will be involved, responsibilities and accountabilities, in addition to establishing the frequency of risk monitoring. The idea is to ensure that risk is considered as an integral part of the

partnership management. Resources for the management of risk should be agreed at the outset.

REPORT TO:	**AUDIT AND GOVERNANCE COMMITTEE**	**AGENDA ITEM: 9**
DATE OF MEETING:	**03 DECEMBER 2025**	**CATEGORY: DELEGATED**
REPORT FROM:	**EXECUTIVE DIRECTOR – RESOURCES AND TRANSFORMATION**	**OPEN**
MEMBERS' CONTACT POINT:	**CHARLOTTE JACKSON, HEAD OF FINANCE AND PERFORMANCE (DEPUTY SECTION 151 OFFICER)** Charlotte.jackson@southderbyshire.gov.uk	**DOC:**
SUBJECT:	**RISK MANAGEMENT UPDATE QUARTER 2 2025-2026**	
WARD(S) AFFECTED:	**ALL**	**TERMS OF REFERENCE: AG01**

1.0 Recommendations

1.1 Members consider the Report and Strategic Risk Register (as set out at Appendix A)

2.0 Purpose of the Report

2.1 To present the Strategic Risk Register to Committee for information and consideration.

3.0 Executive Summary

3.1 In accordance with the requirements of the Council's Risk Management Framework, this report presents the Strategic Risk Register for the Committee's consideration. The register is updated on a regular basis through discussions with risk owners and the Leadership Team.

4.0 Detail

Approach

4.1 In line with the Risk Management Framework which was submitted for consultation purposes to the Audit Sub Committee and for approval to Finance and Management Committee in June 2024, this report presents the Strategic Risk Register in Appendix A.

4.2 The Risk Management Group have reviewed the Strategic Risk Register, undertaking an independent and objective critical review, before the Leadership Team review and sign off.

4.3 Operational risks continue to be monitored and managed by the Council, with the Operational Risk Registers managed within service areas, with Heads of Service maintaining ultimate responsibility.

4.4 This section will present a summary of the changes made to the strategic risks during the quarter and will highlight key movements in scores from the position reported in the previous quarter. The risks with an amended risk rating score have been prioritised and placed at the top of this report to ensure the updated status is highlighted for review.

SR5 - Decreasing Financial resources/Increasing Financial Pressures.
The inherent and mitigated risk scorings have increased to reflect a more probable adverse financial impact because of the Fair Funding Review 2.0 consultation, more detail is expected at the end of October/early November, when MHCLG publish the consultation response and the Local Government Finance Policy Statement. Future actions to assess the Council's financial position against the government's anticipated plans published as part of Fair Funding consultation, has been moved to an existing mitigating action as this is now complete. The future action to review the HRA 30-year business plan and cashflow model has been updated to confirm the plan will be presented to Housing and Community Services, 20 January 2026.

SR1 – Contract are not properly procured/managed.
The review of the Procurement Strategy has been completed. This has now been moved from future actions to progress into the mitigating actions section of the risk.

SR2 Effective use of assets/buildings (non-housing.)
The actions identified for future progression have been updated to confirm a business case is due to be taken to Finance and Management Committee on the 20 November 2025, for the project to review depot operations.

SR4 - Organisational/Transformational Change.
The mitigating and future actions around the review of the Transformation Team resources have been updated to acknowledge progress to date.

SR6 - Economy/Regeneration.
The mitigating actions have been updated to confirm the UKSPF/REPF programme commenced in August following receipt of agreement from EMCCA. East Midlands Freeport and East Midlands Investment Zone partnerships have been referenced in the mitigating action to for active participation in the Economic Group.

SR7 – Cyber Security
The mitigating actions have been updated to advise changes made to the security permissions in SharePoint for officers sharing data outside of the Council. Officers will now need Head of Service approval (as the Information Asset Owner) to add an external email address to a SharePoint site. The actions identified for future progression have been updated to advise the ICT department has been working with a third-party security consultant in implementing more logging software and data control tools.

SR9 - Insufficient resources due to unplanned/unforeseen absences/vacancies.
The future action to support the regional review of the 2025-2026 LGA National Recruitment Campaign has been actioned and moved from future actions to the mitigating actions section. The ICT structure has been reviewed in-line with corporate employment

and operating model; this action has been moved from the future actions section to mitigating action.

SR10 – Staff lone working including out of hours.
The future action to clarify the expectation of staff to assist in emergency situations has been actioned with the production and publication of the Corporate Business Continuity Plan and service areas plans, this has been moved from the future actions section of the risk to the mitigating actions section.

SR11 - Council is subject to fraud, corruption or theft.
The Fraud Awareness Raising Campaign was launched in August 2025, with the Communications Team and Derby City Council. This has now been transferred from the future action to the mitigating actions section.

SR13 – Reputational Damage.
The future action to develop a Communications Champions Network has been completed with the group now established and training provided to officers. This action has been moved from future actions to mitigating actions. The future action to develop a corporate protocol for the approval of media responses, has been updated to confirm the protocol has been developed and will be presented to Leadership Team of approval in quarter 3, 2025/26. A future action to review the Whistleblowing Procedure has been added to the risk in quarter 2 and this is due to be completed in quarter 3.

SR15 Failure to meet Regulatory Standards for Housing.
The mitigating actions have been updated to confirm the new Tenant Engagement Strategy and new policy for Damp, Mould and Condensation Policy have been approved. In addition, the Repairs Policy and Compliance policies have been reviewed and approved. The future actions have been updated to confirm the target date to recruit to the new Housing staffing structure has been extended from July to November, to recruit to the two remaining posts for Housing Officers and the target date to undertake all stock condition surveys has been extended from July to November to progress the remaining 9% of 'no access' properties. The future action to commence the IT Project in Housing Services and assess the LGR implications has been replaced with an action for all tenant data across all council properties to be reviewed and updated in the housing system to ensure it is up to date. A future action has been added to confirm a progress update on the Housing Service Transformation Plan will be reported to Housing & Community Services Committee on the 13 November 2025.

SR16 Local Government Reorganisation.
The future action for members, officers and Trade Unions to be presented with regular updates on the progress of LGR and regular engagement with the workforce through colleague briefings and the employee forum have been moved to the mitigating actions. The future action to undertake the Quarter 1 Employee survey has been completed and an overview of results to identify trends and further actions is due to be presented to Leadership Team in quarter 3, 2025/26. The future action around the establishment of internal project team has now been completed and moved to an existing mitigating action.

4.5 The Strategic Risk Register contains 16 risks. No risks have been added or removed from the register during the quarter.

4.6 The mitigated scores for all risks are visually represented by the arrows shown in the far-right column “Direction of Travel of mitigated risk score”.

4.7 Changes that have been made to existing controls, management actions and target dates, are detailed in the ‘Summary of change since last quarter’ column of the Risk Register.

5.0 Financial Implications

5.1 There is no direct financial impact as a result of this report.

6.0 Corporate Implications

Employment Implications

6.1 There are no employment implications arising from the contents of this Report.

Legal Implications

6.2 There are no direct legal implications arising from the contents of this Report.

Council Plan Implications

6.3 The Risk Management Framework and Strategic Risk Register supports the delivery of the Council Plan 2024-2028.

Risk Impact

6.4 The Strategic Risk Register for the Council is detailed in Appendix A.

7.0 Community Impact

Consultation

7.1 During quarter one, the Strategic Risk Register has undergone consultation with the Leadership Team and the Risk Management Group.

Equality and Diversity Impact

7.2 There are no implications arising from this Report.

Social Value Impact

7.3 There are no implications arising from this Report.

Environmental Sustainability

7.4 There are no environmental sustainability implications directly arising from the contents of this Report.

8.0 Conclusions

8.1 The Strategic Risk Register has been updated by the risk owners and approved by the Leadership Team. No operational risks have been escalated by the Heads of Service for consideration for inclusion in the Strategic Risk Register for the quarter.

9.0 Background Papers

9.1 Risk Management Framework, Audit Sub Committee – 19th June 2024.
Risk Management Framework, Finance and Management Committee – 20th June 2024

10.0 Appendices

Appendix A - Strategic Risk Register

STRATEGIC RISK REGISTER

Quarter 2, 2025-2026

Risk Reference and Description: **SR1 - Contracts are not properly procured and managed.**

Risk Owner: Head of Customer Services

Risk Cause:

- Procurement and legal colleagues are not engaged appropriately when services are engaging contractors.
- Loss of key staff or supplier.
- The Council's Contract Procedure Rules are not followed.
- The Council contributes to modern slavery via its contracts and supplies.
- Contractors are not appropriately monitored, and contracts managed.

Risk Impact:

- The Council incurs additional costs.
- Contracts do not represent VfM.
- Litigation/legal challenge.
- Health and safety compliance.
  Service disruption.

Inherent Risk Impact Rating: ***(Likelihood and Impact)***

Likelihood	Impact	Score
4	4	16

Mitigated Risk Impact Rating: (***Likelihood and Impact***)

Likelihood	Impact	Score
3	4	12

Direction Of Travel For The Mitigated Risk Impact Rating:

(Select from these visuals)

Mitigating Actions/Update: *(what are we currently doing about the risk.)*

- Action plan in place following non-compliance issues of agency staff engagement, reported in Annual Governance Statement 2023/24.
- Cross-council multidisciplinary officer group, "Spend Matters" mobilised to develop the Council's procurement and contract management approach.
- Discussion with neighbouring council underway to bolster resilience in approach.
- Procurement support contract with V4 Services in place.
- Permanent Procurement in place.
- Contract Register and procurement pipeline refreshed as part of 2025/26 Service Planning.
- New procurement support arrangements in place.
- Contact Procedure Rules have been reviewed, updated and adopted at Council on the 15 May 2025.
- Procurement compliancy issues identified pertaining to agency staffing arrangements recognised as a corporate governance internal control weakness within the 2024/25 Annual Governance Statement (AGS).
- The Councils Procurement Strategy has been reviewed and approved by Finance & Management Committee on 2nd October 2025.

Mitigating actions identified for future progression:

- Receive the Internal Auditors consultative report and create an action plan to respond to findings and mitigate further recurrences of compliancy breaches. Target Date: December 2025 Owner: Head of Customer Services.

Summary of changes made to this risk since it was last reviewed:

- Review of the Procurement Strategy has been completed. This has now been moved from the future actions to progress into the mitigating actions section.

Risk Reference and Description: **SR2 Effective use of assets/buildings (non-housing.)**

Risk Owner: Head of Property

Risk Cause:

- Failure to follow Health and Safety requirements.
- Insurance / public liability.
- Contractor issues.
- Political will.
- Facility Management.
- Depreciation.
- Ageing infrastructure.
- Funding availability.

Risk Impact:

- Public liability issues.
- Personal liability issues (e.g. corporate manslaughter.)
- Death or injury.
- Loss of income.
- Higher insurance.
- Reputational damage.
- Revenue pressure due to high maintenance costs.

Inherent Risk Impact Rating: ***(Likelihood and Impact)***

Likelihood	Impact	Score
3	4	12

Mitigated Risk Impact Rating: (*Likelihood and Impact*)

Likelihood	Impact	Score
3	3	9

Direction Of Travel For The Mitigated Risk Impact Rating:

(Select from these visuals)

Mitigating Actions/Update: *(what are we currently doing about the risk.)*

- The additional repairs reserve has addressed the risk in the short term.
- Condition surveys are being undertaken with a view to preparing a Planned Maintenance Programme and comparing estimated costs against available budgets.
- Regular quarterly Health and Safety assessments of council buildings with Property Services and Health and Safety Officer.
- Continually monitor and review the repair budgets to ensure adequate funding is available for the Planned Maintenance Programme going forward.
- Planned Maintenance Programme reviewed in preparation for next financial year.
- A programme of quarterly inspections of Council buildings has commenced with reviews completed at the Civic Offices, Boardman Depot and Rosliston Forestry Centre.

Mitigating actions identified for future progression:

- Ongoing project to review depot operations and potentially build a replacement to mitigate risk of existing depot becoming unfit for purpose. Business case to be presented to Finance & Management Committee on 20th November 2025. Target Date: 20th November 2025. Owner: Executive Director, Environment and Communities.

Summary of changes made to this risk since it was last reviewed:

- A new action to review the depot operations has been added to future actions. A business case is due to be taken to Finance and Management Committee on the 20th November.

Risk Reference and Description: **SR3 Regulatory Governance**

Risk Owner: Executive Director – Law and People

Risk Cause:

- New or changes to legislation.
- Failure to identify new/changes to legislation.
- Failure to implement new/amended requirement.
- Government amends deadlines with short notice

Risk Impact:

- Ultra Vires / unlawful actions.
- Substantial fines (e.g. ICO.)
- Reputational damage.
- Regulatory intervention.
- Financial loss.
- Public liability.
- Personal liability.

Inherent Risk Impact Rating: ***(Likelihood and Impact)***

Likelihood	Impact	Score
3	4	12

Mitigated Risk Impact Rating: (*Likelihood and Impact*)

Likelihood	Impact	Score
3	3	9

Direction Of Travel For The Mitigated Risk Impact Rating:

(Select from these visuals)

Mitigating Actions/Update: *(what are we currently doing about the risk.)*

- The Council's Statutory Monitoring Officer/Executive Director Law & People and Head of Legal & Democratic Services, receive regular legislative updates from the LGA and LLG (Lawyers in Local Government) and other sources, legislative updates are disseminated to the relevant officers.
- Necessary skills and resources are in place to ensure that the Council meets its statutory duties.
- Council's Constitution, policies and procedures support strategic and regulatory delivery.
- Appropriate insurance cover in place – e.g. Official Indemnity (accidental or negligent act) or Professional Indemnity (breach of professional duty) Policies.
- Designated officers for key legislated areas, e.g. Health and Safety Officer, Data Protection Officer, Procurement Lead.
- On-going mandatory training programme is in place for all staff and occupational specific training for parts of the workforce where there is a greater risk of an accident.
- Data Protection policy.
- Code of Conduct and regular training.
- Statutory Monitoring Officer role fulfilled and at most senior level in organisation.
- Continued Professional Development of legal officers.
- GDPR training.
- Clear lines of accountability within management structure, with Executive Director responsibility for identifying and implementing new/amended requirements within services.
- The Local Plan Part 1 was submitted on time, on the 12 March. Since then, further consultation events have taken place, and the team is on track for the December 2025 timeframe for the full submission.

Mitigating actions identified for future progression: No future actions identified.
Summary of changes made to this risk since it was last reviewed: • No change for quarter 2.

Risk Reference and Description: **SR4 Organisational/Transformational Change**

Risk Owner: Executive Director – Resources and Transformation

Risk Cause:

- Service restructure.
- Reduction in funding requiring reconfiguration of services.
- Change in personnel.
- Changes in the way the Council delivers services.
- Pace of change too fast/too slow.
- Lack of engagement.
- Lack of clear strategy and objectives.
- Changes in employee rights that subsequently require changes to the way services are organised.

Risk Impact:

- Loss of corporate knowledge.
- Redundancy.
- Staff morale.
- Staff retention.
- Impact on quality of service.
- Corporate implications – legal/HR/finance.
- Reputational impact.
- Financial loss.
- Litigation.
- Increased fraud.
- Non-delivery of Council Plan.

