Audit and Risk Committee Agenda

16 September 2026 at 7pm

Marconi Room, Civic Centre, Chelmsford

Membership

Councillor N. Walsh (Chair)

and Councillors

C. Adutwim, G. Bonnett, D. Clark, H. Clark, N. Dudley, J. Raven, M. Sismey and A. Sosin

Local people are welcome to attend this meeting, where your elected Councillors take decisions affecting YOU and your City. There will also be an opportunity to ask your Councillors questions or make a statement. These have to be submitted in advance and details are on the agenda page. To find out more about attending please email committees@chelmsford.gov.uk or telephone on Chelmsford (01245) 606480

Audit and Risk Committee

16 September 2026

AGENDA

1. Apologies for Absence and Substitutions

2. Minutes

To consider the minutes of the meeting held on 24 June 2026.

3. Declaration of Interests

All Members are reminded that they must disclose any interests they know they have in items of business on the meeting's agenda and that they must do so at this point on the agenda or as soon as they become aware of the interest. If the interest is a Disclosable Pecuniary Interest they are also obliged to notify the Monitoring Officer within 28 days of the meeting.

4. Public Question Time

Any member of the public may ask a question or make a statement at this point in the meeting. Each person has two minutes and a maximum of 20 minutes is allotted to public questions/statements, which must be about matters for which the Committee is responsible.

The Chair may disallow a question if it is offensive, substantially the same as another question or requires disclosure of exempt or confidential information. If the question cannot be answered at the meeting a written response will be provided after the meeting.

Any member of the public who wishes to submit a question or statement to this meeting should email it to committees@chelmsford.gov.uk 24 hours before the start time of the meeting. All valid questions and statements will be published with the agenda on the website at least six hours before the start time and will be responded to at the meeting. Those who have submitted a valid question or statement will be entitled to put it in person at the meeting.

5. Announcements

6. External Audit Update

7. Annual Health and Safety Report 2025/26

8. Updated Internal Audit Plan 2026

9. Risk Management Report

10. Work Programme

11. Urgent Business

To consider any other matter which, in the opinion of the Chair, should be considered by reason of special circumstances (to be specified) as a matter of urgency.

MINUTES OF THE

AUDIT AND RISK COMMITTEE

held on 24 June 2026 at 7.15pm

Present:

Councillor N. Walsh (Chair)

Councillors, C. Adutwim, G. Bonnett, D. Clark, H. Clark, N. Dudley, J. Raven, M. Sismey and A. Sosin

Independent Persons –
Mr C Groves
Ms J Hoeckx

1. Apologies for Absence and Substitutions

Apologies were received from Cllr Sismey.

2. Minutes

The minutes of the meeting on 18 March 2026 were confirmed as a correct record.

3. Declarations of Interests

All Members were reminded to disclose any interests in items of business on the meeting's agenda and that they should do so at this point on the agenda or as soon as they became aware of the interest. They were also obliged to notify the Monitoring Officer of the interest within 28 days of the meeting if they had not been previously notified. None were made.

4. Public Questions

There were no questions or statements from members of the public.

5. Announcements

No announcements were made.

6. External Audit Update

The Committee received an update from Ernst & Young, the Council's External Auditors. Members were advised that the assurance rebuilding process was now in Phase two, following the national programme led by MHCLG to address the local audit backlog. They explained that earlier years had focused on a risk based rebuild of assurance, and that work was now progressing towards enabling a full audit of 2025/2026, subject to capacity and available evidence. The auditors confirmed that

there remained gaps in assurance from prior years, particularly in relation to reserves and historic balances, and that a detailed risk assessment of opening balances had been substantially completed.

The Committee noted that a risk based approach continued to be taken to address prior year gaps with further discussions with management expected in July 2026 and the audit plan to be updated following national guidance. Key risks identified included fraud in revenue and expenditure recognition, particularly REFCUS, and valuation of Property, Plant and Equipment, including the impact of CIPFA Bulletin 22.

In response to questions and comments from the Committee, the External Auditors noted that;

- The use of valuation information would not delay the audit.

- They were broadly expecting to meet the proposed timetable.

RESOLVED that the update and reports be noted.

(7.17pm to 7.32pm)

7. Revenue Outturn Report

The Committee received a report of the Council's revenue outturn position for 2025/26, outlining the Council's expenditure and income against the approved budgets for 2025/26. The report also set out the activity in the Council's finances, the variations identified and the risks they involved. Members were advised that the revenue budget was divided into service budgets, non-service budgets and reserve use.

Members were advised that the overall position for 2025/26 had resulted in an improvement in the expected General Fund reserve position, which was £2.59m better than the original budget and £0.30m better when measured against the 2026/27 budget assumption. The Committee heard that there had been an underspend of £2.46m on service level budgets, driven largely by additional net income, alongside a favourable variance of £0.95m on non-service level budgets, predominantly due to lower debt repayment costs, additional interest income and additional grant income. Members also noted that business rates income had been lower than budgeted, with £0.57m of the Business Rates contingency reserve used to offset this shortfall.

The Committee were also informed of a reduced use of earmarked reserves compared with the original budget, with £0.82m less utilised, although it was noted that some of this reflected timing differences where expenditure would fall into future years. Members further heard that the appendices to the report provided detail on the key variations, ongoing financial impacts and the position on reserves, including that there could be a small ongoing net pressure on future budgets in the region of £119k to £169k.

RESOLVED that the revenue outturn position for 2025/26 and actions arising be noted.

(7.32pm to 7.41pm)

8. Capital Programme Update and Provisional Outturn 2024/25

The Committee considered a report which detailed the capital expenditure incurred in 2025/26 and updated them on the approved Capital Schemes and variations in cost which had been identified at outturn and to date. The report also updated the Committee on the approved Asset Replacement Programme for 2025/26 and 2026/27 for variations in cost and timing which had been identified at outturn and to date.

The Committee were informed that the proposed cost of the Capital Schemes had increased by a net £11m against the latest approved budget of £137.7m, details were summarised in the report. It was noted that a significant proportion of the increase related to the inclusion of previously approved provision for building condition works, alongside additional schemes funded through grants and contributions such as CIL, meaning that much of the increase did not place additional pressure on the Council's core resources.

The Committee also heard that the later timing of Capital Schemes in 2025/26 had resulted in an in-year underspend of £12.3m compared to the original forecast. Members noted that this had been beneficial to the Council in terms of cashflow and financing, as it reduced the requirement for borrowing in the financial year and allowed additional interest to be earned on retained balances.

The Committee further heard that asset replacement expenditure totalled £6.9m in 2025/26, which represented an increase of £1.5m against the approved budget, largely due to adjustments and rephasing rather than changes in underlying costs. Members noted that £0.5m of asset replacement spend had been deferred into 2026/27 and later years, which was favourable to the Council as it delayed the need to commit capital resources and defer borrowing against shorter-life assets.

RESOLVED that the report be noted.

(7.41pm to 7.46pm)

9. Internal Audit Annual Report 2025/26

The Committee received a report summarising the work that the Internal Audit team had undertaken during the financial year 2025/26, which identified key themes, highlighting how responsive management had been in implementing recommendations and reviewed the effectiveness of Internal Audit.

The report concluded that the overall audit opinion was of Moderate Assurance, in line with previous years, meaning that the Internal Audit team, based on the work undertaken, consider there to be adequate systems of control in place, with some improvements required which were detailed in the high priority findings at section 4 of the report.

The Committee heard that management had responded positively to audit recommendations throughout the year and that progress was being made in addressing issues identified through audit work. Members also noted that Internal

Audit had undertaken a self-assessment against the Global Internal Audit Standards, the results of which were summarised within the report.

RESOLVED that the Internal Audit Annual report 2025/26 be noted.

(7.46pm to 7.50pm)

10. Counter Fraud Annual Report 2025/26

The Committee received a report summarising the counter fraud work undertaken by the Internal Audit Team during 2025/26, including compliance with the National Fraud Initiative and Transparency Code. The Committee were also informed about how the Council managed the risk of fraud and information on the Council's Whistleblowing policy.

Members were advised that the Council's Counter Fraud and Corruption Policy and Strategy had been reviewed and refreshed during 2025 to ensure compliance with best practice and the requirements of the Economic Crime and Corporate Transparency Act, including the introduction of the new Failure to Prevent Fraud offence. The report also set out the actions being taken to implement the updated strategy.