Inherent Risk Impact Rating: ***(Likelihood and Impact)***

Likelihood	Impact	Score
4	3	12

Mitigated Risk Impact Rating: (*Likelihood and Impact*)

Likelihood	Impact	Score
3	3	9

Direction Of Travel For The Mitigated Risk Impact Rating:

(Select from these visuals)

Mitigating Actions/Update: *(what are we currently doing about the risk.)*

- Corporate Guidance on Organisational Change.
- Regular engagement with Trade Unions and employees.
- Employee Forum.
- Colleague Briefings.
- Monthly Let's Connect to advise of changes and weekly news update to all staff.
- Transformation identified as one of four main priorities in the Council Plan.
- Communication and Engagement plans for key projects.
- Performance appraisal process.
- Staff engagement on organisational culture – developed Values with staff.
- The Employee survey was launched in March and responding positively.
- Customer and Digital Roadmap approved at FMC April 2024.
- Sustainable Finance Programme (arising from MTFS) launched with the Leadership Team.
- Programmes of projects clearly defined at Leadership Team, with Executive Director leads agreed for relevant Council Plan items and Sustainable Finance Programme items (link with Leadership team quarterly review of all projects and programmes.)

- Quarterly reporting to members on projects and programmes in place. Matrix working for Executive Director sponsorship of key projects.
- LGA Transformation Peer engaged and regular dialogue in place to share best practice and continuous learning.
- LGA Transformation toolkit self-assessment exercise undertaken, and results are being utilised in the development of the Council's Transformation Strategy.
- Transformation reviews undertaken in two key services – Housing and Planning.
- Planning restructure complete – All vacant posts have been filled.
- Housing Services Restructure - formal consultation with staff and trade unions have commenced and appointment into the new structure will commence during Quarter 1 2025/26.
- Identified Member Champion for Transformation, including ongoing training and engagement.
- The People Strategy and action plan is in place.
- Transformation Strategy and year 1 action plan in place, co-designed with employees and elected members. Corporate Communication and Engagement Strategy in place.
- Transformation Team recently reviewed, and resources now positioned to support strategy.
- Service Review programme drafted with Leadership Team, utilising relevant service data (customer feedback, performance data, benchmarking etc).

Mitigating actions identified for future progression:

- Undertake assessment of organisational impact of proposed Employment Rights Bill. Target Date: December 2025. Owner: Head of Organisational Development.
- Training for services to undertake self-serve transformation in relation to business processes. Target Date: April 2026. Owner: Head of Business Change and ICT.
- Review data to be fed into plans – customer feedback, performance data, benchmarking etc. in the development of the Service Review Programme to be endorsed by Members and launched. Target Date: October 2025. Owner: Head of Business Change and ICT.

Summary of changes made to this risk since it was last reviewed:

- Mitigating and future actions around the review of Transformation Team resources have been updated to acknowledge progress to date.

Risk Reference and Description: **SR5 Decreasing Financial Resources/Increasing Financial Pressures.**

Risk Owner: Head of Finance and Performance (Deputy Section 151 Officer)

Risk Cause:

- Increased demand for services.
- Continuing austerity.
- Change in Council priorities.
- Change in national priorities.
- Reduction in core funding due to changes in national funding system / funding reform.
- Political hesitancy in decision making for service reform / financial decisions.
- Economic conditions affecting Council spend and/or residents.

Risk Impact:

- Service curtailment to manage costs.
- Political and resident expectations not met.
- Service quality implications.
- Reputational damage.
- Depletion of reserves.
- Risk of Section 114.

Inherent Risk Impact Rating: ***(Likelihood and Impact)***

Likelihood	Impact	Score
4	4	16

Mitigated Risk Impact Rating: (***Likelihood and Impact***)

Likelihood	Impact	Score
4	3	12

Direction Of Travel For The Mitigated Risk Impact Rating:

(Select from these visuals)

Mitigating Actions/Update: *(what are we currently doing about the risk.)*

- Medium Term Financial Strategy approved April 2024, which sets out how the Council will achieve new income and reduce spend to manage expenditure within funding envelope.
- Reserves Strategy as part of MTFS to fund new projects/initiatives to generate new/more income and reduce costs.
- Reserves available to balance budget deficits where needed.
- Ongoing improvements to Council's financial management approach to ensure forecasts are accurate and realistic.
- Sustainable Finance Programme (arising from MTFS) launched with Leadership Team – setting and monitoring of savings/income targets.
- Programmes of projects clearly defined at Leadership Team, with Executive Director leads agreed for relevant Council Plan items and Sustainable Finance Programme items (link with MTFS.)
- Treasury Management and Investment Strategy approved.
- Prudential indicators in place.
- New spending plans assessed for financial viability.
- Budget setting approach developed each year based on circumstances of Council and up to date forecasts.
- Review of MTFP twice a year to ensure medium-term forecasts are robust.
- Council is part of Derbyshire Business Rates Pool, therefore benefiting from additional retained business rates.
- S151 Officer engaged in national sector lobbying on local government funding.
- Member training programme on finance.

- HRA business plan under review.
- Financial Procedure Rules approved by Council on the 15 May and adopted.
- Assessment of MTFP forecasts against Fair Funding Review 2.0 consultation completed and reported to FMC September 2025.

Mitigating actions identified for future progression:

- The HRA 30-year business plan and cashflow model is under review using the stock condition survey data collated to date, HRA 30-year business plan to be presented to Housing and Community Services 20 January 2026. Target Date: January 2026. Owner: Head of Finance & Performance.

Summary of changes made to this risk since it was last reviewed:

- Inherent and mitigated risk scorings amended to reflect a more probable adverse financial impact because of the Fair Funding Review 2.0 consultation – more detail is expected end of October/early November, when MHCLG publish consultation response and the Local Government Finance Policy Statement.
- Future actions to assess Council's financial position against government's anticipated plans published as part of Fair Funding consultation, moved to existing mitigating actions as now complete.
- The future action to review the HRA 30-year business plan and cashflow model has been updated to confirm the plan will be presented to Housing and Community Services, 20 January 2026.

Risk Reference and Description: **SR6 Economy/Regeneration.**

Risk Owner: Executive Director - Place and Prosperity

Risk Cause:

- Rising unemployment
- Cost of living crisis
- Housing crisis
- Economic downturn – national / global

Risk Impact:

- Relocation (business and domestic.)
- Lack of inward investment.
- Increased demand for certain services.
- Conflicting pressures – decreased funding/increased demand.
- Decrease in collection levels.
- Rising costs, the availability of materials and pressure on recruitment and retention.
- National pressures faced by the high street retail offer.

Inherent Risk Impact Rating: ***(Likelihood and Impact)***

Likelihood	Impact	Score
4	3	12

Mitigated Risk Impact Rating: (*Likelihood and Impact*)

Likelihood	Impact	Score
3	3	9

Direction Of Travel For The Mitigated Risk Impact Rating:

(Select from these visuals)

Mitigating Actions/Update: *(what are we currently doing about the risk.)*

- Various funding and support for local businesses and residents from central government.
- Active participation in Economic Groups, including East Midlands Freeport and East Midlands Investment Zone partnerships.
- Engaged and contribute to Derbyshire economic development partnerships.
- Council's own MTFS scenario plans for economic downturn.
- Debt recovery policy in place.
- Council resource via Economic Development & Growth Team to support businesses.
- Approval granted to appoint an apprentice to the team to increase the team's capacity and address and improve succession planning.
- The Council has been advised that a further round of UKSPF funding has been awarded totalling £881K. The proposals for the fund were submitted to Finance & Management Committee on the 20 March 2025. The Council has also received a further round of REPF funding (£120K) which was reported to Finance & Management Committee on 19 June 2025.

Mitigating actions identified for future progression:

- Implement a further year (2025/26) of UKSPF/REPF funding along similar lines to previous years. The funding agreement was received during Quarter 2 enabling the programme of activity to commence. Target Date March 2026 Owner: Head of Economic Development & Growth.

Summary of changes made to this risk since it was last reviewed: UKSPF/REPF programme commenced in August following receipt of agreement from EMCCA. The mitigating action for active participation in Economic Group has been updated to include East Midlands Freeport and East Midlands Investment Zone partnerships.

Risk Reference and Description: **SR7 Cyber Security**

Risk Owner: Head of Business Change and ICT

Risk Cause:

- Cyber threats are increasing on a worldwide basis, with criminals known to target public sector organisations in an attempt to obtain personal data on a significant scale. The Council is thus at high risk of being attacked.
- There is a potential security risk for running outdated or unsupported systems.
- Employees not following due process in relation to IT and data security.

Risk Impact:

- Litigation, loss of operational data, breaches of GDPR.
- Reputational damage.
- Financial loss, possible fines, should a data breach occur.

Inherent Risk Impact Rating: ***(Likelihood and Impact)***

Likelihood	Impact	Score
4	4	16

Mitigated Risk Impact Rating: (*Likelihood and Impact*)

Likelihood	Impact	Score
3	3	9

Direction Of Travel For The Mitigated Risk Impact Rating:

(Select from these visuals)

Mitigating Actions/Update: *(what are we currently doing about the risk.)*

- ICT replacement programme in place which directs hardware and corporate infrastructure upgrades.
- Compliance with the Government's Public Services Network requirements.
- Regular Internal Audit Reviews test the robustness of systems and the infrastructure.
- Restrictions on internet access and to control the use of mobile devices.
- Continually updated and patched digital estate including firewall servers and antivirus.
- Regular briefings and guidance documents are issued to raise awareness of data and security issues.
- E-learning package is completed annually by all Officers with access to Council systems and equipment.
- Quarterly monitoring % of staff who completed E-learning package undertaken by Human Resources and % attended is reported to the Leadership Team. Owner: Head of Business Change & ICT.
- The Council's Data Protection Officer has direct access to the Leadership Team on matters concerning Information Governance.
- As staff work remotely, communications have been sent to remind of the dangers of cyber-attacks. The security in place is the same for end users regardless of location.
- Member IT protocol agreed November 2023.
- Induction process for all new starters as part of the employee lifecycle.
- The Council introduced a new cloud-based proxy server in Q4 which allows for more advanced routing and reporting of device traffic.
- End User Computing rollout commenced in Q4. The rollout of Windows 11 laptops represents continued progress on hardware and software refresh in line with the life cycle and product support of the operating system.
- The security permissions in SharePoint have been changed for officers sharing data outside of the Council, Head of Service approval is now required to add an external email address to SharePoint.

Mitigating actions identified for future progression:

- The Information Security and Acceptable Use Policy was approved by Leadership Team and is now undergoing further consultation. Target Date: November 2025, subject to Trade Union feedback. Owner: Head of Transformation and ICT.
- The ICT department have been working with a third-party security consultant in implementing more logging software and data control tools. Target Date: December 2025 Owner: Head of Transformation and ICT

Summary of changes made to this risk since it was last reviewed:

The mitigating actions have been updated to advise changes have been made to the security permissions in SharePoint for officers sharing data outside of the Council. Officers will now need Head of Service approval (as the Information Asset Owner) to add an external email address to a SharePoint site. The actions identified for future progression have been updated to advise the ICT department have been working with a third-party security consultant in implementing more logging software and data control tools.

Risk Reference and Description: SR8 Failure to respond to an emergency in an appropriate manner.	**Risk Owner:** Executive Director – Environment and Communities

Risk Cause:

- Loss of staff.
- Loss of ICT.
- Loss of building.
- Loss of key supplier.
- Loss of facilities.
- Act of God.
- Adverse weather.
- Pandemic.

Risk Impact:

- Insurance – higher premiums.
- Litigation risks.
- Loss of essential services.
- Adverse publicity.
- Reputational damage.
- Loss of public confidence.
- Loss of income.
- Financial damage.
- Death and Injury.
- Large proportion of staff becoming ill.

Inherent Risk Impact Rating: *(Likelihood and Impact)*

Likelihood	Impact	Score
3	4	12

Mitigated Risk Impact Rating: (*Likelihood and Impact*)

Likelihood	Impact	Score
3	2	6

Direction Of Travel For The Mitigated Risk Impact Rating:

(Select from these visuals)

Mitigating Actions/Update: *(what are we currently doing about the risk.)*

- Some aspects of this risk can be transferred as business interruption cover which is in place as part of the Council's Property Insurance Policy.
- Corporate Business Continuity and Emergency Plans are in place and regularly reviewed in accordance with the Civil Contingencies Act. The Council buys in support from Derbyshire County Council to ensure that the Council's plans remain up to date.
- Emergency Plan has been reviewed and updated and approved by LT in September 2024.
- Senior Manager has attended MAGIC course (multi-agency gold incident command) in September 2024.
- Risk assessments and action plans are in place and resources made available to provide employees with the equipment to work from home wherever possible as well as access to resources to support their physical and mental health and wellbeing.
- Flexible Working Policy allows staff to work remotely and at different sites within the needs of customers and the Service. Regularly review of the Flexible Working Policy undertaken.
- Elected Member Plan and Business Continuity plan is available.
- Business continuity exercise and training of Leadership Team, Heads of Service and Members undertaken February and April 2024.
- Corporate risk assessment in place and reviewed to outline control measures for respiratory illness.
- The Corporate Business Continuity Plan and service area plans have been reviewed and approved by the Executive Directors and published in Resilience Direct.

Mitigating actions identified for future progression: • SDDC is reviewing its response to incidences of flooding, and the existing policy is to be reviewed. Target Date March 2026: Owner: Head of Cultural and Community Services • Undertake a Business Continuity exercise Target Date: Autumn 2025. Owner: Executive Director Environment and Communities.
Summary of changes made to this risk since it was last reviewed: • No change in quarter 2.

Risk Reference and Description: **SR9 Insufficient resources due to unplanned/unforeseen absences/Vacancies.**

Risk Owner: Head of Organisational Development

Risk Cause:

- Shortage of skilled and trained personnel.
- Loss of competent and skilled employees.
- Unable to recruit or attract suitable replacements.
- Reputation of Local Government as an employer.
- National arrangements for the provision of local government and devolution.

Risk Impact:

- Delays and disruptions to projects, operations, and services.
- Lack of specialised knowledge and skills to complete tasks efficiently.
- Impact on staff morale.
- Strain on remaining staff.
- Disruption to flow of information and data, causing delays in decision making.
- Delayed or compromised customer service damaging customer relationship and reputation.
- Financial losses due to delayed project completions and agency costs, increased overtime costs and lost productivity.
- Service disruption and failing to meet statutory obligations.
- Increase in levels of absence from work.
- Increase costs incurred to cover staff absences.
- Loss of confidence from members of the public and partners
- Increase in number of formal employments disputes.
- Increase costs arising from formal employment disputes.
- Low levels of engagement from the workforce and perspective applicants.

Inherent Risk Impact Rating: ***(Likelihood and Impact)***

Likelihood	Impact	Score
3	3	9

Mitigated Risk Impact Rating: (*Likelihood and Impact*)

Likelihood	Impact	Score
2	2	4

Direction Of Travel For The Mitigated Risk Impact Rating:

(Select from these visuals)

Mitigating Actions/Update: *(what are we currently doing about the risk.)*

- Service Plans identifies key workforce issues and actions to progress.
- The Human Resources Team has deployed a 'business partnering' approach and has provided each service with a dedicated employment professional to provide advice and support with the progression of the redesign of services to meet future service demands or resourcing issues, to progress actions to resource vacancies and to manage employee absence due to ill health or other reasons.
- The Council has approved a People Strategy that provides the framework to progress different actions, development of employment practice and procedure to support the appropriate resourcing, skilling and deployment of the current and future workforce that includes actions to supplement the workforce with additional support and career opportunities through engaging apprenticeships, graduate and agency workers in a timely manner.

- Workforce information is produced on a regular basis and provided to Leadership Team and Heads of Service with narrative around trends and any actions to address so either a corporate level approach or a service level approach can be taken to address any resource issues.
- The Council will support the LGA National Recruitment Campaign initiative annually.
- ICT structure will be reviewed in-line with corporate employment and operating model

Mitigating actions identified for future progression:

- Job Evaluation Framework is to be reviewed, and further actions progressed in line with the People Strategy. Target Date: March 2027. Owner: Head of Organisational Development
- Publication of the Devolution White Paper and the proposed re- organisation of local government needs to be kept under review and risk impact assessed as Government plans are developed. Monitor and report via risk SR16 – Local Government Reorganisation. Target Date: March 2026. Owner: Head of Organisational Development
- To work collaboratively with Derby and Derbyshire Integrated Care Board (ICB) to promote employment opportunities at the Council for any ICB staff facing the risk of redundancy. Target Date: March 2026. Owner: Head of Organisational Development.

Summary of changes made to this risk since it was last reviewed:

- The future action to support the regional review of the 2025-2026 LGA National Recruitment Campaign has been completed and moved from future actions to the mitigating actions section.
- The future action to review the ICT structure is complete, this has been moved from a future action to mitigating actions.

Risk Reference and Description: **SR10 Staff lone working including out of hours.**

Risk Owner: Head of Organisational Development

Risk Cause:

- Physical and non-physical threats made to staff.
- Provision of services out of hours.
- Responding to emergency situations – flood, alarm response etc.
- Inappropriate provision of Personal Protective Equipment and training.

Risk Impact:

- Staff could suffer physical and emotional harm.
- Increased levels of sickness absence
- Disruption in service and/or insufficient resources to provide service
- Increased cost in delivering services if alternative models used
- Increased level of risk to members of the pubic if responsive services not provided
- Increase cost of providing PPE and monitoring

Inherent Risk Impact Rating: ***(Likelihood and Impact)***

Likelihood	Impact	Score
3	4	12

Mitigated Risk Impact Rating: (***Likelihood and Impact***)

Likelihood	Impact	Score
2	3	6

Direction Of Travel For The Mitigated Risk Impact Rating:

(Select from these visuals)

Mitigating Actions/Update: *(what are we currently doing about the risk.)*

- Lone working systems in place including a 'Solo-Protect' warning and call for assistance system.
- A Potentially Violent Persons Policy and a Potentially Violent Persons Register is in place and subject to regular review and update. The register is reviewed on a continual basis.
- Alarms and warning system in place in the Civic Offices.
- Monitoring and review of systems in place; learn from incidents and near misses.
- Lone Working Policy and Procedure reviewed Q1 2024.
- Training for staff provided in lone working and dealing with conflict.
- Risk assessments and control measures identified in each service area that undertakes lone working.
- Health and Safety Officer available to provide support and guidance.
- Incidents are investigated and learning is shared to improve arrangements.
- Health and Safety Group meet on a quarterly basis to review Health and Safety performance.
- Officers on standby/responding to emergencies receive training and guidance.
- Review of the usage of the Solo Protect – lone working device and a reminder for all staff, discussed at the Health & Safety Group.
- Usage of Solo Protect devices reported to the Health and Safety Committee.
- Service specific review of Careline completed.
- Health and Safety Champions have been established across the Council.
- A review of the resources made available for out of hours emergencies has commenced in partnership with the Emergency Planning Officer from Derbyshire County Council.
- Specific training has been delivered with Planning staff in Q1 2025/26, and their lone working arrangements has been reviewed.
- The expectation of staff to assist in emergency situations has been clarified via the Corporate Business Continuity Plan and service area plans.

Mitigating actions identified for future progression:

- Review of out of hours service provision to be completed. Target Date: Ongoing. Owner: Chief Executive.
- Contract to be reprocured for the provision of PPE (Lone Working Devices) to be progressed in quarter 3, 2025/26 and ensure continuity in provision. Target Date: December 2025. Owner: Head of Organisational Development.

Summary of changes made to this risk since it was last reviewed:

The future action to clarify the expectation of staff to assist in emergency situations has been actioned with the production and publication of the Corporate Business Continuity Plan and service areas plans, this has been moved from the future actions section of the risk to the mitigating actions section.

Risk Reference and Description: **SR11 Council is subject to fraud, corruptions or theft**.

Risk Owner: Head of Customer Services and Head of Finance and Performance (Deputy Section 151 Officer)

Risk Cause:

- Increase in unemployment.
- Reduction in benefits.
- Inflation.
- Debt.
- Opportunity.
- Sub-letting of Council properties.
- Delayed audit of the Council's accounts.

Risk Impact:

- Resources of the Council to investigate.
- fraud issues.
- Financial loss.
- Reputation impact
- Litigation.
- Limited assurance about the underlying financial position.

Inherent Risk Impact Rating: ***(Likelihood and Impact)***

Likelihood	Impact	Score
4	3	12

Mitigated Risk Impact Rating: (*Likelihood and Impact*)

Likelihood	Impact	Score
2	2	4

Direction Of Travel For The Mitigated Risk Impact Rating:

(Select from these visuals)

Mitigating Actions/Update: *(what are we currently doing about the risk.)*

- Shared Service Arrangement with Derby City Council for Anti-Fraud & Corruption Plan,
- Fraud awareness training across the Council.
- Public agencies such as the DWP and HMRC increasingly share data with local authorities on a real-time basis.
- Single Person Discount checks on Council Tax regularly undertaken.
- Monthly mandatory staff training sessions are delivered to employees by Derby City Council.
- Fraud Unit annual work programme, considered and approved by the Audit Sub-Committee. Outcomes are also reported to the Audit Committee.
- Regular meetings held with Derby City Council.
- Audit Sub Committee approved the latest Fraud and Anti-Corruption Action Plan in June 2025.
- The Council's accounts and outturn position is reported annually in July.
- Annual reporting satisfies stewardship and accountability for public resources.
- Government returns are completed quarterly and annually giving comparators to previous years, which highlights major discrepancies.
- Government/CIPFA recommendations for improvements to the service to be kept under review.
- The Council has been awarded by the PSAA (Public Sector Audit Appointments) a new audit partner, Mazars, who will be auditing the Council's accounts for next five years. Working relationships have been established with the audit partner.
- All Audits completed and are now up to date. Backstop date for 2024/25 accounts is February 2026.
- Fraud Awareness Raising Campaign developed and launched with the Communications Team and Derby City Council August 2025.

Mitigating actions identified for future progression: • Derby City Council Fraud Partnership are reviewing the Anti-Fraud and Corruption Policy currently. Target Date: November 2025 Owner: Head of Customer Services.
Summary of changes made to this risk since it was last reviewed: • The future action to implement the Fraud Awareness Raising Campaign was launched in August 2025, with the Communications Team and Derby City Council, this has now been transferred to the mitigating actions section of the risk.

Risk Reference and Description: **SR12 Failure to work effectively with other public sector partners and 3rd party sector organisations.**

Risk Owner: Head of Cultural and Community Services

Risk Cause:

- Lack of engagement from PSOs.
- Poor service delivery from PSOs the Council has agreements with.
- Governance arrangements which foster effective relationships may be inadequate leading to relationship breakdown.
- Failure of relationship at Strategic level in County and across members.
- Withdrawal of funding from partners (e.g. other tiers of Local Government, Central Government).
- Loss of community provision due to loss in funding / increase in costs meaning activities are financially unsustainable.

Risk Impact:

- Loss of public confidence in the Council.
- Loss of funding
- Loss of confidence in the Community Safety Partnership
- Impact on service delivery

Inherent Risk Impact Rating: ***(Likelihood and Impact)***

Likelihood	Impact	Score
3	3	9

Mitigated Risk Impact Rating: (*Likelihood and Impact*)

Likelihood	Impact	Score
2	3	6

Direction Of Travel For The Mitigated Risk Impact Rating:

(Select from these visuals)

Mitigating Actions/Update: *(what are we currently doing about the risk.)*

- The Council's current grant funding has been increased by 2% for 2025-2026.
- The Council employs a dedicated Community Partnership Officer to support the voluntary sector and local organisations.
- The Council Plan aims to increase the number of hubs across the district and activities taking place within them.
- The County Council consultation on the withdrawal of the discretionary grants concluded in August 2024. The Councils response was submitted via the consultation, in addition, a response letter was submitted from the Chief Executive.

Mitigating actions identified for future progression:

- Ongoing SLA reviews to ensure engagement with voluntary sector organisations is ongoing. Target Date: November 2025 Owner: Head of Cultural & Community Services.
- County Council will be notifying voluntary groups of funding withdrawal of the discretionary grants; the County have notified several organisations of withdrawal of funds. Target Date: Ongoing. Owner: Head of Cultural & Community Services
- Future actions to be updated following SLA work and impact to organisations fully understood. Target Date: November 2025. Owner: Head of Cultural & Community Services

Summary of changes made to this risk since it was last reviewed:
No change in quarter 2.

Risk Reference and Description: **SR13 Reputational Damage**.

Risk Owner: Executive Director – Law and People

Risk Cause:

- Litigation
- Breakdown in partnership
- Whistle blowing
- Freedom of Information
- Inconsistent decision making
- Poor media relations
- Poor performance
- Failure to provide services
- Poor business planning and consideration of financial implications
- Regulator for Social Housing adverse judgement.
- Information Commissioner findings.
- Planning Inspectorate.

Risk Impact:

- Intervention.
- Loss of public confidence.
- Ombudsman findings.
- Court costs.
- Breakdown in partnership.
- Adverse publicity.
- Lower satisfaction levels
- Low moral.
- Difficulties recruiting staff.
- Inadequate budget provision, inappropriate financial decisions made.

Inherent Risk Impact Rating: ***(Likelihood and Impact)***

Likelihood	Impact	Score
4	3	12

Mitigated Risk Impact Rating: (*Likelihood and Impact*)

Likelihood	Impact	Score
2	3	6

Direction Of Travel For The Mitigated Risk Impact Rating:

(Select from these visuals)

Mitigating Actions/Update: *(what are we currently doing about the risk.)*

- Employment Policies and Procedures in place.
- Code of Corporate Governance.
- Council Constitution.
- Elected Member Code of Conduct.
- Employee Code of Conduct.
- Social Media Policy.
- Quarterly performance reports to Committee.
- Fortnightly meeting of Leadership Team and with leading Elected Members.
- Council Plan 2024-28.
- Service Plans for each service area.
- Whistleblowing Procedure review completed.
- Agreements in place with strategic partnerships.
- Internal communications resource who monitor and protect the Council's reputation.

- Contracts in place with third parties delivering services on behalf of the Council.
- Regular meetings with partners and contractors.
- Medium Term Finance Plan and Strategy.
- Annual budget reviews across all services.
- Appointment has been made to the Communications and Engagement Manager post and Senior Communications and Engagement Officer post.
- Communication and Engagement Strategy has been approved by Council and post for part time Communications and Engagement Officer has been recruited.
- The Communication Champions Network has been established and training provided to officers.

Mitigating actions identified for future progression:

- Review of Whistleblowing Procedure to be completed. Target Date: December 2025. Owner Head of Organisational Development.
- Adopt the corporate protocol for the approval of media responses – the protocol has been developed and will be presented to Leadership Team for approval in quarter 3, 2025/26. Target Date: December 2025 Owner: Head of Organisational Development.

Summary of changes made to this risk since it was last reviewed:

- The future action to develop a Communications Champions Network has been completed with the group now established and training provided to officers. This action has been moved from the future actions to the mitigating actions section of the risk.
- Future actions to develop a corporate protocol for the approval of media responses, has been updated to confirm the protocol has been developed and will be presented to Leadership Team of approval in quarter 3, 2025/26.
- A future action to review the Whistleblowing Procedure has been added to the risk in quarter 2 and this is due to be completed in quarter 3.

Risk Reference and Description: **SR14 Death/serious harm to a vulnerable person receiving a Council service**.

Risk Owner: Chief Executive

Risk Cause:

- Lack of adequate training of council staff or contractors.
- Insufficient resources, including funding, staff or equipment.
- Poor communication among council staff, contractors or with other agencies.
- Inadequate assessment and planning.
- Inadequate safeguarding policies.
- Inadequate use of technology causing delays.
- Natural disasters or emergencies.

Risk Impact:

- Increased risk of harm or neglect for vulnerable individuals.

Inherent Risk Impact Rating: ***(Likelihood and Impact)***

Likelihood	Impact	Score
3	4	12

Mitigated Risk Impact Rating: (*Likelihood and Impact*)

Likelihood	Impact	Score
2	4	8

Direction Of Travel For The Mitigated Risk Impact Rating:

(Select from these visuals)

Mitigating Actions/Update: *(what are we currently doing about the risk.)*

- Safeguarding training provided to employees.
- Each service area completes annual service plan to identify training and resources required.
- Annual appraisals completed.
- Service areas are responsible for providing appropriate training for staff.
- Health and safety advice provided to services
- Cross team briefings are held and with external partners on cases.
- Corporate Safeguarding Group
- Dedicated Corporate Safeguarding Officer and Leadership Team Lead.
- Lone working arrangements and PPE provision reviewed, additional training and resources provided.

Mitigating actions identified for future progression:

- No future actions identified.

Summary of changes made to this risk since it was last reviewed:

- No change in quarter 2.

Risk Reference and Description: **SR15 Failure to meet Regulatory Standards for Housing.**

Risk Owner: Executive Director – Place and Prosperity

Risk Cause:

- Lack of investment in infrastructure.
- Insufficient financial resources.
- Poor governance & strategic oversight.
- Operational capacity issues.
- Supply chain and contractor limitations.

Risk Impact:

- Legal penalties & fines.
- Reputational damage.
- Tenant health and safety risks.
- Higher maintenance and repairs costs.
- Tenant dissatisfaction.
- Regulatory intervention.
- Loss of funding – non-compliance may result in reduced government grants.
- Deterioration in regulatory standing.

Inherent Risk Impact Rating: ***(Likelihood and Impact)***

Likelihood	Impact	Score
4	4	16

Mitigated Risk Impact Rating: (***Likelihood and Impact***)

Likelihood	Impact	Score
2	4	8

Direction Of Travel For The Mitigated Risk Impact Rating:

(Select from these visuals)

Mitigating Actions/Update: *(what are we currently doing about the risk.)*

- The Council are on the Regulator of Social Housing (RSH) Landlord Improvement Framework, after being awarded a C3 rating in August 2024.
- Additional interim resources have been secured to support Housing compliance.
- The draft Housing Service Transformation Plan (HSTP) was approved by Members in April 2025 and was presented to the Regulator for Social Housing in May 2025.
- The HSTP has 7 key actions, and progress can be evidenced against each one – for example the drafting of the Tenant Engagement Strategy.
- The Housing Service review with iESE implementation has been included in the HSTP.
- A summary of the actions in the Housing Service Transformation Plan has been shared with the RSH and is due to be presented to Programme Board and H&CS Committee.
- This project is included in the Council Plan and is in the process of being mobilised to progress as a corporate project. The PID has been drafted
- Progress is tracked via the compliance tracker which is shared with the Housing Working Group and Regulator of Social Housing (RSH).
- The second TSM report completed with across-the-board improvement in tenant reported satisfaction.
- Members are updated via the Housing Services Working Group, and regular updates to H&CS Committee and full Council Governance arrangements are in place, standing agenda item at Leading Members, H&CS Committee and the Leadership Team and Tenants Voice Group.
- Regular face to face meetings are held with the Regulator of Social Housing.
- A new Tenant Engagement Strategy was approved by Housing and Community Services Committee on 14 August 2025.
- Repairs Policy and Compliance Policies have been refreshed, and a new Damp and Mould and Condensation Policy have been approved by Housing and Community Services Committee on 14 August 2025.