Members were informed that the Council continued to participate in the National Fraud Initiative and that the results of the next exercise were expected later this year, following the next national data matching exercise in Autumn 2026.

RESOLVED that the Counter Fraud Annual Report be noted.

(7.50pm to 7.53pm)

11. Audit and Risk Committee Annual Report

The Committee received a report summarising the work undertaken during 2025/26 in line with CIPFA's Position Statement for Audit Committees 2023 and information had been gathered from the previous minutes and reports during 2025/26.

RESOLVED that the annual report be noted and recommended to Full Council.

(7.53pm to 7.58pm)

12. Work Programme

The Committee were updated on the rolling work programme of future reports and work for the next series of meetings.

It was noted that some date changes may be required to align with external audit deadlines and that members would be advised of any changes.

RESOLVED that the work programme be agreed.

(7.58pm to 8pm)

13. Urgent Business

There was no urgent business.

The meeting closed at 8.01pm.

Chair

Chelmsford City Council Audit and Risk Committee

16th September 2026

External Auditor Update

Report by:
Financial Services Manager (S151 Officer)

Purpose

To provided members with an update from the External Auditors.

Recommendations

That members note the report.

List of appendices:

1. Rebuilding audit assurance: the path to an unqualified opinion
2. From Reset to Recovery

Chelmsford City Council

Rebuilding audit assurance: the path to an unqualified opinion

Year ended 31 March 2026

30 July 2026

The better the question. The better the answer. The better the world works.

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30 July 2026

Audit and Risk Committee
Chelmsford City Council
Civic Centre, Duke Street,
Chelmsford, CM1 1JE

Dear Audit and Risk Committee Members

Rebuilding audit assurance – risk assessment update

We attach our risk assessment update for consideration at the forthcoming meeting of the Audit and Risk Committee.

The purpose of this paper is to provide the Audit and Risk Committee with further detail on the risk assessment procedures performed in respect of opening reserve balances. These procedures have been undertaken in response to the prior-year disclaimed audit opinions and in accordance with the National Audit Office's Local Authority Reset and Recovery Implementation guidance.

This update should be read in conjunction with our Audit Planning Report for the 2025/26 audit, issued on 28 April 2026.

We welcome the opportunity to discuss this report with you at the meeting on 16 September 2026, and to understand whether there are any additional matters which the Committee considers may influence our risk assessment.

Yours faithfully

Debbie Hanson, Partner

For and on behalf of Ernst & Young LLP

Enc

Contents

Public Sector Audit Appointments Ltd (PSAA) issued the 'Statement of responsibilities of auditors and audited bodies'. It is available from the PSAA website (https://www.psaa.co.uk/managing-audit-quality/statement-of-responsibilities-of-auditors-and-audited-bodies/statement-of-responsibilities-of-auditors-and-audited-bodies-from-2023-24-audits/). The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas. The 'Terms of Appointment and further guidance (updated October 2025)' issued by the PSAA (https://www.psaa.co.uk/managing-audit-quality/terms-of-appointment/terms-of-appointment-and-further-guidance-1-july-2021/) sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice 2024 (the NAO Code) and in legislation, and covers matters of practice and procedure which are of a recurring nature.

This report is made solely to the **Audit and Risk Committee and management of Chelmsford City Council**. Our work has been undertaken so that we might state to the **Audit and Risk Committee and management of Chelmsford City Council** those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the **Audit and Risk Committee and management of Chelmsford City Council** for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.

Management agree that they remain solely responsible for management decisions relating to the audited body and that we do not, and cannot, act in a managerial capacity nor can we make business decisions for management/the audited body in connection with the services or otherwise, nor advise or recommend that any accounting policy, treatment or reporting is suitable for any particular purpose or specific facts, and management agrees that they will not rely on us as having done so.

If you wish to discuss how our service to you could be improved, or if you are dissatisfied with the service you are receiving, you may raise the matter with the Key Audit Partner responsible for services provided under our appointment by PSAA Ltd. Alternatively, you may contact Stephen Reid, UK Head of Government and Public Sector Audit, at 1 More London Place, London SE1 2AF. We will consider any concerns carefully and promptly and will make every effort to explain our position clearly. If your concerns remain unresolved, you may escalate the matter to Anna Anthony, UK&I Regional Managing Partner, at 1 More London Place, London SE1 2AF. If you remain dissatisfied, you may refer the matter to PSAA Ltd or raise it with our professional institute; further details are available on request.

Rebuilding audit assurance – risk assessment update

1. Background and regulatory context

Appendix A explains the expected timeline to full assurance set out in the National Audit Office's (NAO) Local Authority Reset and Recovery Implementation Guidance (LARRIG 01), together with our assessment of Chelmsford City Council's (the Council's) current position. During 2023/24 and 2024/25, the focus of the rebuild process has been on the Council's "natural" rebuild, through completing planned audit procedures for each respective audit year.

As set out in Appendix A, although some planned audit procedures for the 2023/24 and 2023/24 audits could not be completed, the Council has commenced the "natural" rebuild process for these years.

LARRIG 06, issued by the NAO, requires auditors to perform specific risk assessment procedures over reserves. The guidance recognises that reserves balances may contain the cumulative effect of unaudited transactions over more than one financial year and may therefore represent an area of accumulated audit risk. The purpose of this risk assessment is to identify the likelihood and potential magnitude of risks of material misstatement within reserves balances, together with management's readiness to support the historical rebuild process. This assessment informs audit planning, and any potential rebuild of assurance over future audit cycles as well as completion of the capacity and risk assessment return that we are required to make to the Ministry for Housing, Communities and Local Government ('MHCLG').

2. Scope of our risk assessment procedures

Our risk assessment covered all reserves disclosed in the Council's Movement in Reserves Statement, including both usable and unusable reserves. In performing the assessment, we considered:

- the nature and purpose of individual reserves;
- the scale and significance of movements during periods subject to a disclaimer;
- susceptibility to material misstatement, including the risks of fraud and management bias;
- the wider governance and control environment of the Council's financial reporting processes; and
- risks associated with the classification of reserves between usable and unusable categories.

The assessment did not seek to re-establish assurance over historic balances. Its objective was to determine whether, where and when, such assurance could be rebuilt over time.

Rebuilding audit assurance – risk assessment update

3. Summary of risk assessment findings

The risk assessment process identified that the risk of material misstatement is not uniform across reserves. Certain reserves were assessed as presenting a higher risk of material misstatement, reflecting factors including:

- the size of balances and the extent of movements during periods subject to disclaimed opinions;
- the degree of judgement required in determining the appropriate accounting treatment; and
- reliance on complex statutory and capital accounting arrangements.

Other reserves were assessed as lower risk, with characteristics that may support a more targeted and proportionate rebuilding of assurance, without undermining audit quality, subject to the availability of sufficient appropriate audit evidence. This assessment underpins the differentiation in audit response which will be adopted across reserves and is intended to promote a consistent and proportionate approach.

The following dashboard summarises our assessment of the risk of material misstatement by reserve following the disclaimers of opinion.

Any other reserves are considered to be very low risk. This is either on the basis of immaterial balances or transactions through those reserves, or that the nature of the reserves are such that they mirror the balances on the top half of the balance sheet and, therefore, no additional rebuild procedures are required.

Reserve - Useable	Risk Assessment	Rationale for Risk Assessment
General Fund Balance & Earmarked Reserves	Higher inherent risk	The General Fund balance (including earmarked reserve) is material and represents the cumulative impact of revenue and expenditure decisions over a number of financial periods. Although conceptually straightforward, it carries higher inherent risk as any misstatement could materially distort reserves and mislead users on the authority's ability to fund services, meet statutory requirements, set council tax, and sustain its budget. As no audit procedures were performed in disclaimed periods 2021/22 and 2022/23, there remains an increased risk that misstatements arising in the disclaimed periods were not fully identified or corrected through movement-only testing in 2023/24 and 2024/25 and may persist within the opening balance for the current audit year.
Capital Grants Unapplied Account	Higher inherent risk	The complexity of grant conditions and the judgement required in determining when income should be recognised, particularly around timing, increases the risk of misstatement of available capital resources and inappropriate recognition of capital financing, despite statutory rules limiting discretion.

Rebuilding audit assurance – risk assessment update

Reserve -Unuseable	Risk Assessment	Rationale for Risk Assessment
Capital Adjustment Account	Higher inherent risk	The Capital Adjustment Account is material and highly complex, comprising cumulative capital-related accounting and statutory adjustments arising from asset valuations, depreciation, impairments, disposals and financing transactions over multiple years. The closing balance at 31 March 2022 and 2023 was not audited due to the disclaimer of opinion, and audit procedures in subsequent periods were limited to testing in year movements rather than rebuilding assurance over the brought-forward balance. As a result, there remains an increased risk that errors or misstatements arising in the disclaimed period have not been fully identified or corrected and may persist within the opening balance for the current audit year. Misstatement of this account could affect the accuracy of the General Fund balance, the Capital Receipts Reserve, the Revaluation Reserve and the Movement in Reserves Statement. Given the disclaimed years and the complexity of statutory capital adjustments, this heightens the risk associated with this reserve.
Revaluation Reserve	Higher inherent risk	The Revaluation Reserve is material and arises from periodic valuation, impairment and disposal of property, plant and equipment, which are inherently judgemental. Accordingly, there remains an increased risk that valuation-related misstatements arising in the disclaimed period were not fully identified or corrected through movement-only testing and may persist within the opening balance of the reserve for the current audit year. In addition, the accounting for movements in assets and associated reserves are technically complex, requiring accurate separation of realised and unrealised gains and correct interaction with other reserves. Misstatement of the Revaluation Reserve could also affect the CAA and the accuracy of reserve movements reported through the Movement in Reserves Statement. The audit team was able obtain assurance over existence, additions and disposals for 2023/24 and 2024/25, however, due to the gaps in 2021/22 and 22/23, there is insufficient assurance on the opening balance on this reserve.
Collection Fund Adjustment Account	Lower inherent risk	The Collection Fund Adjustment Account reflects timing differences between statutory collection fund arrangements and accrual-based accounting, which we assessed to have limited impact to the overall financial statements if misstated. Whilst no audit procedures were performed in 2021/22 and 2022/23, no specific risks of material misstatements have been identified, and underlying transaction streams are not complex.
Pooled Investments Fund Adjustment Account	Lower inherent risk	The nature of this reserve (including the accumulated absences account which we grouped into this) means there may be an incentive to misstate to protect the General Fund. Although the balance at 31 March 2025 is not material, debit transactions in 2022/23 which were not audited due to the disclaimed opinion were above tolerable error. As a result, there remains an increased risk that errors or misstatements arising in the disclaimed period have not been fully identified or corrected and may persist within the opening balance.

Rebuilding assurance over reserves – Risk assessment

4. Implications for the 2025/26 audit

Our risk assessment process has found that the pre-2023/24 gaps in assurance - particularly those relating to reserves and other cumulative balances - can be sufficiently addressed as part of the 2025/26 audit, supporting future progression towards an unmodified audit opinion.

Before we commence our audit procedures, it will be essential for management to have completed a robust review and reconciliation of both usable and unusable reserves in the disclaimed periods, and to provide assurance to Those Charged with Governance that these balances are accurate, supportable, and appropriately documented. This reflects management's primary responsibility for preparing the financial statements and maintaining the underlying evidence base.

To rebuild assurance over the historic position, we will need to audit certain transactions and movements from 2022/23 and 2021/22. We will share details of these transactions with management and will require confirmation that high-quality working papers and supporting evidence can be provided, together with sufficient management capacity to support this historic rebuild without compromising the delivery of planned audit procedures for 2025/26 over closing balances and in-year movements. We will then take the decision, with management, when is most appropriate time to commence the rebuild of reserves.

5. Fees

The activities undertaken in relation to this risk assessment, the preparation of the submission required by MHCLG, and the drafting of this addendum are outside the scope of the scale fee set out in our Audit Planning Report issued on 28 April 2026. In addition, procedures relating to the rebuilding of historical assurance will also be outside the scale fee.

Accordingly, we will seek a variation to the scale fee to reflect these changes to the scope of our work and will communicate further through our reporting once the costs are agreed.

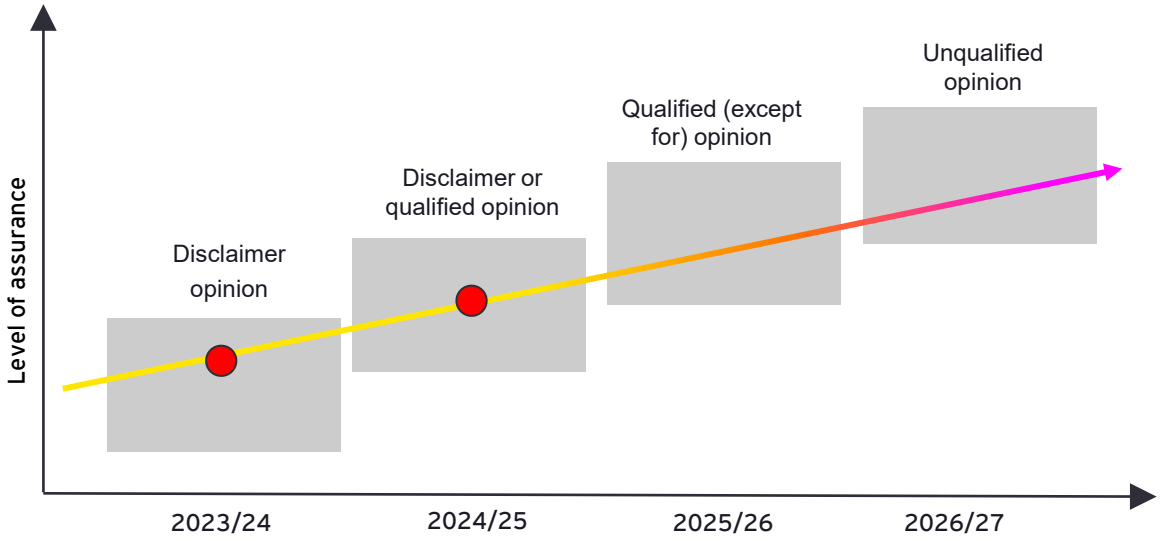
Appendix A

Appendix A – Rebuilding assurance

Progress to full assurance

The chart below illustrates the expected timescale for rebuilding audit assurance as set out in the NAO's LARRIG 01. It also shows our assessment of the Council's progress against that illustrative timescale, together with the reasons for that assessment and the key actions required to successfully rebuild assurance.

The guidance recognises that the journey to full assurance - and therefore an unqualified audit opinion - will typically take a number of years. Progress depends on sustained coordination and engagement between the Council and the audit team across successive audit cycles. Since 2022/23, we have applied a structured, risk-based prioritisation approach to local government audits. This approach is designed to support a return to unqualified audit opinions wherever feasible, while continuing to meet the statutory backstop requirements introduced as part of the local audit reset.



Council progress

In 2023/24 and 2024/25, a disclaimer of opinion was issued due to the application of the backstop and the continuing lack of assurance over property plant and equipment (PPE) balances and reserves.

The Council revalued all its PPE in 2023/24, but we were unable to complete all planned procedures on these balances in 2023/24 and 2024/25 due to the backstop date. We are therefore planning to complete those outstanding procedures as part of the 2025/26 audit which, if no issues are identified, should provide us with full assurance over the opening balances. There will however still be movements in the CIES, MIRS, etc between opening and closing valuations which we will not have assurance over based on work completed in the prior years.

As a result, we anticipate that for 2025/26 we will have limited assurance over the following and therefore expect to issue a qualified opinion (assuming all planned procedures can be completed):

- some opening balances for 2025/26;
- Some consequential movements in the CIES and MIRS in 2025/26; and
- the closing reserves balances, due to uncertainty over the opening amounts.

Due to the time required for the impact of the above to work through the accounts, we would not expect to be able to issue an unqualified opinion until 2027/28.

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From Reset to Recovery

Chelmsford City Council

Audit and Risk Committee briefing

August 2026

The better the question. The better the answer. The better the world works.

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Contents

01 | Reset and sector context

The breakdown of local audit in English local government is widely seen as the result of a cumulative set of structural reforms and system pressures, rather than a single failure point. A perfect storm of conditions led to widespread delay in audit completion.