Mitigating actions identified for future progression:

- Complete the stock condition surveys for the remaining 9% of no access properties. Target Date: 30 November 2025. Owner: Head of Housing.
- Implementation of the new staffing structure, two remaining posts for the Housing Officers role have been readvertised. Target Date: November 2025.Owner: Head of Housing.
- Undertake an inhouse self-assessment against the RSH criteria. Target Date: April 2026. Owner: Head of Housing
- All tenant data across all properties will be reviewed and updated in the housing system (MRI) to ensure it is up to date. Target Date: September 2027. Owner: Head of Housing
- A progress update on the Housing Service Transformation Plan will be presented to Housing and Community Services on the 13 November 2025. Target Date: November 2025. Owner: Head of Housing.

Summary of changes made to this risk since it was last reviewed:

- The target date for the future action to recruit to the new staffing structure has been extended from July to November to recruit the two remaining posts for Housing Officers.
- The target date for the future action to undertake all stock condition surveys has been extended from July to November 2025 to progress the remaining 9% of 'no access' properties.
- The future actions have been updated to confirm a progress update on the Housing Service Transformation Plan will be presented to Housing and Community Services on the 13 November 2025. Target Date: November 2025. Owner: Head of Housing.
- The mitigating actions have been updated to confirm the new Tenant Engagement Strategy, Damp, Mould and Condensation Policy and the Repairs Policy and Compliance policies have been approved.
- The mitigating actions have been updated to confirm regular face-to-face meetings are held with the Regulator of Social Housing.
- The future action to progress the IT Project and assess the LGR implications has been replaced with an action for all tenant data across all council properties to be reviewed and updated in the housing system to ensure it is up to date.

Risk Reference and Description: SR16 Local Government Reorganisation.

Risk Owner: Chief Executive

Risk Cause:

- Devolution White Paper and requirements for two-tier areas to set out proposals for unitary councils.

Risk Impact:

- Adverse impact on recruitment due to perceived/actual impact of Devolution / reorganisation.
- Ability for the Council. to continue to manage resources to deliver statutory services and projects
- Distraction from the delivery of the Council Plan, essential service delivery and key projects.
- Morale of the workforce negatively affected
- Financial planning, both short- and long-term, uncertainty around the national funding reforms, devolution and LGR makes future year forecasting incredibly challenging.
- Ineffective communication impacting on morale and productivity of the workforce.

Inherent Risk Impact Rating: ***(Likelihood and Impact)***

Likelihood	Impact	Score
4	4	16

Mitigated Risk Impact Rating: (*Likelihood and Impact*)

Likelihood	Impact	Score
4	3	12

Direction Of Travel For The Mitigated Risk Impact Rating:

(Select from these visuals)

Mitigating Actions/Update: *(what are we currently doing about the risk.)*

- Ongoing dialogue between Derbyshire Leaders and Chief Executives.
- Derbyshire LGR Project Team established, with SDDC representation.
- Wider programme structure under consideration with Derbyshire councils.
- Support provided to the regional work to develop initial proposals in relation to Local Government Reorganisation in Derbyshire.
- Established a shared communications model to provide consistent responses to Local Government Reorganisation.
- Regular and transparent communication to all in the organisation to offer insight and reassurance.
- Production of a very specific communication plan to ensure we strike the right tone, balance, and level of reassurance.
- Regular dialogue with colleagues and members from the Chief Executive on LGR.
- Regular engagement with the workforce through colleague briefings and employee forum.
- Regular updates on progress presented to Trade Unions.
- Internal LGR project team mobilised.

Mitigating actions identified for future progression:

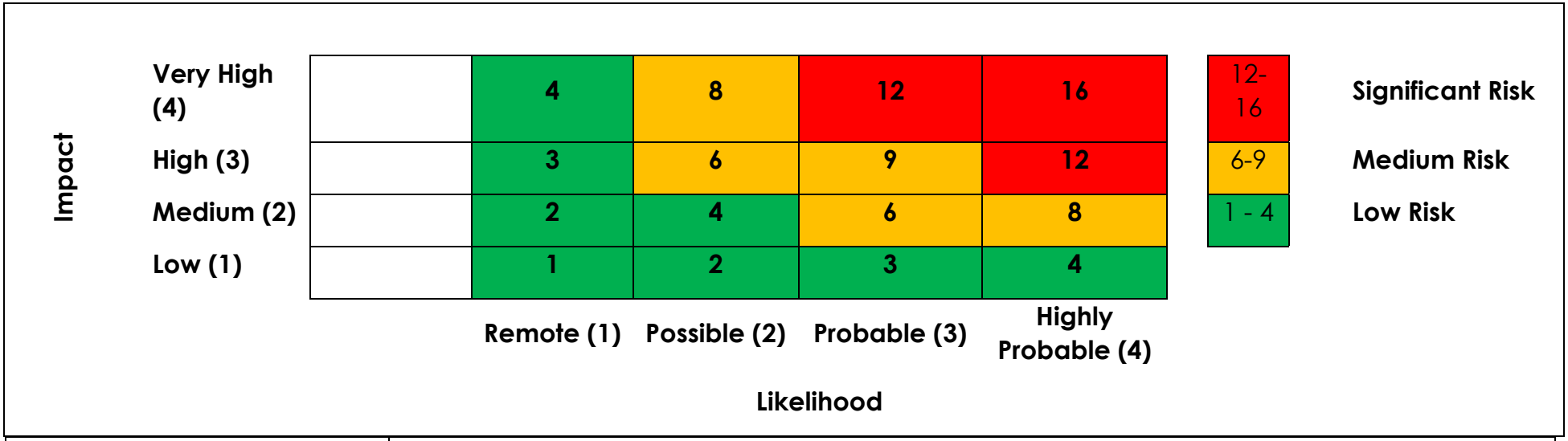
- Assess current and future impact of LGR support on key officers. Target Date: March 2027. Owner: Head of Organisational Development.
- Employee survey analysed and presented to Leadership Team with action plan. Target Date December 2026. Owner: Head of Organisational Development.

Summary of changes made to this risk since it was last reviewed:

- Future mitigating action around members, officers and Trade Unions to be presented with regular updates on the progress of LGR and regular engagement with the workforce through colleague briefings and employee forum has been moved to mitigating actions.
- The future action to undertake the Quarter 1 Employee survey has been completed and an overview of results to identify trends and further actions is due to be presented to Leadership Team in quarter 3, 2025/26
- Future mitigating action around establishment of internal project team now complete and moved to existing action.

Risk Matrix

The table below outlines how the impact and likelihood of the risk is scored using the threshold and description as guidance.



Impact	Thresholds and Description
1 – Low	Limited impact on service objectives if any, section objectives unlikely to be met, financial loss less than £10,000, no media attention
2 – Medium	Slight delay in achievement of service objectives, minor injuries, financial loss over £50,000, adverse local media attention, breaches of local procedures
3 – High	Significant threat to Council objectives. Non-statutory duties not achieved, permanent injury, financial loss over £100,000, negative national media attention, litigation expected, serious issues raised through inspection, breakdown of confidence of partners.
4 – Very high	Objectives cannot be delivered. Statutory duties not achieved, death, financial loss over £500,000, adverse national media attention, litigation almost certain, prosecutions, breaches of law, inspection highlights inadequate service, Council unable to work with partner organisation
Likelihood	**Thresholds and Description**
1 – Remote	May occur only in exceptional circumstances (e.g. once in 10 years)
2 – Possible	Unlikely to occur but could at some time (e.g. once in three years)
3 – Probable (in two years)	Fairly likely to occur at some time or under certain circumstances (e.g. once in two years)
4 – Highly probable (in 12 months)	Will probably occur at some time or in most circumstances (e.g. once in 12 months)

Strategic Risk Register Risk Matrix

The below table summarises the risk likelihood and impact for the risks detailed in the Strategic Risk Register after mitigating actions have been put in place.

Impact	Likelihood	Remote (1)	Possible (2)	Probable (3)	Highly Probable (4)
	Very High (4)		SR14, SR15	SR1	
	High (3)		SR10, SR12, SR13	SR2, SR3, SR4, SR6, SR7	SR5, SR16
	Medium (2)		SR9, SR11	SR8	
	Low (1)				

Risk Reference and Description

SR1 Contract as not properly procured and managed.

SR2 Effective use of assets / buildings (non-housing.)

SR3 Regulatory Governance.

SR4 Organisational/Transformational Change.

SR5 Decreasing Financial Resources/Increasing Financial Pressures.

SR6 Economy/Regeneration.

SR7 Cyber Security Threat.

SR8 Failure to respond to an emergency in an appropriate manner.

SR9 Insufficient resources due to unplanned/unforeseen absences/Vacancies.

SR10 Staff lone working including out of hours.

SR11 Council in subject to fraud, corruption or theft.

SR12 Failure to work effectively with other public sector partners and 3rd party sector organisations.

SR13 Reputational damage.

SR14 Death/serious harm to a vulnerable person receiving a Council service.

SR15 Failure to meet Regulatory Standards for Housing.

SR16 Local Government Reorganisation.

REPORT TO:	**AUDIT AND GOVERNANCE COMMITTEE**	**AGENDA ITEM: 10**
DATE OF MEETING:	**03 DECEMBER 2025**	**CATEGORY: RECOMMENDED**
REPORT FROM:	**AUDIT MANAGER**	**OPEN**
MEMBERS' CONTACT POINT:	**ADRIAN MANIFOLD** Adrian.manifold@centralmidlandsaudit.gov.uk **(01332 643281)**	**DOC:** h/CJ/governance/AGS/2022/AGS committee report
SUBJECT:	**INTERNAL AUDIT PROGRESS REPORT**	**REF:**
WARD(S) AFFECTED:	**ALL**	**TERMS OF REFERENCE: AS 02**

1.0 Recommendations

1.1 That the report of the Audit Manager (Appendix 1) is considered, and any issues identified are subject to a follow-up report as appropriate.

2.0 Purpose of Report

2.1 To provide an update on progress against the approved Internal Audit Plan. This details the performance and activity of Internal Audit since the last Progress Report presented to this Committee.

3.0 Detail

3.1 The report of the Audit Manager is detailed in a report which is attached.

4.0 Financial Implications

4.1 None

5.0 Corporate Implications

5.1 None directly

6.0 Community Implications

6.1 None directly

7.0 Background Papers

7.1 None.

central midlands audit partnership

South Derbyshire District Council – Audit Progress Report

Audit & Governance Committee: 3rd December 2025

Contents

Our Vision

To bring about improvements in the control, governance and risk management arrangements of our Partners by providing cost effective, high quality internal audit services.

Contacts

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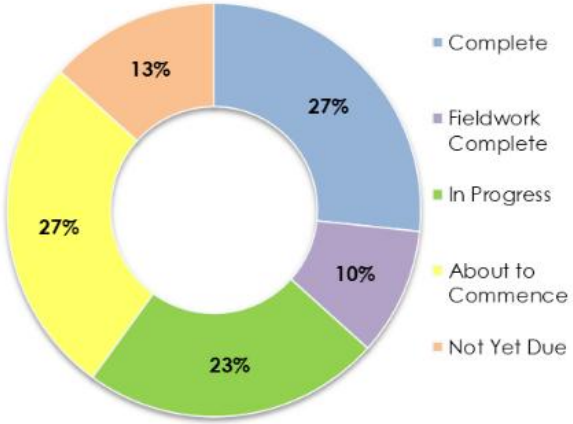
CMAP central midlands audit partnership

Providing Excellent Audit Services in the Public Sector

South Derbyshire District Council – Audit Progress Report

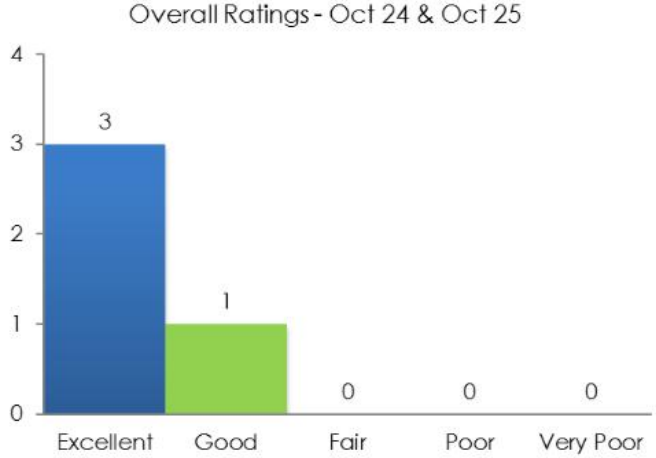
AUDIT DASHBOARD

Plan Progress

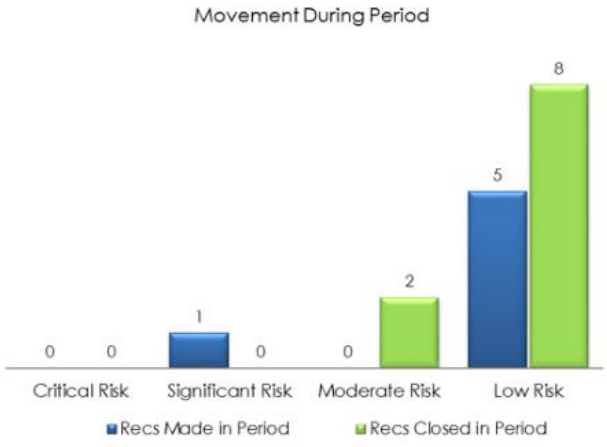


Jobs Completed in Period

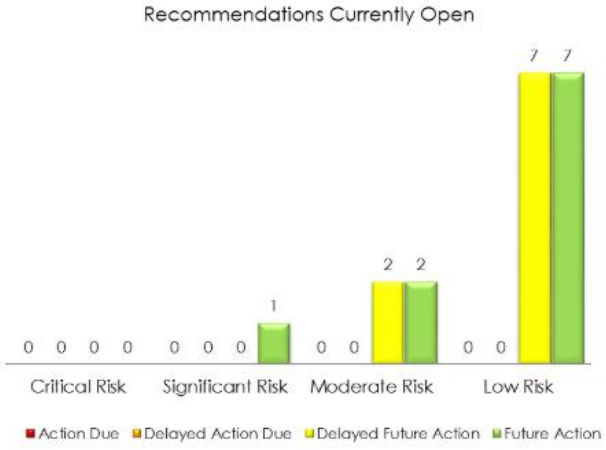
Customer Satisfaction



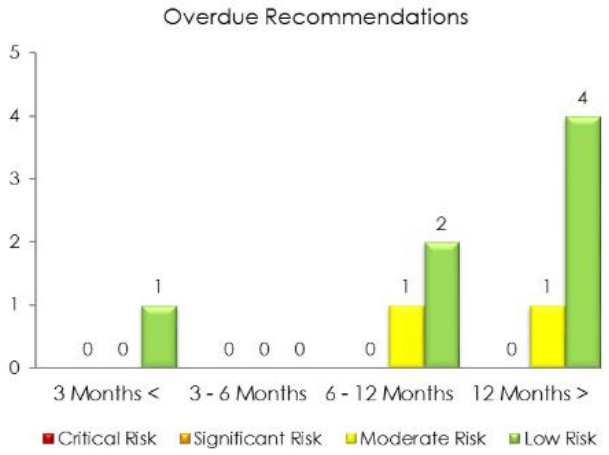
Recommendations Movement



Recommendations Open



Recommendations Overdue



AUDIT PLAN

Progress on Audit Assignments

The following tables provide Audit & Governance Committee with information on how audit assignments were progressing as at 31st October 2025.