The structural break: lack of system leader

- In 2015, the Audit Commission was abolished which had previously provided a centralised, integrated system for local audit, inspection and oversight. This redesign led to the loss of a single system leader.
- A lack of consensus between government departments, regulators, standard setters and other stakeholders about the scope of local government financial reporting and audit. Changes to the accounting framework were difficult to implement, with even relatively narrow reforms taking significant time to secure agreement between government bodies.
- This led to increasing audit requirements without a corresponding reassessment of whether the reporting framework remains useful for users of financial statements.

Fragility in capacity exposed by the pandemic

- Local government finance teams have experienced underinvestment in capacity and capability. Many bodies struggle to recruit and retain qualified finance staff and increasingly rely on temporary resources, creating high turnover and loss of organisational knowledge.
- There are weaknesses in finance skills, financial reporting capability and audit readiness across some bodies, including difficulties keeping pace with increasingly data-driven audit approaches.
- Public sector audit became less attractive because of compressed timetables, regulatory scrutiny and increasing compliance expectations. This led to higher attrition and recruitment difficulties.
- There has been no workforce strategy for local audit despite sector support, suggesting an insufficiently coordinated response to emerging workforce risks.

Financial reporting system unfit for purpose

- Financial reporting and decision-making in local government has become significantly more complex, driven by commercialisation, investment activities and other developments in local authority business models.
- There is a mismatch between local bodies' concerns about the volume of audit work and regulators' expectations for ever-increasing audit procedures and evidence. The result is a framework that continuously expands rather than being tailored to users' needs.
- Meaningful simplification of financial reporting and audit has proved difficult.
- Outdated digital capability in some bodies can also be a factor, with systems that are unable to support the increasingly data-driven nature of modern audit.

01 | Reset and sector context continued

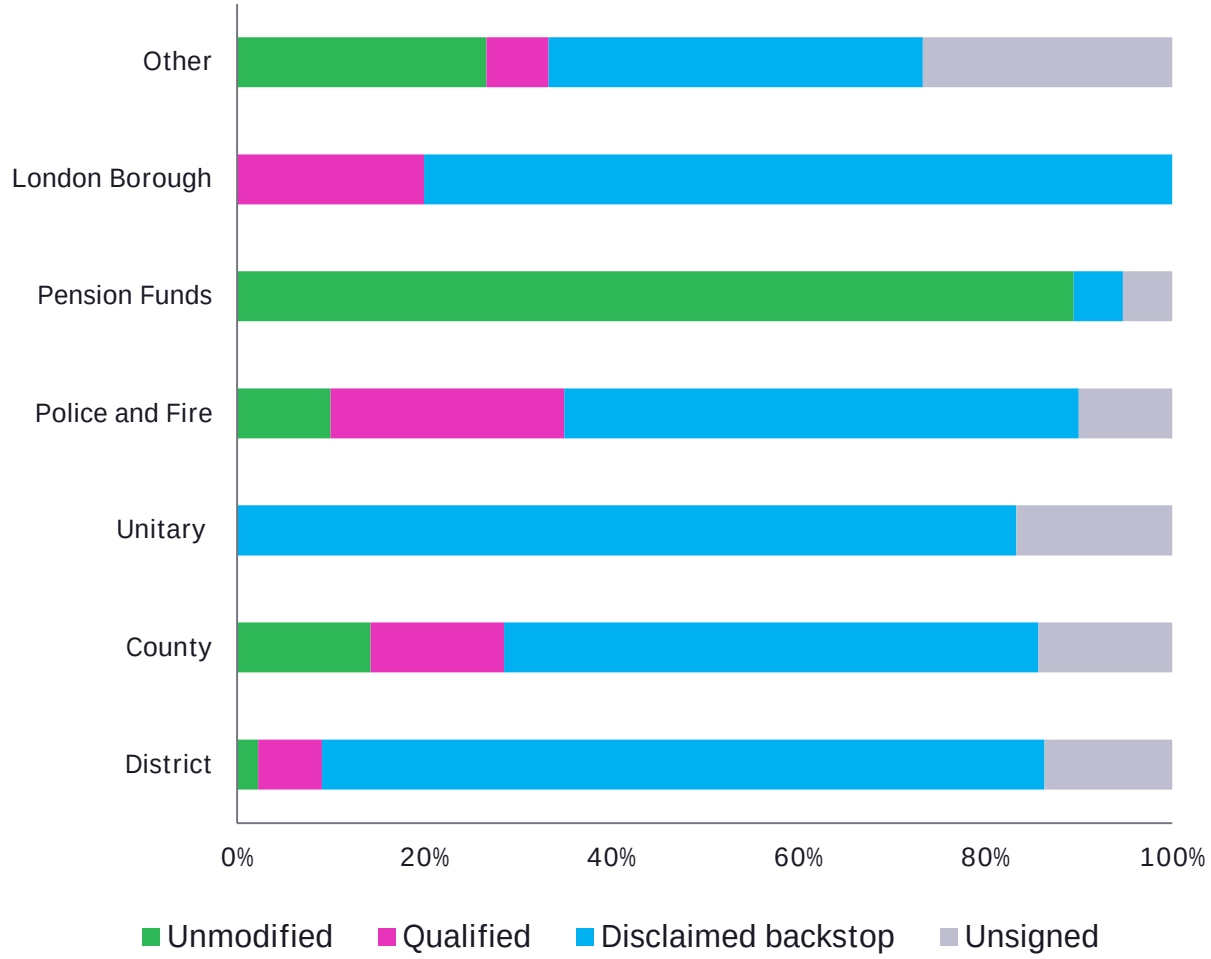
The challenge has shifted: from restoring timeliness to rebuilding assurance

While there were improvements in the level of unmodified and qualified opinions, key outcomes in 2024/25 included:

- Widespread disclaimed opinions due to limited audit scope
- Continuing gaps in audit evidence and historic assurance remain

As a result, audit opinions no longer imply full assurance for local bodies or key stakeholders.

Figure 1
Most EY local government body audit opinions continued to be disclaimed in 2024/25



01 | Reset and sector context continued

Audit committees should judge progress by assurance recovery trajectory

EXPECTED TIMELINE

2023/24	Current Audit Status 2024/25	2025/26	2026/27
Disclaimer opinion	**Disclaimer or qualified opinion**	**Qualified (except for) opinion**	**Unqualified opinion**
▪ Pervasive gaps over opening balances, comparators, and in-year movements. ▪ Lack of assurance over PPE valued on a cyclical basis ▪ Lack of assurance over Reserves (cumulative nature).	Continuing impact from 2023/24: ▪ Lack of assurance over all the comparator I&E transactions, PPE (where cyclical) and reserves. ▪ Potential for qualified except for, but more likely to be disclaimed.	▪ Assurance in place over opening and closing balances, and assurance gained over each in-year movement. ▪ Likely gap over specific comparator balances may remain on PPE due to the extent items have not been valued since 2022/23. The impact on the CIES & reserves would require to be assessed. ▪ However, with the anticipation of incorporating build-back guidance focusing on reserves, there is increasing probability that gaps in assurance can be specifically identified, leading to higher likelihood of a qualified report (not disclaimed).	▪ Expectation that all items resolved. ▪ Auditor will need to reassess the PPE cyclical valuation impact -but may be able to work with the authority to ensure that items previously valued in 2022/23 were revalued by this time or would be immaterial.

CURRENT AUDIT STATUS OF CHELMSFORD CITY COUNCIL

- The Council's progress is in line with the expected timescales for rebuilding assurance set out in LARRIG 01.
- The main areas where further is necessary to rebuild assurance are valuation of property, plant and equipment, assurance over income & expenditure entries relating to PPE, assurance over grants received in advance balances, and assurance over reserves.

Extract from Appendix A in the 2024/25 Audit Results Report.

02 | Monitoring progress: the summary of assurances

For most local government body audits, there are cumulative gaps in assurances brought forward

Our audit reporting across our local government portfolio highlights areas with continuing assurance gaps.

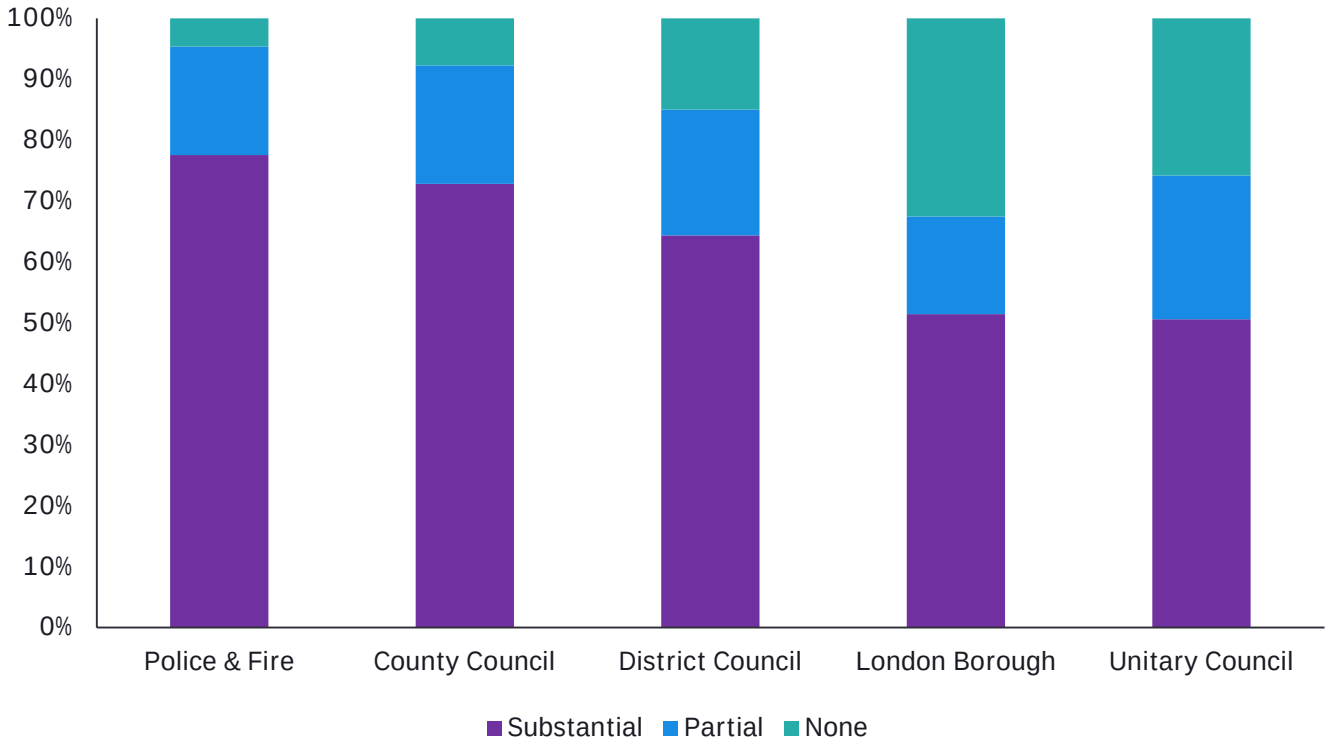
Across local government, the gaps most commonly impact:

- Reserves
- Property, Plant and Equipment; and
- Income & expenditure.

Assurance is rebuilt incrementally over time. A simplified buildback trajectory is:

Year 1:	Year 2:	Year 3:
Disclaimer (or disclaimer with emphasis on remedial work)	Qualified opinion(e.g., limitation of scope confined to specific balances)	Unmodified opinion

Figure 2
We were more likely to complete full audit procedures for less complex bodies, including Police & Fire bodies, but this was not consistent



02 | Monitoring progress: the summary of assurances continued

Significant gaps remain in assurance across reserves

Why does this matter?

- Reserves are a critical lens on sustainability and risk
- Misclassification can misstate financial capacity and resilience.

Figure 3

In many local government bodies, reserves are analysed into two categories: usable and unusable and are inherently more complex.

In normal circumstances, auditors can audit any movements in-year, and rely on the prior year audited closing balance as the opening balance. After a disclaimer opinion, the opening balance was never audited. Instead of understanding what changed this year, the auditor has to ask whether the entire balance, built up over several years, is accurate.

Usable reserves

- Result from the body's activities.
- Can be spent in the future and therefore are the key focus of assessments of financial resilience.
- Include:
  - General Fund
  - Earmarked reserves
  - Capital receipts reserve.

Unusable reserves

- Derive from accounting adjustments such as revaluations (for assets that typically cannot be sold) and pension valuation movements.
- Cannot be used.
- Include:
  - Pensions reserve
  - Revaluation reserve
  - Capital adjustment account.

If movements are incorrectly recorded balances may appear in the General Fund when they are not actually available.

Elected members may therefore make decisions on the assumption of flexibility that isn't there.

02 | Monitoring progress: the summary of assurances continued

Our assessment of audit readiness informed our reporting to all committees

Our ability to complete the audit is reliant on the timely development of well-supported accounting judgements, the provision of accurate and relevant supporting evidence, access to the finance team, and management's responsiveness to issues identified during the audit.

In this context, we assessed audit preparedness for each local government body against eight criteria (Figure 4) and reported the outcomes to Those Charged with Governance within the Audit Results (ISA 260) Report for each body.

In 2024/25 we found that:

- 87% of local government bodies met earlier timescales for the production of the financial statements.
- However, quality and completeness – not speed – increasingly constrained audit progress.

Figure 4
Most local government bodies were well prepared for audit and met deadlines for the delivery of draft financial statements that were of a good quality

03 | How do you compare to peers?

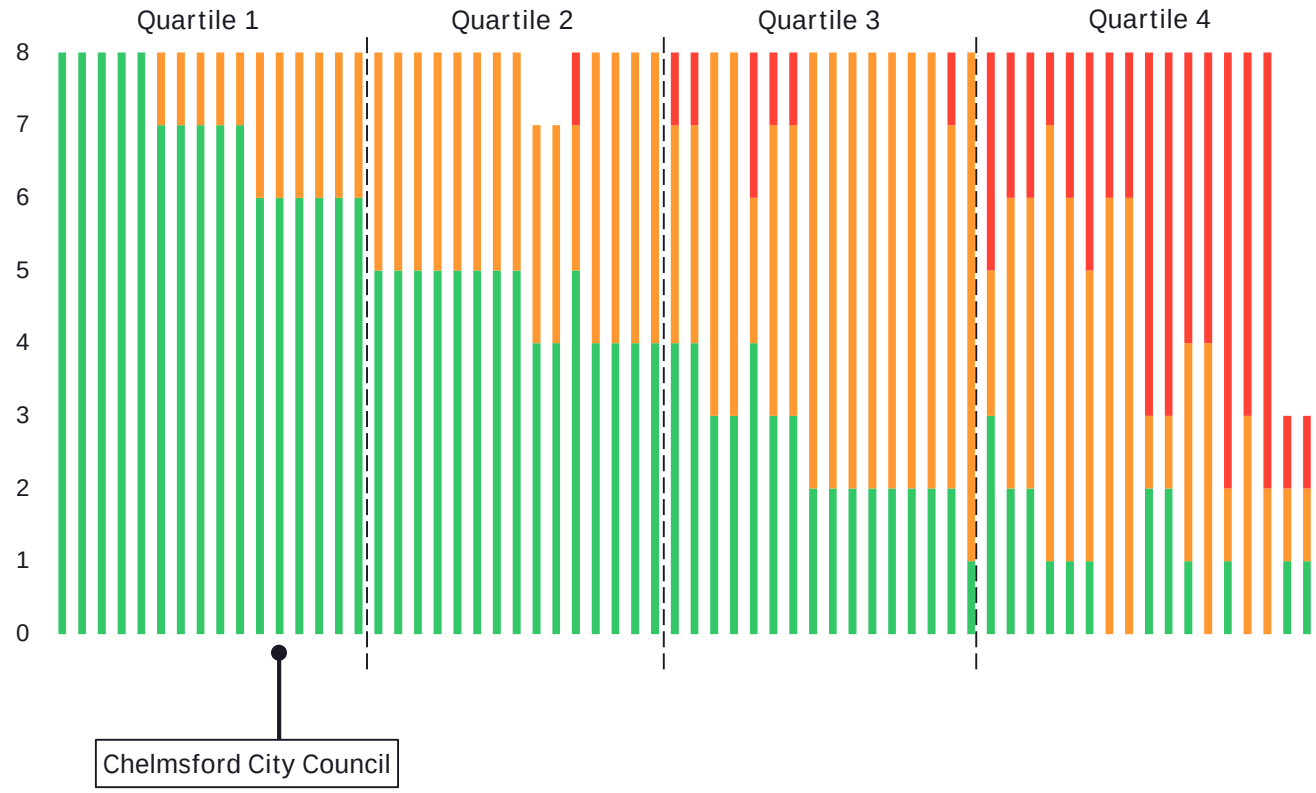
Our assessment of audit readiness informed our reporting to all committees

Bodies that were able to produce well-supported draft financial statements and respond effectively to audit queries are significantly more likely to progress from disclaimer to qualified opinions.