2025-26 Assignments	Planned Quarter	Status	% Complete	Assurance Rating
Budgetary Control	Q4	Not Allocated	0%	
Grant Monitoring/Certification	Q1	In Progress	35%	
Revenues Systems	Q2	In Progress	30%	
Housing Benefit & Council Tax Support	Q2	In Progress	20%	
Customer Feedback/Complaints	Q2	Allocated	0%	
Procurement (Contracts Register)	Q3/Q4	Not Allocated	0%	
IT Infrastructure/Applications	Q2	Not Allocated	0%	
Projects & Programmes	Q1	In Progress	40%	
Data Protection & Freedom of Information	Q4	Not Allocated	0%	
Communications & Engagement	Q3/Q4	Allocated	0%	
People Management	Q2/Q3	Allocated	0%	
Asset Management	Q2/Q3	In Progress	25%	
Fleet Management	Q3/Q4	Allocated	0%	
Partnership Governance	Q1	Allocated	10%	
Safeguarding	Q2	Allocated	0%	
Voids Management	Q3/Q4	Allocated	0%	
Former Tenants Arrears	Q2/Q3	Allocated	10%	
Agency Spend	Unplanned	Draft Report	95%	

B/Fwd Assignments	Status	% Complete	Assurance Rating
Significant Contracts (Data Analytics)	Final Report	100%	N/A
Payroll 2024-25	In Progress	30%	
IT Infrastructure/Applications	In Progress	70%	
Business Change & Transformation	Final Report	100%	Substantial
Risk Management	Final Report	100%	Reasonable
People Management (Policies)	Final Report	100%	Reasonable
Rosliston Forestry Centre 2024-25	Fieldwork Complete	90%	
Rechargeable Repairs 2024-25	Fieldwork Complete	90%	
Allocations & Homelessness	Final Report	100%	Substantial
Corporate Governance 2024-25	Final Report	100%	Reasonable
Housing Safety Inspections 2023-24	Final Report	100%	Reasonable
Improvement Grants 2023-24	Final Report	100%	Reasonable

Plan Changes

None.

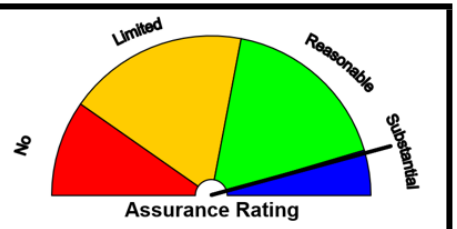
AUDIT COVERAGE

Completed Audit Assignments

Between 22nd August 2025 and 31st October 2025, the following audit assignment have been finalised.

Audit Assignments Completed in Period	Assurance Rating	Recommendations Made				% Recs Closed
		Critical Risk	Significant Risk	Moderate Risk	Low Risk	
Business Change & Transformation	Substantial				5	40%
People Management (Policies)	Reasonable		1			0%

Business Change & Transformation

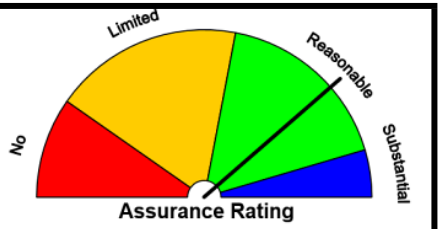


Control Objectives Examined	Controls Evaluated	Adequate Controls	Partial Controls	Weak Controls
Robust corporate governance arrangements are in place to monitor and review the Council's Business Change and Transformation activities.	5	3	2	0
The Council's project methodology has been followed and adhered to for the eCase Project.	5	3	2	0
The Council's project methodology has been followed and adhered to for the Fleet Management System Software Project.	5	4	1	1
TOTALS	**15**	**10**	**5**	**0**

Rec No.	Summary of Weakness	Risk Rating	Original Action Date	Action Status	Revised Action Date
1	The Terms of Reference for the new Projects and Programmes Strategic Overview Group and the Projects and Programmes Portfolio Groups had not been finalised and ratified by the Finance and Management Committee.	Low Risk	31/12/2025	Future Action	

2	Key governance information from the Projects and Programmes Portfolio Group meetings was not being recorded.	Low Risk	31/07/2025	Implemented	
3	The formal approval to proceed with the eCase project had not been clearly recorded in the actions and decisions record from Transformation Steering Group.	Low Risk	31/07/2025	Implemented	
4	Limited evidence was available in support of appropriate testing of the new eCase system and the delivery of suitable user training.	Low Risk	31/03/2026	Future Action	
5	There was no formal mechanism in place for ensuring recommendations. reported in Project Closure Reports, were being followed up and actioned.	Low Risk	31/08/2026	Future Action	

People Management (Policies)



Control Objectives Examined	Controls Evaluated	Adequate Controls	Partial Controls	Weak Controls
Policies identified as relating to Human Resources on the South Derbyshire's Policy Register meet corporate requirements, as set out in South Derbyshire's Policy Management Framework.	6	0	6	0
TOTALS	**23**	**21**	**2**	**0**

Rec No.	Summary of Weakness	Risk Rating	Original Action Date	Action Status	Revised Action Date
1	Of the 29 policies examined: • Nine policies lacked clarity making it challenging for individuals to fully comprehend their intent or application. • Fourteen policies had not received approval in line with requirements set out within the Council's Policy Management Framework. • Eleven polices had received approval shortly after being issued, rather than before. • Nine policies had passed their required three-year date of review, as required by the Council's Policy Management Framework. • Seventeen policies although 'in date' had historically exceeded the required period of review between document versions. • Fifteen policies deviated from the corporate policy template.	Significant Risk	30/06/2026	Future Action	

RECOMMENDATION TRACKING

Final Report Date	Audit Assignments with Open Recommendations	Assurance Rating	Recommendations Open			
			Action Due	Delayed Action Due	Delayed Future Action	Future Action
27-Aug-25	People Management (Policies)	Reasonable				1
26-Aug-25	Business Change & Transformation	Substantial				3
07-Jul-25	Risk Management 2024-25	Reasonable			1	1
28-May-25	Housing Safety Inspections 2023-24	Reasonable				2
31-Mar-25	Health & Safety 2023-24	Substantial				2
19-Aug-24	Trade Waste 2023-24	Reasonable			1	
15-Aug-24	Planning & Building Control Fees 2023-24	Substantial			1	
22-Nov-23	Land Charges 2022-23	Reasonable			1	
22-Nov-23	Development Management 2022-23	Substantial			1	
10-Mar-22	Rent Accounting 2021-22	Reasonable			3	
15-Sep-21	Insurance	Substantial				1
22-Oct-20	Grounds Maintenance 2019-20	Reasonable			1	
		TOTALS			**9**	**10**

Action Due = The agreed actions are due, but Internal Audit has been unable to ascertain any progress information from the responsible officer.

Delayed Action Due = The original action date has now passed and Internal Audit has obtained status update comments from the responsible officer and a revised action date. This revised action date has now passed, but Internal Audit has been unable to ascertain any progress information from the responsible officer.

Delayed Future Action = The original action date has now passed and Internal Audit has obtained status update comments from the responsible officer and a revised action date which is in the future.

Future Action = The agreed actions are not yet due, so Internal Audit has not followed the matter up.

Audit Assignments with Recommendations Due	Action Due				Delayed Action Due				Delayed Future Action			
	Critical Risk	Significant Risk	Moderate Risk	Low Risk	Critical Risk	Significant Risk	Moderate Risk	Low Risk	Critical Risk	Significant Risk	Moderate Risk	Low Risk
Risk Management 2024-25												1
Trade Waste 2023-24												1
Planning & Building Control Fees 2023-24												1
Land Charges 2022-23											1	
Development Management 2022-23												1
Rent Accounting 2021-22											1	2
Grounds Maintenance 2019-20												1
TOTALS											**2**	**7**

HIGHLIGHTED RECOMMENDATIONS

Critical, Significant or Moderate Risk Recommendations Past Original Action Date

The following significant or moderate risk rated recommendations, that have not yet been implemented, are detailed for Committee's scrutiny.

Job Name	Rent Accounting 2021-22	Original Action Date	31/03/2022
Risk Rating	Moderate Risk	Revised Action Date	31/12/2025
Recommendation Number	7	Recommendation Status	Delayed Future Action
Summary of Weakness	**Recommendation**	**Management Response/Action Details**	**Status Update Comments**
Energy costs paid by the Council for individual properties were not consistently recharged to tenants and there was a large outstanding debt relating to this.	We recommend that the Council writes off outstanding ground source heating debts where there is insufficient legal basis to pursue recovery. Furthermore, for existing tenants, appropriate action should be taken to obtain agreement to future energy cost charges, which should be invoiced as soon as possible to prevent further financial loss to the Council.	Agreed, the Former Tenant Arrears Officer will prepare the documentation for write off where recovery cannot be pursued against former / current tenants for ground source heating charges at Brook Street, Hartshorne. A third-party agent is currently being procured to take meter readings and prepare figures for consumption costs to the responsible tenant for payment. At this point it is the Councils intention for the third-party agent to read meters and invoice tenants, however this may change in so far as Business Support may invoice tenants and collect the payments which are due. • Once procured, all existing tenants will be required to re-sign a contract indicating their agreement to be responsible for and pay their ground source heating charges to the Council. • All new tenants will sign a separate contract/letter when they sign their new Tenancy Agreement indicating their agreement to be responsible for and pay their ground source heating charges. • The Former Tenant Arrears Officer and the Tenancy Services Manager will have operational responsibility for implementing this recommendation.	Outstanding debts have now been written off. Housing Review in place and new Head of Housing to be recruited. Process for heating costs to be recharged monthly at Carnegie House and Brook Street. Meter readings for Carnegie House are now being taken and billed monthly. Service Charge which includes energy costs for those under licence agreement in temporary accommodation. Still issues at Brook Street that the Asset team are working on with Raleigh Instruments. The team are exploring other providers and compiling three quotes for a new provider to supply meter readings. We have not been able to find a suitable provider to carry out recording and supplying of heating usage that demonstrates value for money. Accordingly, Council staff have now taken meter readings, and we are in the process of raising bills for heating costs.

South Derbyshire District Council – Audit Progress Report

Job Name	Land Charges 2022-23	Original Action Date	31/12/2024
Risk Rating	Moderate Risk	Revised Action Date	31/12/2025
Recommendation Number	5	Recommendation Status	Delayed Future Action
Summary of Weakness	**Recommendation**	**Management Response/Action Details**	**Status Update Comments**
Some historic data in the Land Charges Register is not accurately spatially mapped.	We recommend that: • Further investigation is done to identify the extent of the historic spatial mapping issue • A plan is made and implemented to rectify the issues with the data	A full review of data will be undertaken as part of the migration plan to HM Land Registry. Any future work to existing data will form part of this plan.	We now have the information from HMLR. There are 20k records that need to be checked. Project Group started and will task the Planning Technicians to test a sample of the data to understand the issues. Intend to appoint on ST contracts officers to cleanse the data for migration to HMLR.

South Derbyshire District Council – Audit Progress Report

Low Risk Recommendations Over 12 Months Past Original Action Date

The following low risk rated recommendations, that have not yet been implemented and have exceeded their original action date by more than 12 months, are also detailed for Committee's scrutiny.

Job Name	Development Management 2022-23	Original Action Date	31/03/2024
Risk Rating	Low Risk	Revised Action Date	31/12/2025
Recommendation Number	5	Recommendation Status	Delayed Future Action
Summary of Weakness	**Recommendation**	**Management Response/Action Details**	**Status Update Comments**
Regular checks and/or reconciliations between the income recorded on the Planning System and Agresso (the finance system) were not being completed as reported to Internal Audit in October 2020.	We recommend that monthly reconciliations are performed between these systems, with any unmatched items investigated and resolved on a timely basis. Reconciliations should be evidenced, and either signed and dated by the preparer and reviewer or recorded electronically.	Undertake monthly reconciliations. To be actioned by the Planning Delivery Team Leader.	Significant work has gone into this between planning and finance to reach an agreed process. There have been a few teething issues and delays getting confirmation from finance but in the coming months, this will improve. Technicians are currently finalising the last months report to send to finance for agreement. Will be able to send audit trail of reports and finance confirmation by soon.

Job Name	Rent Accounting 2021-22	Original Action Date	31/03/2023
Risk Rating	Low Risk	Revised Action Date	31/03/2026
Recommendation Number	3	Recommendation Status	Delayed Future Action
Summary of Weakness	**Recommendation**	**Management Response/Action Details**	**Status Update Comments**
The Council did not have a Rent Setting Policy in place.	We recommend that a Rent Setting Policy is established to ensure that rent is set with due consideration to the relevant legislation.	A rent policy will be compiled and reviewed in line with the Rent Standard 2020. Consultation and Member input will be required therefore a longer time frame to implement. The Head of Housing and the Head of Finance will be responsible for implementing this recommendation.	Housing Service Review in progress. Head of Housing and Exec Director now appointed. A service charge policy will be compiled and will be reviewed in line with the Rent Standard 2020. Consultation and Member input will be required therefore a longer time frame to implement. SDDC Requires a rent setting policy, and this is currently being drafted, after which it will be consulted upon, due to approval Q4. The reason for the delay relates to the additional work required across the department in response to the C3 rating issued by the Regulator for Social Housing and staffing skills and capacity, though these matters will be redressed as we implement the new staffing structure, which should be in place by Q3.

South Derbyshire District Council – Audit Progress Report

Job Name	Rent Accounting 2021-22	Original Action Date	31/03/2023
Risk Rating	Low Risk	Revised Action Date	31/03/2026
Recommendation Number	5	Recommendation Status	Delayed Future Action
Summary of Weakness	**Recommendation**	**Management Response/Action Details**	**Status Update Comments**
The Council did not have a Service Charges Policy in place.	We recommend that a Service Charges Policy is established. In producing this policy, careful consideration should be given to the equitability of the approach, and how it might best align with the financial risks facing the Council.	A service charge policy will be compiled and reviewed in line with the Rent Standard 2020. Consultation and Member input will be required therefore a longer time frame to implement. The Head of Housing and the Head of Finance will be responsible for implementing this recommendation.	Housing Service Review in progress. Head of Housing and Exec Director now appointed. A service charge policy will be compiled and will be reviewed in line with the Rent Standard 2020. Consultation and Member input will be required therefore a longer time frame to implement. iESE will assist Housing in reviewing service charges and look how we implement this over a staged approach. The need to have a policy for applying service charges (Communal heating and cleaning etc.) in place is a task which the Executive Director is progressing. However, initially we need to undertake a rent de-pooling exercise and determine a methodology for calculating service charges - best practice is on actuals one year in arrears. The policy will define the approach to be taken, and also offer options on the implementation of charges, including the need to consult with tenants. in view of this the timescale for implementation of service charges would be 2027 at the earliest, with a policy needing approval by Q4. Again, the need for an extension relates to both the C3 rating and resultant actions., plus staffing shortages.

South Derbyshire District Council – Audit Progress Report

Job Name	Grounds Maintenance 2019-20	Original Action Date	01/10/2021
Risk Rating	Low Risk	Revised Action Date	31/03/2026
Recommendation Number	2	Recommendation Status	Delayed Future Action
Summary of Weakness	**Recommendation**	**Management Response/Action Details**	**Status Update Comments**
The specification and associated bills of quantities were out-of-date, having not been updated since 2011.	We recommend that resources should be identified to review and update the specification and associated bills of quantity to reflect the current situation, to ensure better clarity over the areas covered within the 'contract' and the detailed requirements. The updated specification should take into consideration the current corporate priorities of the Council and ensure compliance with current legislation and best practise. In the longer term, the Council may wish to consider whether it would be appropriate to introduce an SLA.	Previous detailed specification to be reviewed for Housing land and Cultural and Community Service land. Timing will depend on when restructures are in place. Officers with operational responsibility are the Parks and Green Space Manager and the Housing Improvement and Asset Manager.	The Council has procured a grounds maintenance management IT system as part of a broader digitisation program for Operational Services. The introduction of a waste collection and trade waste IT systems was completed in 2024/25, and the street cleansing and grounds maintenance IT systems is to be implemented in 2025/26. The bills of quantities information/data that was available was transferred to the Operational Services GIS system during 2023. For the commissioning of the new IT system, the grounds paper-based processes will be migrated into a digitised system. This will create a revised specification, schedule of frequencies and bills of quantities for the grounds service, work will begin on the transfer to a digitised systems during the end of 2025. The system has been procured and contract signed with Whitespace. System to be implemented by March 2026 subject to sufficient resource and capacity being available in the service.

South Derbyshire District Council – Audit Progress Report

Previously Reported Recommendations Now Risk Accepted

Management has decided that the following recommendation is no longer going to be implemented, and the risks associated with this weakness in control are to be accepted.

Job Name	Development Management 2022-23	Original Action Date	31/12/2023
Risk Rating	Low Risk	Revised Action Date	
Recommendation Number	4	Recommendation Status	Risk Accepted
Summary of Weakness	**Recommendation**	**Management Response/Action Details**	**Status Update Comments**
A proposed review to explore the ability of the planning system to automatically populate the chargeable field to calculate planning fees had not been completed.	We recommend that the Council carry out a review of the issue raised during the 2018/19 Internal Audit relating to the calculation of planning fees and whether it is feasible for the planning system to automatically populate the chargeable field. Given the change in officer resources and capacity issues that have occurred in the intervening period, reassessing the situation in the current climate would determine if this issue continued to pose a problem and whether further resources may need to be identified for its rectification or not.	Review this with the increase in planning application fees now confirmed to be introduced on 6 December 2023. Training to be provide to all officers responsible to validating planning applications.	Need to update Arcus to latest version to understand if this is possible. Ongoing discussions with Arcus to enable the upgrades to take place. Upgrades should be implemented by Sept 2025. However, need to understand the benefits of this with some caution as it will only be as good as the information supplied by the applicants. This facility is not part of the latest upgrade of Arcus. The system could be enhanced to automatically populate the chargeable field, but this would incur a fee, which we do not believe is a cost-effective solution. Accordingly, we will continue with our current process.

REPORT TO:	**AUDIT AND GOVERNANCE COMMITTEE**	**AGENDA ITEM: 11**
DATE OF MEETING:	**03 DECEMBER 2025**	**CATEGORY**
REPORT FROM:	**FORVIS MAZARS LLP**	**OPEN**
MEMBERS' CONTACT POINT:	**MARK SURRIDGE, Mark.Surridge@mazars.co.uk**	**DOC:**
SUBJECT:	**DRAFT VALUE FOR MONEY COMMENTARY**	
WARD(S) AFFECTED:	**ALL**	**TERMS OF REFERENCE: AG04**

1.0 Recommendations

1.1 That the Committee note the report (Appendix 1).

2.0 Purpose of the Report

2.1 The accompanying report has been issued by the Council's auditors for the 2026/27 year.

3.0 Introduction

3.1 Forvis Mazars LLP are the council's appointed auditors for the years 2023/24 – 2026/27.

3.2 Mark Surridge, Partner, will be present at the meeting to present the report.

4.0 Financial Implications

4.1 The scale fees paid Forvis Mazars LLP are prescribed by the PSAA (Public Sector Audit Appointments) and are included in the Council's budget.

5.0 Corporate Implications

Employment Implications

5.1 There are no employment implications arising because of this report.

Legal Implications

5.2 There are no legal implications arising because of this report.

Corporate Plan Implications

5.3 There are no direct implications, however effective governance, risk management and control arrangements ensure the achievement of the Council Plan.

Risk Impact

5.4 Effective governance, risk management and control arrangements rely heavily on the assurances of an independent external auditor.

7.0 Community Impact

Consultation

7.1 There are no consultation matters to be considered.

Equality and Diversity Impact

7.2 There are no equality and diversity impact matters to be considered.

Social Value Impact

7.3 There are no social value impact matters to be considered.

Environmental Sustainability

7.4 There are no environmental sustainability matters to be considered.

8.0 Background papers

8.1 None.

Draft Value for Money Commentary

South Derbyshire District Council – year ended 31 March 2025

November 2025

forvis mazars

Contents

01

Audit of the financial statements

Introduction

Purpose of the Auditor's Annual Report

Our Auditor's Annual Report (AAR) summarises the work we have undertaken as the auditor for South Derbyshire District 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.

Opinion on the financial statements
Our work on the 2024/25 statement of accounts is ongoing and due to conclude in February 2026.

Value for Money arrangements
Our work to conclude on value for money arrangements is ongoing. We have not identified any new significant weaknesses in arrangements and are following up on the prior year identified 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.

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.

02

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 South Derbyshire District Council since 2020/21 are set out in the table below:

Year:	Backstop date:	Form of audit report:
2020/21	13-Dec-24	Unmodified
2021/22	13-Dec-24	Disclaimed
2022/23	13-Dec-24	Disclaimed
2023/24	28-Feb-25	Disclaimed

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.

We are performing our work on 2024/25 financial statements and will report the outcome of our work to the Audit Committee no later than 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 or 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	2023/24 Outcome	Identified risks of significant weakness?	Actual significant weaknesses identified?	Other recommendations made?
Financial sustainability	11	Identified significant weakness in arrangements	No new matters arising.	To be confirmed in final report.	Yes
Governance	14	Identified significant weakness in arrangements	No new matters arising.	To be confirmed in final report.	Yes
Improving economy, efficiency and effectiveness	18	Identified significant weakness in arrangements	No new matters arising.	To be confirmed in final report.	Yes

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

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 reviewed the Council's overall governance framework, including Council and committee reports, the Annual Governance Statement, and Statement of Accounts for 2024/25. These confirm the Council undertook its responsibility to define the strategic aims and objectives, monitor financial performance against budgets and plans to best meet the needs of the Council's service users.

The Council Plan was updated for 2024-2028 and sits alongside the Medium-Term Financial Strategy and the Risk Register sets out the threats to achieving the corporate goals as well as any opportunities that the Council may seek to take. Progress against its strategic priorities is reported quarterly to the Finance and Management Committee with an Annual Report published, summarising financial and performance outcomes. From the work performed there is no indication that the Council's Medium Term Financial Strategy and budget setting process is not aligned to supporting plans.

Medium Term Financial Plan

We have reviewed the 2024/25 and 2025/26 Medium-Term Financial Plan (MTFP). The current iteration extends to 2029/30, albeit with the potential for local government reorganisation after 2027/28.

As shown in the table opposite, between setting the 2024/25 and 2025/26 MTFP, the budget gap for 2025/26 has fallen by £1.4 million and along with the £2.4 million surplus in 2024/25, short-term financial pressures have eased somewhat. However, in our view, the Council's financial outlook overall has worsened considerably. Before taking account of the 2024/25 surplus, the 2025/26 plan projects a cumulative budget gap of £19.4 million to over the five year period to 2029/30, compared to £14.3 million in the previous plan—a deterioration of £5.1 million. This adverse movement significant and reflective of challenging assumptions around funding reform, the withdrawal of transitional support, and major capital commitments such as the Leisure Centre and Civic Office project. The reliance on approximately £5 million of reserves to bridge gaps indicates growing financial pressure and reduced flexibility compared to last year.

As with other local authorities, the Council is awaiting the outcome of the Fair Funding Review and will need to factor in any changes to its budget for 2026/27. Notwithstanding this, the Council continues to face significant financial challenges that will require sustained effort to address.

Year	Budget Gap (£) 24/25 MTFP	Budget Gap (£) 25/26 MTFP	Closing Reserves (£) 25/26 MTFP
2025/26	1,549,207	119,329	17,967,086
2026/27	2,799,395	2,601,096	17,210,990
2027/28	4,297,825	4,583,106	15,917,883
2028/29	5,674,352	5,998,146	14,454,737
2029/30	—	6,108,662	12,881,075
Total	**14,320,779**	**19,410,340**	**—**

In our opinion, the assumptions underpinning the 2025/26 MTFP are prudent and appropriately cautious, factoring in risks such as the reset of the Business Rates baseline, potential reductions in New Homes Bonus, and redistribution of funding towards high-need authorities. This approach supports resilience planning. However, while the Sustainable Finance Programme is expected to deliver £14.7 million in savings, the remaining gap being met from reserves suggests structural dependence on one-off resources unless further efficiencies and income generation are achieved.

We consider the assumptions—such as a 3.5% pay award, limited inflationary uplifts, and council tax increases capped at 2.99%—to be reasonable and based on credible sources like OBR forecasts. However, in our view, worst-case funding scenarios beyond 2026 could materially worsen the position if realised. Early progress in procurement and treasury savings is positive, but some targets, particularly transformation and asset management, remain aspirational and will require strong governance to deliver.

Reserves are currently healthy at £18.1 million, forecast to reduce to £12.8 million by 2029/30 after supporting budget gaps. This remains above the Council's own risk-based threshold. We believe the Sustainable Finance Programme is well-structured and aligned with best practice, but its success depends on sustained delivery of savings and proactive management of funding risks to maintain long-term resilience.

We do not consider the MTFP to pose a risk to significant weakness to arrangements involving financial sustainability, but do raise a recommendation:

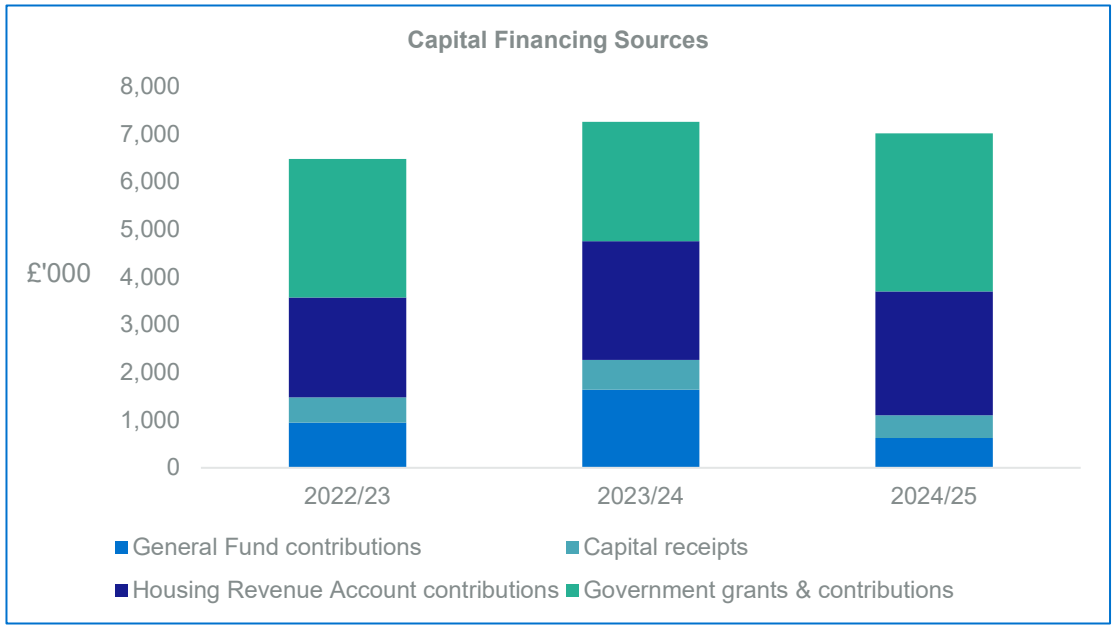
"Other" Recommendation: The Council should avoid over-reliance on reserves to bridge funding shortfalls; when setting the 2026/27 budget it must ensure the Sustainable Finance Programme funds services from available resources and is underpinned by a budget-gap mitigation plan of income generation, savings targets, detailed delivery schedules and risk assessments.

VFM arrangements – Financial Sustainability

Overall commentary on the Financial Sustainability reporting criteria continued

Capital Programme

We have reviewed Council's capital financing over the past three years has been broadly stable, ranging from £6.67m in 2022/23 to £7.46m in 2023/24, before slightly reducing to £7.05m in 2024/25. The composition of funding shows a heavy reliance on Housing Revenue Account (HRA) contributions, which have grown steadily from £2.09m to £2.60m, representing the largest single source each year. Government grants and contributions have also been significant, fluctuating between £2.91m and £3.32m, and remain a critical external funding stream. In contrast, General Fund contributions have varied considerably, peaking at £1.64m in 2023/24 but falling to £624k in 2024/25, reflecting tighter revenue budgets. Capital receipts have been modest and declining, suggesting limited scope for asset disposals as a sustainable source for either funding the capital programme or funding transformation spending through Flexible Capital Receipts.



Looking ahead, the Council's Capital Strategy for 2025/26–2029/30 has been set up to prioritise affordability and risk management: taking a decision to favour internal borrowing over external debt, leveraging strong reserves to minimise interest costs.

We do not consider the capital programme to pose a risk to significant weakness to arrangements involving financial sustainability.

Minimum Revenue Provision

We have reviewed the Council's Minimum Revenue Provision (MRP) for 2024/25 in the context of its capital programme. We observed that the Council has revised its MRP method for 2024/25, moving from the Regulatory Method—charging a flat 4% of the authority's underlying need to borrow—to the Asset Life Method, which spreads repayment over the useful life of the asset.