Where readiness remained weak, auditors were often unable to complete sufficient planned procedures, regardless of the body's complexity or size.

- Arrangements were effective
- Improvements required
- Arrangements were ineffective

Figure 5
Where the opinion remained on disclaimed or qualified, we found that we could split bodies into 4 main groups, with advanced, well-prepared bodies in Quartile 1.



03 | How do you compare to peers? Continued

Our assessment of audit readiness: District Councils

Key factors include:

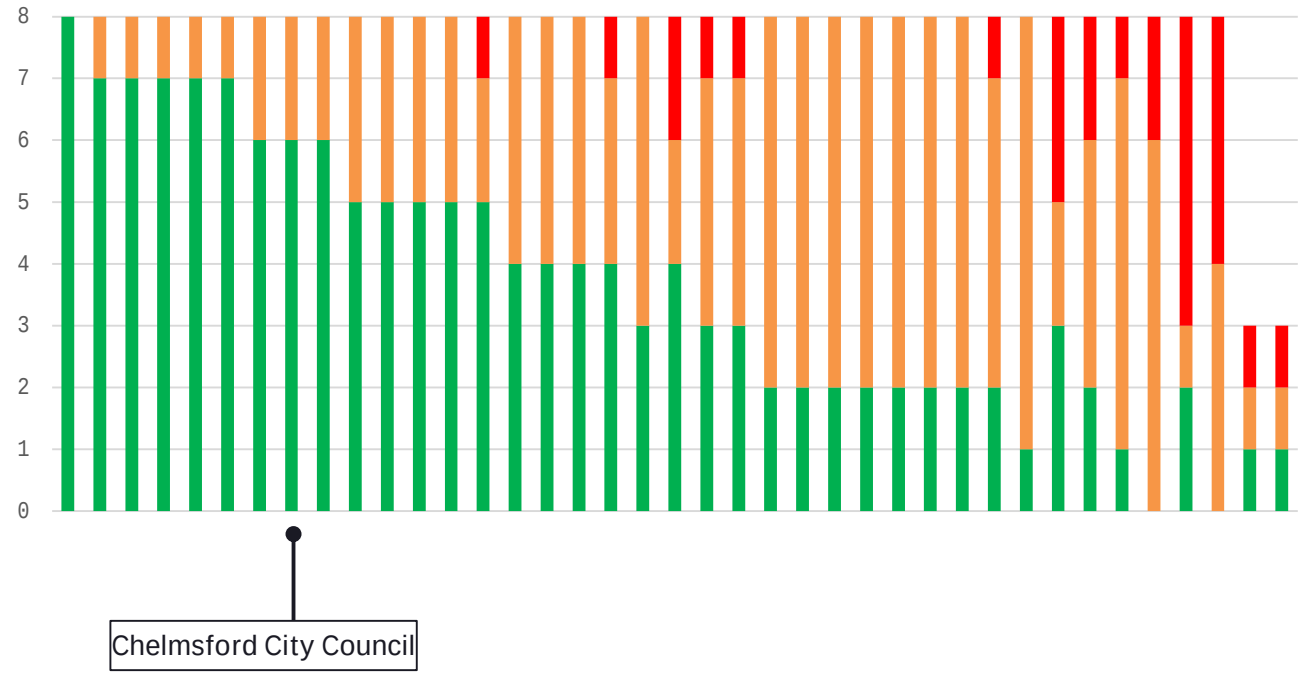
- Timely draft financial statements;
- Quality working papers;
- Robust evidence including from management specialists; and
- A responsive finance team.

Arrangements were effective

Improvements required

Arrangements were ineffective

Figure 6
How the council compares to similar bodies (district councils) that met the backstop deadline



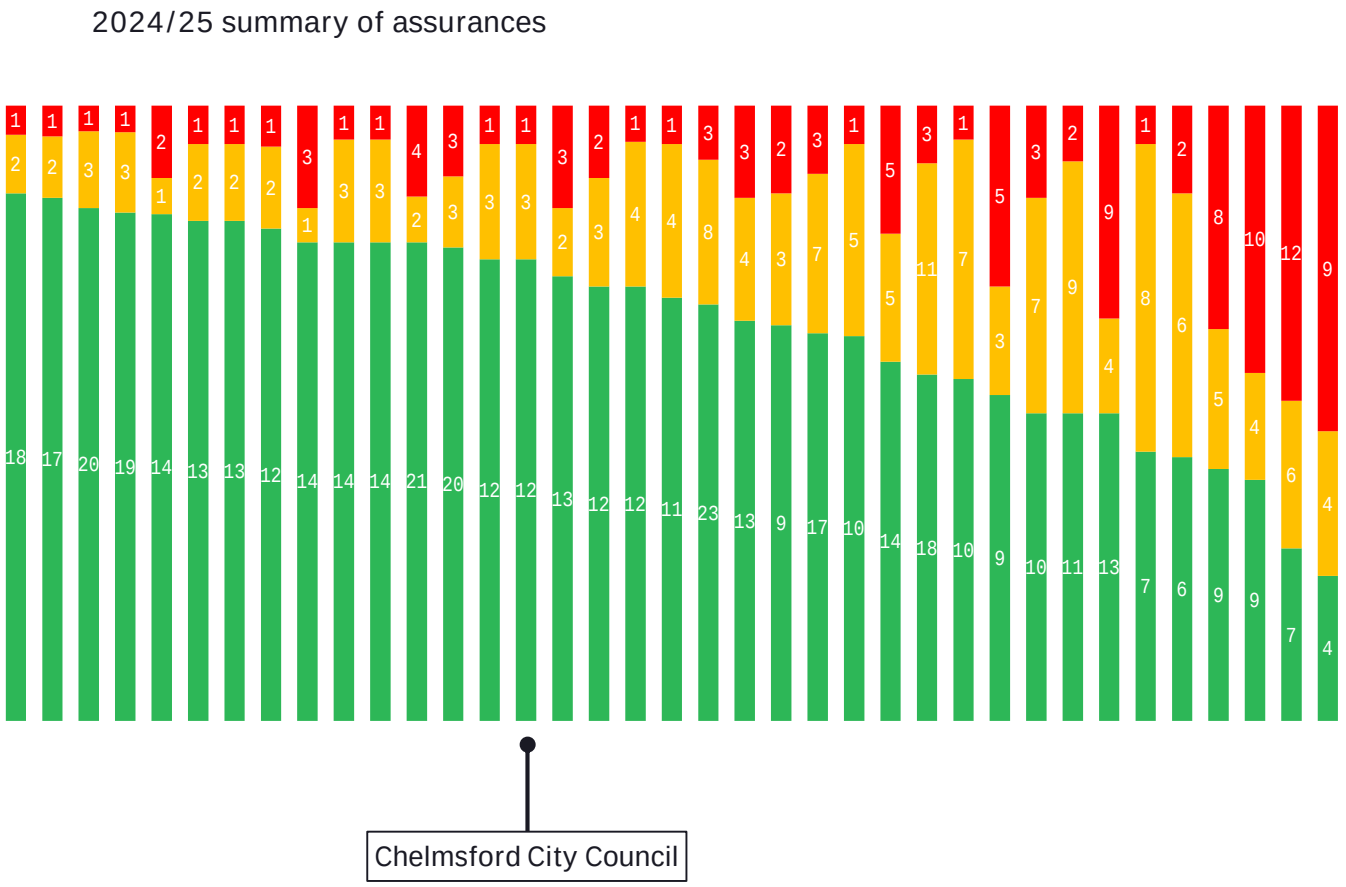
03 | How do you compare to peers? (cont'd)

Summary of assurances: District Councils

There were two district councils where no assurance could be provided.