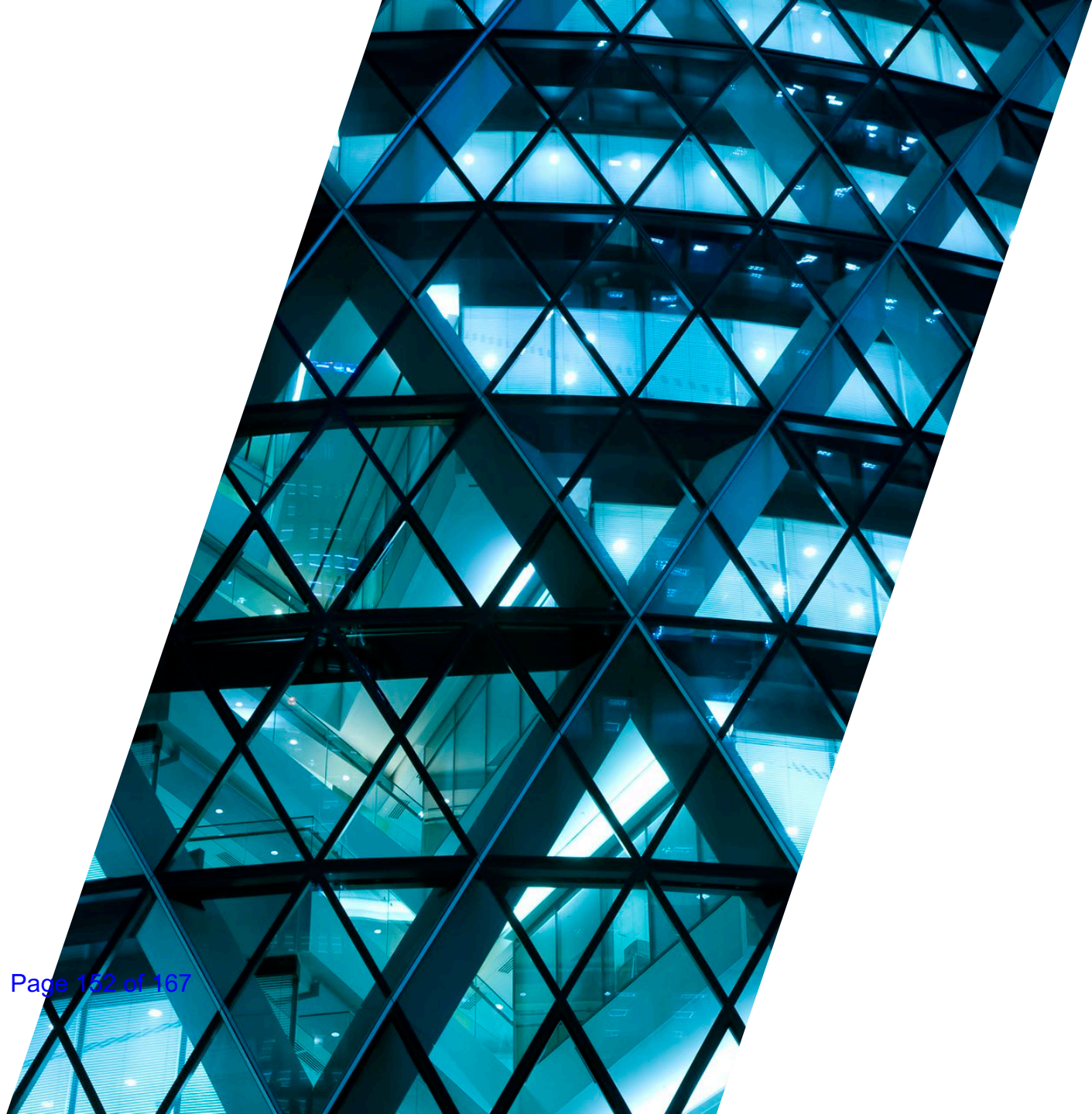
We believe this approach remains aligns with statutory guidance under the Local Government Act 2003 and the CIPFA Prudential Code. It ensures that repayment reflects asset consumption and supports intergenerational equity.

For 2024/25, the actual MRP charge is £36k, which is less than 2% of the opening Capital Financing Requirement (CFR) of £6.607m. While this complies with statutory guidance (which requires a "prudent provision"), the relatively low charge introduces risks, including but not limited to: deferring repayment, increasing reliance on future budgets and exposure to interest rate volatility in subsequent years. To mitigate these risks, it will require robust forward planning to ensure future affordability and avoid over-reliance on reserves or additional borrowing.

We do not consider the minimum revenue provision to pose a risk to significant weakness to arrangements involving financial sustainability.

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

Arrangements for monitoring and assessing risk

The Annual Governance Statement is a critical component of the Council's governance arrangements. It is an evidenced self-assessment by the Council on the Council's governance, assurance and internal control frameworks for the financial year. We have reviewed the Council's 2024/25 Annual Governance Statement and noted a continuation of two risks of significant weaknesses brought forward from 2023/24. This relate to arrangements in improving economy, efficiency and effectiveness.

We have reviewed the Council's Annual Governance Statement ("AGS") for 2024/25, we can conclude it has been prepared in accordance with the CIPFA/SOLACE framework, which sets out seven core principles of good governance. The AGS demonstrates that the Council has embedded these principles into its governance arrangements, including integrity, stakeholder engagement, risk management, and transparency. The statement provides a clear narrative on the governance framework and outlines improvement actions identified through the annual review process, which is consistent with best practice guidance.

Overall, while the AGS reflects a structured approach to governance and demonstrates commitment to continuous improvement, the persistence of significant weaknesses in housing compliance and procurement controls means that the Council's arrangements cannot yet be considered fully effective.

We have reviewed the Councils semi-annual pross of actions to address weaknesses noted in their AGS which are reported to the Audit & Governance Committee. As of September 20205, the Council has made progress on the actions identified in the Annual Governance Statement (AGS) 2024/25, with 14 of 23 improvements completed and the remainder in progress under revised timelines. Completed actions include embedding new Council values into performance management, implementing a refreshed risk management framework, and strengthening procurement controls. Other improvements, such as developing a customer satisfaction survey framework, digitising corporate information systems, and reviewing committee report templates, are underway. Significant governance areas still being addressed include compliance with Housing Consumer Standards (target April 2026), implementation of the Planning Service review (target December 2025), and full compliance with the CIPFA Financial Management Code (target September 2025). Internal audit investigations into asset disposals, overtime payments, and agency staff procurement are ongoing, with remedial actions planned.

We believe there is a significant weakness in the Councils governance arrangements which is consistent with the weaknesses identified in the Annual Governance Statement see pages 19 and 20 and a recommendation.

"Other" Recommendation: Given that the Council has not undertaken a corporate peer review challenge or equivalent governance benchmarking exercise since 2019, in light of significant governance weaknesses in areas such as housing compliance and procurement controls and the increasing financial challenge, the Council should consider its overall effectiveness through an independent corporate peer review or an equivalent performance benchmarking exercise.

Risk management

We have reviewed the Council's Risk Management Framework (June 2024) and confirm that it provides clear, structured arrangements for monitoring and reporting risk. Quarterly reviews of the Strategic Risk Register and operational registers are undertaken, with significant risks escalated to the Risk Management Group and reported to the Finance and Management Committee, ensuring member oversight. Operational risks are managed by Heads of Service and discussed during one-to-one reviews with Executive Directors, creating a consistent escalation route. These arrangements demonstrate embedded governance, defined roles, and accountability supported by a regular reporting cycle.

Our review of quarterly reports for Q3 2024/25 through Q1 2025/26 shows compliance with these processes and progress on key risks. Procurement and contract management remained a significant risk, worsening in Q4 due to non-compliance issues but improving in Q1 following adoption of updated Contract Procedure Rules. Financial resilience continues to be a challenge, with revised Financial Procedure Rules approved and work on the HRA business plan progressing. Housing compliance, introduced as a new high-risk area in Q4, saw positive steps in Q1 with the Housing Transformation Plan approved and recruitment underway. Other areas, such as organisational change and cyber security, have advanced through implementation of transformation resources and ICT upgrades, while emergency planning improved with Business Continuity Plans finalised and published. Overall, these developments indicate that the Council is actively managing strategic risks and strengthening its control environment.

We have not identified any further risks of significant weakness in the Councils governance arrangements in relation to risk management procedures.

VFM arrangements – Governance

Overall commentary on the Governance reporting criteria

Arrangements for decision making and assurance

Internal Audit

Internal Audit issued an overall Reasonable Assurance opinion for 2024/25, confirming that governance and control arrangements are generally sound but require some improvement. Across both years, 26 audits were in scope: 2023/24 carry-forward audits (12) were all completed, with 4 rated Substantial and 8 Reasonable, while 2024/25 audits (14) include 6 finalised and 8 still in progress. No Limited or No Assurance ratings were reported. A total of 41 recommendations were made during 2024/25 (9 moderate risk, 32 low risk), with a 66% closure rate, but 24 actions remain outstanding (including 16 delayed future actions), alongside two legacy moderate-risk items from prior years—Land Charges data integrity and Rent Accounting energy cost recovery. While governance arrangements are broadly effective, delays linked to IT system upgrades and resource constraints highlight the need for stronger project management and oversight to ensure timely implementation of agreed actions.

Our review has highlighted two risk of significant weakness in arrangements relating to Internal Audit's conclusions on 2024/25. See pages 19 and 20.

Governance Structure

We have reviewed the Councils constitution updates that were approved by Council in May 2024 and 2025. The Council's governance arrangements reflect a strong focus on value for money by rationalising structures and clarifying roles to reduce duplication and improve oversight. The 2025 review introduced the merger of the Standards Committee and Audit Sub-Committee into a single Audit and Governance Committee, enabling streamlined governance and better resource utilisation. We have attended numerous meetings of the Audit & Governance Committee during the year. We have considered minutes of meetings and supporting reports. Based on our attendance, the Committee is adequately serviced and attended by officers as required.

Similarly, the creation of the Place & Prosperity Committee and Environment and Communities Committee, alongside updated delegations for Executive Directors—such as grant acceptance up to £150,000 and enhanced authority over RIPA authorisations—ensures revised arrangements are in place for decision making within the governance structure.

We have reviewed the Overview and Scrutiny Committees annual report for 2024/25. The report demonstrates that governance arrangements for scrutiny are in place and functioning, with clear terms of reference, scheduled meetings, and a defined process for call-ins and work programme setting. The Committee reviewed a broad range of policy and operational issues, including budget setting, service delivery, and compliance matters, and provided feedback to decision-making bodies. While this supports transparency and accountability, the report indicates that the Committee's impact is largely advisory, with limited evidence of measurable outcomes or systematic tracking of recommendations. Forward challenges acknowledge the need for stronger alignment with corporate priorities and more robust scoping and evaluation of work programme items, suggesting that while the governance framework is sound, its effectiveness in influencing strategic decision-making could be strengthened.

We do not believe there is a risk of significant weaknesses of governance in relation to the revised governance structure.

VFM arrangements – Governance

Overall commentary on the Governance reporting criteria

Budgetary Setting & Monitoring

We reviewed the 2024/25 budget-setting approach presented to the Finance and Management Committee demonstrates that the Council has appropriate arrangements in place for good governance. It is underpinned by a robust Medium-Term Financial Strategy and a five-year rolling financial plan, ensuring alignment with strategic priorities and long-term sustainability. The process incorporates clear principles—such as budget stability, procurement-led savings, asset investment linked to income generation, and maximising income through a Corporate Charging Policy—supported by transparent incremental budgeting and detailed reporting of changes. Furthermore, the approach includes early engagement with Members, structured scrutiny through policy committees and Overview & Scrutiny, and a six-week public consultation, all of which reflect best practice in accountability and stakeholder involvement. Overall, these features provide assurance that the Council's financial planning and decision-making processes are well-governed and strategically focused.

Council approved the 2024/25 budget and MTFP on 28 February 2024 there was also appropriate budget monitoring arrangements in place with quarterly reports presented to the Finance and Management Committee.

2024/25 Outturn

We have reviewed the Council's 2024/25 outturn shows a strong financial position compared to the approved budget and mid-year forecasts. The General Fund moved from an expected deficit of £228k to a surplus of £2.409m, driven by higher investment income (£1.392m), increased business rates (£892k), and service underspends (£670k).

Similarly, the Housing Revenue Account improved from a forecast deficit of £1.435m to a surplus of £309k, supported by savings on depreciation (£1.119m), additional investment income (£330k), and reduced bad debt provisions (£104k). Capital expenditure was £8.67m against a budget of £11m, with underspends largely due to timing rather than structural issues. Reserves remain robust, with £19.6m earmarked and minimum statutory levels comfortably met.

These results indicate that the Council has appropriate arrangements for financial sustainability, underpinned by strong reserves, effective cost control, and prudent financial management. However, some favourable variances—such as high interest income and depreciation savings—are non-recurring, and reliance on reserves for one-off pressures (e.g., £162k Green Homes Grant shortfall) should be monitored. Continued forward planning, stress-testing against interest rate volatility, and timely delivery of capital projects will be essential to maintain resilience and support long-term sustainability.

We do not believe there is a risks of significant weaknesses of governance in relation to budget setting/monitoring throughout 2024/25

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 reporting criteria

Corporate planning and performance management arrangements

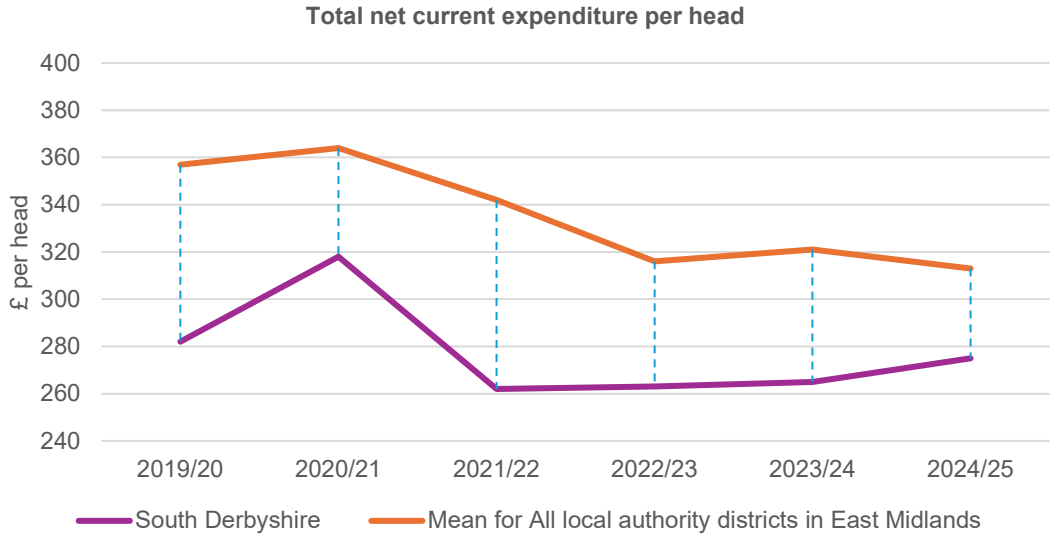
The Council Plan was updated for 2024-2028. We have reviewed the progress against the plan, which is monitored quarterly by the Finance and Management Committee. Reporting for Q1 2025/26 shows that most projects are on track. Key performance indicators such as recycling rates (54% against a 46% target) and business support sessions (68 delivered in Q1) demonstrate tangible progress, although some initiatives, such as affordable housing completions and empty homes strategy, are behind schedule.

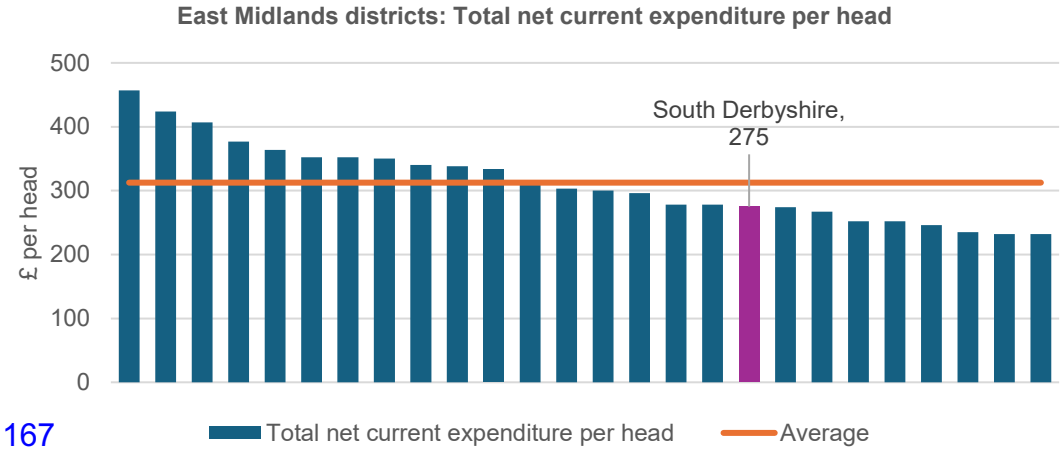
The Plan includes arrangements that promote economy, efficiency, and effectiveness, evidenced by its integration with the Medium-Term Financial Plan, quarterly performance monitoring, and projects aimed at securing value for money—such as procurement-led savings, digital service improvements, and asset optimisation. Governance is strengthened through quarterly reporting to policy committees and benchmarking against national standards (e.g., recycling rates, planning performance).

We do not believe there is a risks of significant weaknesses of arrangements to improve economy, efficiency or effectiveness in regard to the Councils Plan.

VFM profiles

We have considered external profiles published by vfm.lginform.local.gov.uk and reproduced the charts opposite using the data publicly available. We are satisfied there is no evidence of a risk of significant weakness in arrangements.





VFM arrangements – Improving Economy, Efficiency and Effectiveness

Overall commentary on the reporting criteria

Procurement

From our review of the Annual Governance Statement and meetings with officers, the Council's procurement arrangements exhibited a continuing significant weakness throughout 2024/25, particularly in relation to compliance with Contract Procedure Rules (CPRs) and the Public Contracts Regulations 2015 for agency staffing. Internal audit confirmed that, although remedial actions from the prior year were implemented, further breaches occurred during 2024/25, indicating that governance and control measures were not fully embedded. This issue was disclosed in the Annual Governance Statement and remains under active review by internal audit, with findings expected to confirm historic non-compliance. The weakness posed a risk to transparency and value for money and is recorded on the Strategic Risk Register (SR1 – Contracts not properly procured and managed). While the Council maintained service continuity, the persistence of these issues during the year demonstrates that procurement governance was not operating effectively to secure economy, efficiency, and effectiveness.

We believe there is a risks of significant weaknesses of arrangements to improve economy, efficiency or effectiveness in regard to the procurement. See page 23.

Housing Regulator

Our review of the Council's arrangements for housing services highlights that compliance with the Housing Ombudsman's Complaint Handling Code and the Housing Consumer Standards remains an area of concern. While the Council has taken steps to strengthen governance—such as revising its Complaints and Feedback Policy, introducing a dedicated monitoring system, and approving a Housing Service Transformation Plan—the persistence of maladministration findings during 2024/25 indicates that these arrangements were not fully effective in practice. Complaints upheld by the Ombudsman for damp and mould handling, record-keeping, and complaint management demonstrate weaknesses in operational delivery and oversight. These issues expose the Council to regulatory, reputational, and financial risk and undermine its ability to secure economy, efficiency, and effectiveness in housing services.

We believe there is a risks of significant weaknesses of arrangements to improve economy, efficiency or effectiveness in regard to social housing. See page 24.

Partnerships: Local Government Reorganisation

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.

The Council has produced an option for consideration in November 2025.

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.

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.

"Other" Recommendation: The Council needs to maintain effective and transparent governance arrangements in the progression of plans for local government reorganisation, including effective leadership and the audit & governance committee should seek specific assurance, once plans are finalised, over the key controls in place to support the transition to a new organisation.

VFM arrangements

Identified significant weaknesses in arrangements and our recommendations

VFM arrangements – Overall summary

Risks of Significant Weakness: progress against significant weaknesses and recommendations made in a prior year

Risks of Significant Weakness	Reporting criteria	Recommendations(s) for improvement	Our views on action taken to date	Overall conclusions
Arrangements to approve the HRA and Capital Budgets The Council's Constitution states that each annual Housing Revenue Account and Capital budgets must be approved by the Full Council, but in 2023/24 these budgets were not formally received and approved by Full Council as part of its overall budget setting process in February 2023. This lack of following the requirements of the Constitution had been raised by Internal Audit in December 2021, but the recommendation made was not put in place. Whilst the 2024/25 budget was prepared and approved in line with the Constitution, in our view, the Council has contravened its own Constitution for budget setting and taken an excessive amount of time to address the initial 2021 finding from Internal Audit. Without an effective process to ensure the requirements of its own Constitution are followed and recommendations made are addressed, the Council risks being challenged on the basis of its decision making process.	This is evidence of a significant weakness in the Council's governance arrangements in how it makes properly informed decisions arising from failure to fully address previously identified weaknesses.	The Council should: • ensure future budgets are developed and approved in line with its Constitution. • commence a review of the Constitution to ensure it remains fit for purpose and that Officers and Members understand and follow the required procedures. • ensure the Audit Sub-Committee fully understands its role in challenging the progress made against recommendations made by Internal Audit, including any delays in implementation.	The Council addressed previously reported issues on the HRA and Capital Budgets in setting the 2024/25 Budget in February 2024. The Council has updated the Constitution and replaced the Audit Sub-Committee with an Audit & Governance Committee.	Work is currently ongoing.

VFM arrangements – Overall summary

Risks of Significant Weakness: progress against significant weaknesses and recommendations made in a prior year

Risks of Significant Weakness	Reporting criteria	Recommendations(s) for improvement	Our views on action taken to date	Overall conclusions
Non-compliance with Housing Consumer Standards During 2023/24, the Council carried out a self-assessment against the Housing Consumer Standards that highlighted concerns do to not having an up-to-date stock condition survey making it difficult to determine the current condition and safety of the stock on a property-by-property basis and consequently, it made a self-referral to the Regulator of Social Housing (RSH) in April 2024. Consequently, in August 2024 the regulator stated that "there are serious failings in the landlord delivering the outcomes of the consumer standards and significant improvement is needed specifically in relation to outcomes in our Safety and Quality Standard and our Transparency, Influence and Accountability Standard", this was based on: • Fewer than half of the homes requiring a fire risk assessment have one in place. Moreover, a number of homes did not have a valid electrical safety certificate, and more than 100 homes required further works due to unsatisfactory certificates. • The Council also failed to demonstrate a sufficient understanding of its tenants' homes and the RSH could not be assured that the Council is providing homes of decent quality, with the last stock condition survey taking place in 2018. Without proper arrangements in place to identify and address potential safety issues in its housing stock, the Council risks further regulatory action, and reputational risk, including failing to deliver decent housing. Whilst the Housing Consumer Standards came into force from April 2024, the RSH's judgement is evidence of a significant weakness in arrangements for the year ended 31 March 2024.	Governance and how the Council ensures that it monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements. Improving economy, efficiency and effectiveness and how the Council uses information about its costs and performance to improve the way it manages and delivers its services.	We recommend that the Council put in place arrangements to ensure the actions identified in its improvement plan are being delivered on time and are having the required impact on the quality of service provided to, and the safety of, its housing tenants. In addition, there should be oversight of the progress at an appropriate level within the Council.	We note that the Council has initiated improvement measures, including restructuring the housing service, developing a 30-year Housing Revenue Account business plan, and implementing a 5-year asset management plan to transition from reactive to planned maintenance. Enhanced tenant engagement and a commitment to evidencing learning from complaints are positive developments. However, these actions were still in progress at year-end and have not yet delivered demonstrable outcomes. On this basis, we conclude that the arrangements for housing services remain at risk of being a significant weakness for 2024/25, requiring continued oversight and timely implementation of planned improvements to achieve compliance and deliver sustainable service quality.	Work is currently ongoing.

VFM arrangements – Overall summary

Risks of Significant Weakness: progress against significant weaknesses and recommendations made in a prior year

Risks of Significant Weakness	Reporting criteria	Recommendations(s) for improvement	Our views on action taken to date	Overall conclusions
As part of a routine procurement spend analysis in November – December 2023 the Council identified that when acquiring temporary staff through agency arrangements the Council's required procurement framework had not been followed since 2019. This has led to a risk of non-compliance with procurement arrangements over the five-year period from 2019 to 2024. Over a five year period up to and including the financial year ended 31 March 2024, the Council did not recognise the risk of non-compliance with procurement legislation when purchasing staff through agency arrangements and as a consequence, we believe this to be a significant weakness in the Council's arrangements.. Without adequate arrangements in this area there is potential for the Council to face legal challenges, financial penalties, reputational damage, and/or potential contract disputes	Governance (how the Council monitors and ensures appropriate standards where it procures or commissions services) Improving Economy, Efficiency and Effectiveness (where the Council commissions or procures services, how it ensures that this is done in accordance with relevant legislation, professional standards and internal policies)	We recommend that the Council puts in place arrangements to ensure the actions identified in its improvement plan are delivered and ensures all agency spending is incurred in line with agreed contracts. In addition, given the issues that the Council has experienced, the Council should consider how it monitors its procurement effectiveness, including whether the Audit Committee should receive an annual review of procurement effectiveness to confirm arrangements are compliance with regulations and delivering value for money.	We have reviewed recent actions and note that these represent a marked improvement but were introduced late in the reporting period and therefore did not fully mitigate the weakness during 2024/25. These include appointing a permanent Procurement Lead, updating CPRs to reflect the Procurement Act 2023, implementing an e-tendering portal (Proactis), and launching quarterly procurement reviews with Heads of Service. The new Procurement Strategy 2025–2028 sets out a modernised framework prioritising compliance, social value, and sustainability, supported by targeted training and external expertise from V4 Services. The first Annual Procurement Effectiveness Report evidences progress such as a refreshed contract register, procurement pipeline, and improved governance tools. While these developments strengthen the Council's capacity going forward, the fact that non-compliance persisted during 2024/25 means there is a risk that the weakness was real and material for that year, requiring continued monitoring to ensure full cultural and procedural embedding.	Work is currently ongoing.

04

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 not received any formal correspondence.

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.

Contact

Forvis Mazars

Mark Surridge
Partner
mark.surridge@mazars.com

REPORT TO:	**AUDIT AND GOVERNANCE COMMITTEE**	**AGENDA ITEM: 12**
DATE OF MEETING:	**03 DECEMBER 2025**	**CATEGORY: DELEGATED**
REPORT FROM:	**EXECUTIVE DIRECTOR – RESOURCES AND TRANSFORMATION EXECUTIVE DIRECTOR – LAW AND PEOPLE**	**OPEN**
MEMBERS' CONTACT POINT:	**DEMOCRATIC SERVICES 01283 595889/5722 democraticservices@southderbyshire.gov.uk**	**DOC:**
SUBJECT:	**COMMITTEE WORK PROGRAMME**	**REF:**
WARD(S) AFFECTED:	**ALL**	**TERMS OF REFERENCE: G**

1.0 Recommendations

1.1 That the Committee notes the Audit and Governance Committee Work Programme attached at Annexe A.

2.0 Purpose of Report

2.1 For the Committee to note its Work Programme.

3.0 Detail

3.1 Committee will be presented with a Work Programme at each meeting for noting. No further reports will be added to the Work Programme, however, reports will still be presented to Committee that are not on the Work Programme for consideration.

4.0 Financial Implications

4.1 None arising directly from this report.

5.0 Corporate Implications

5.1 None arising from this report

6.0 Background Papers

None

All Reports that are greyed out have been to Committee or are on the current Committee Agenda

Reports in bold have not yet been considered by Committee

AUDIT AND GOVERANCE COMMITTEE ANNUAL WORK PROGRAMME 2025/26

Committee Date	Report Title	Report Author / Contact	Open / Exempt	New Committee Date	Reason for Date Change
18-Jun-25	Annual Report 2024/25	Tracy Bingham - Executive Director - Resources & Transformation	OPEN		
18-Jun-25	Review of Outstanding Internal Audit Actions	Tracy Bingham - Executive Director - Resources & Transformation	OPEN		
18-Jun-25	RIPA Authorisations	Liz Page-Head of Legal & Democratic Services	OPEN		
18-Jun-25	Member Code of Conduct Complaints Procedure	Ardip Sandhu- Executive Director-Law & People	OPEN		
18-Jun-25	Dispensation Protocol	Ardip Sandhu- Executive Director-Law & People	OPEN		
18-Jun-25	Risk Management Update Quarter 4 2024/25	Tracy Bingham - Executive Director - Resources & Transformation	OPEN		
18-Jun-25	Internal Audit Annual Report 2024/25	Adrian Manifold - Audit Manager	OPEN		
18-Jun-25	Internal Audit Progress Report 2025/26	Adrian Manifold - Audit Manager	OPEN		
18-Jun-25	Local Code of Corporate Governance 2024/25	Tracy Bingham - Executive Director - Resources & Transformation	OPEN		
18-Jun-25	Global Internal Audit Standards	Adrian Manifold - Audit Manager	OPEN		
18-Jun-25	Annual Governance Statement 2024/25	Tracy Bingham - Executive Director - Resources & Transformation	OPEN		
18-Jun-25	Statement of Accounts update	Charlotte Jackson - Head of Finance & Performance	OPEN		
18-Jun-25	Counter Fraud Partnership Report 2024/25	Catherine Grimley - Assistant Director (Resources & Transformation)	OPEN		
03-Sep-25	RIPA Authorisations	Liz Page-Head of Legal and Democratic Services	OPEN		
03-Sep-25	Members Code of Conduct Complaints Annual Report	Ardip Sandhu- Executive Director-Law & People	OPEN		
03-Sep-25	Risk Management Update Quarter 1	Tracy Bingham - Executive Director - Resources & Transformation	OPEN		
03-Sep-25	Internal Audit Progress Report 2025/26	Adrian Manifold - Audit Manager	OPEN		
03-Sep-25	Progress of Actions Identitied in the Annual Governance Statement	Tracy Bingham - Executive Director - Resources & Transformation	OPEN		
03-Dec-25	RIPA Authorisations	Liz Page-Head of Legal and Democratic Services	OPEN		
03-Dec-25	RIPA Policy and Training	Liz Page-Head of Legal and Democratic Services	OPEN		
03-Dec-25	Risk Management Update Quarter 2	Tracy Bingham - Executive Director - Resources & Transformation	OPEN		
03-Dec-25	Internal Audit Progress Report 2025/26	Adrian Manifold - Audit Manager	OPEN		
11-Feb-26	Approval of the 2024/25 Annual Governance Statement and	Charlotte Jackson - Head of Finance & Performance	OPEN		
04-Mar-26	RIPA Authorisations	Liz Page-Head of Legal and Democratic Services	OPEN		
04-Mar-26	Risk Management Update Quarter 3	Tracy Bingham - Executive Director - Resources & Transformation	OPEN		
04-Mar-26	Progress of Actions Identitied in the Annual Governance Statement	Tracy Bingham - Executive Director - Resources & Transformation	OPEN		
04-Mar-26	Accounting Policies and Materiallity 2025/26	Charlotte Jackson - Head of Finance & Performance	OPEN		
04-Mar-26	Internal Audit Plan 2026/27 and Audit Charter	Adrian Manifold - Audit Manager	OPEN		