Assurance gaps can compound over time, leading to an increased risk of disclaimers in years beyond the timelines set by the National Audit Office.

Figure 7 How the council compares to other district councils that met the backstop deadline



03 | How do you compare to peers? (cont'd)

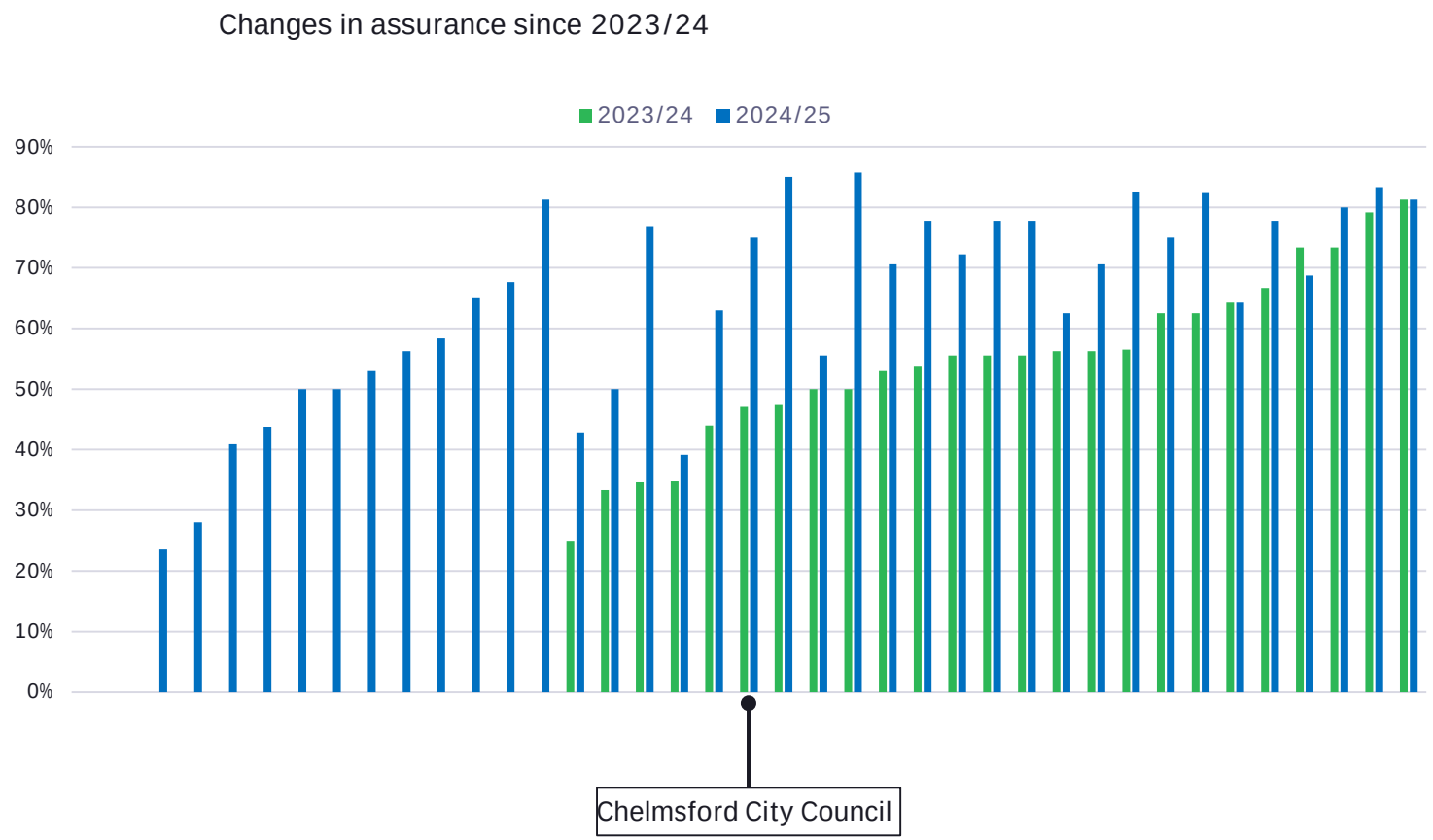
Summary of assurances:

District Councils

Assurance gaps can compound over time, leading to an increased risk of disclaimers in years beyond the timelines set by the National Audit Office.

We reported on improved assurance between 2023/24 and 2024/25 for most audited bodies but gaps in assurance remain, particularly for reserve and property, plant and equipment balances.

Figure 8 How the council compares to other district councils that met the backstop deadline



04 | Practical actions for the committee to consider

Figure 8
The next phase of recovery is in rebuilding assurance. The committee's role is critical in driving readiness and overseeing governance to support the recovery trajectory

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Chelmsford City Council Audit and Risk Committee

16th September 2026

Annual Health and Safety Report 2025/26

Report by:
Director of Sustainable Communities

Officer Contact:
Lewis Mould, Public Health and Protection Services Manager, 01245 606439,
lewis.mould@chelmsford.gov.uk

Purpose

To provided members with the 2025/26 annual health and safety update.

Recommendations

That members note the report.

1. Introduction

1.1 Chelmsford City Council is committed to high standards of health and safety management within a sensible risk management framework. This means having in place effective management arrangements within directorates to ensure the wellbeing of our staff, service users, members of the public and others affected by our organisation and services.

1.2 This report summarises the activity undertaken within corporate health and safety during the year (1st April 2025 to 31st March 2026), an analysis of accidents that have occurred, and a summary of audit activity undertaken.

1.3 The Council uses external health and safety advisors to assist in managing the Council's high-risk services. Peninsula have been in place since 2020, providing advice and carrying out audits across the higher-risk services such as Leisure, Waste Collection/Street Care and Parks, thereby providing an external check on the Council's approach to and implementation of its health and safety systems.

1.4 The Council has a Health, Safety & Welfare Forum that has senior level representation from across the organisation. The aim of the Health, Safety and Welfare Forum is to promote co-operation in instigating, developing and carrying out measures to ensure and improve the health, safety and welfare at work of all employees. The Forum members have been consulted on this report.

2. Training

2.1 The core training courses of Managing Safely, Working Safely and Peninsulas Health & Safety Awareness continue to underpin the health and safety training provided by the Council, with additional specific training provided depending on the job role. The majority of roles within the Council are required to carry out one of these three training courses: Managing Safety for managers and supervisors, Working Safely for frontline operatives and Health & Safety Awareness for low-risk operatives. The Managing and Working Safely courses are accredited by the Institute of Occupational Health & Safety (IOSH).

2.2 Service areas are being encouraged to coordinate corporate wide training through HR to help ensure a central record is maintained and refresher training can be carried out in an effective and efficient manner.

2.3 The Council will continue to fund the necessary health & safety training to ensure employees comply with the relevant health & safety legislation.

Table 1 – Employee Training Carried Out

Course	No. of Employees Trained						
	19/20	20/21	21/22	22/23	23/24	24/25	25/26
IOSH Managing Safety	16	13	66	30	12	18	**17**
IOSH Managing Safety Refresher	7	20	36	10	11	41	**50**
IOSH Working Safely	29	40	149	172	67	113	**179**
IOSH Executive Directors & Chief Executive				6	0	1	**3**
H&S Awareness e-Learning				83	400	187	**162**
Manual Handling Train the Trainer	16	7	1	13	8	6	**8**
Manual Handling	142	122	211	239	251	244	**247**
Manual Handling - eLearning						87	**69**
Emergency First Aid	18	0	22	37	43	36	**45**
First Aid at Work	0	0	27	30	21	30	**42**
First Aid at Work Re-Qualification	14	26	13	21	18	23	**27**
Fire Marshall/ Fire Warden	20	37	59	79	29	68	**80**
E-learning Fire Safety					26	49	**467**
Paediatric First Aid	0	2	7	1	10	18	**12**
Emergency Paediatric					5		

Activity First Aid (Outdoor)					3	3	**2**
Risk Assessment	6	35	1	7	8	26	**16**
Stress Management	15	0	0	0	0		
Legionella Training for Operatives	12	10	7	25	13	10	**10**
Legionella Training for Supervisors	4	4	3	25	9	10	**19**
Legionella Awareness – eLearning				6	19	15	**15**
Asbestos Awareness - eLearning					51	33	**84**
VDU Assessor Training	0	0	0	0			
Display Screen Equipment e-Learning				339	70	75	**140**
Conflict Resolution & Lone Working	25	19	23	19	27	0	**0**
Conflict Resolution						38	**32**
Lone Working - eLearning						11	**26**
Management of Contractors	0	50	40	26	5		
Management of Contractors – eLearning					113	28	**30**
Evac Chair	21	0	28	19	40	113	**59**
Evac Chair – Train the Trainer					3	3	**0**
Evac Chair Refresher	3	0	0	0			
Mental Health Awareness for Managers	32	0	0	0	0	1	**10**
Mental Health First Aid Training						8	**3**
Abrasive Wheels							**13**
E-Learning: Ladder Safety Awareness							**17**
Ladder Training							**18**
E-Learning: Working at Heights Awareness							**55**
Working at Heights							**8**
E-Learning: Working in Confined Spaces							**5**
Fire Safety Awareness (Toolbox Tool)							**129**
First Aid Refresher - Sports Centres							**30**
Total Trained	**640**	**384**	**385**	**665**	**1187**	**1262**	**1854**

2.4 The figures have significantly increased this year, which is partly due to the requirement for all employees to undertake Fire Awareness Training. There has also been the introduction of seven new courses, all of which are expanding employee's health and safety knowledge. The training team in HR continue to do an excellent job facilitating employees training needs

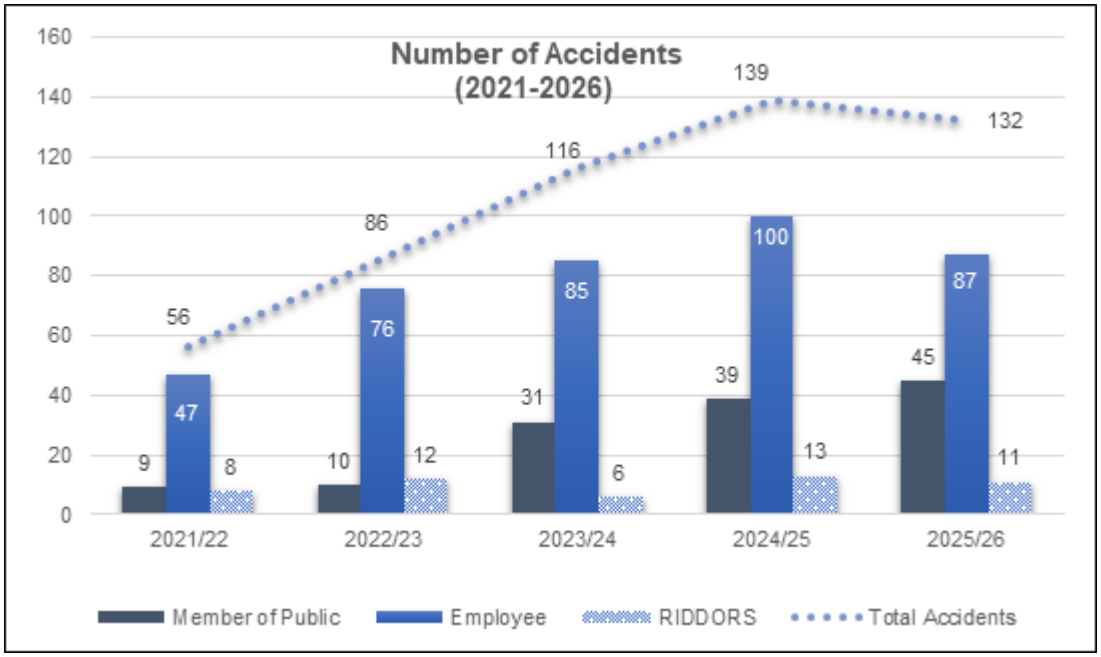
3. Accidents

3.1 Accidents continue to be a key indicator of the effectiveness of the Council's health and safety management system. The accident rate has increased in comparison to post pandemic levels, and there has been an increase in RIDDOR reportable accidents.

3.2 Figure 1 shows the total number of accidents over the last 5 years involving employees and members of the public, and the number of those accidents that were RIDDOR reportable. RIDDOR reportable accidents are the more serious accidents or those resulting in more than 7 days off work.

3.3 When compared to the previous year, there has been an increase in the number of accidents to employees in 2024/25. RIDDOR reportable accidents have also increased by 7. The accident trends are discussed in more detail below.

Figure 1 – Total Number of Accidents



3.4 There were eleven RIDDOR reportable accidents in 2025/26 which is two fewer than the previous year. The number of RIDDOR accidents within waste collection services is five, which has decreased by two compared with 2024/25.

3.5 Out of the eleven RIDDORS, nine were reportable due to the accident resulting in 7+ days off work and two were reportable injuries (fractured wrist and fractured ankle).

3.6 Figure 2 shows break down the number of employee accidents per service. As expected, the highest number of accidents occurred in services based at Freighter House, although the number of accidents is low considering the size and frequency of waste collection and street cleansing activities that take place. In 2025/26 the number of accidents for employees based at Freighter House was two more than the previous year. The accident rates for both Parks and Riverside, have decreased when compared to the previous year. All other services remain low.

Figure 2 – Employee Accidents

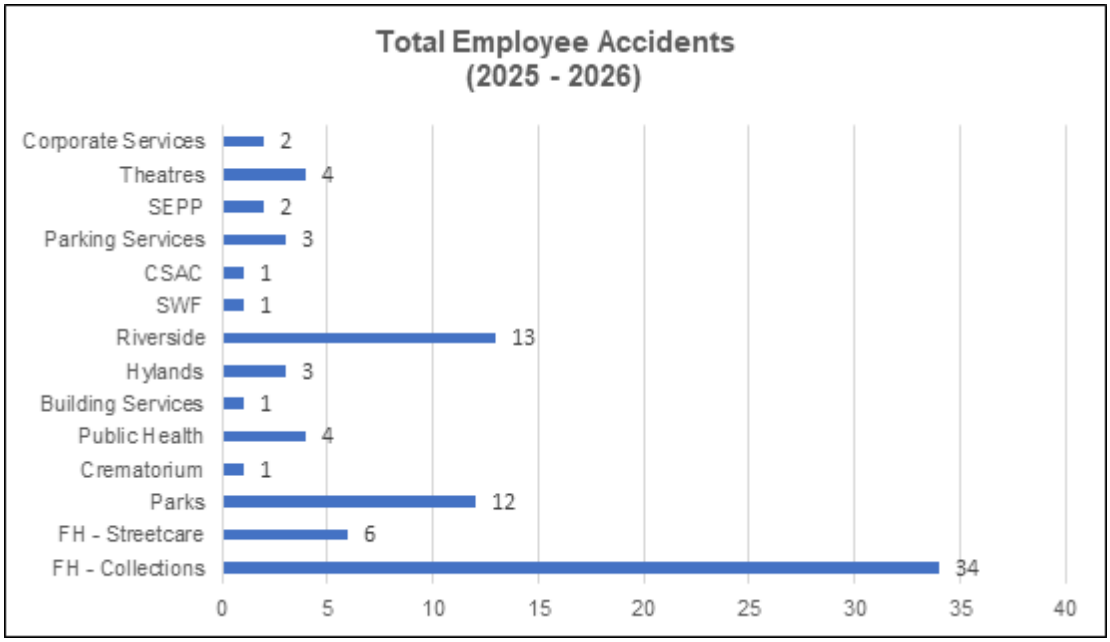


Table 2 - Employee Accident Categories for 2025/26.

Category	% of Accidents					2025/26
	2021/22	2022/23	2023/24	2024/25	2025/26	*Number of Accidents*
Slips/Trips	23	22	22	29	25	22
Impact	51	30	35	25	24	21
Manual Handling	13	6	12	12	13	11
Sharp Objects	6	3	13	19	15	13
Falls from Height	0	2	0	2	1	1
Needle Stick	2	0	1	1	0	0
Acts of Violence	4	5	5	5	8	7
Road Traffic Accident (Employee Injured)	0	4	4	2	6	5
Other	0	7	8	5	8	7

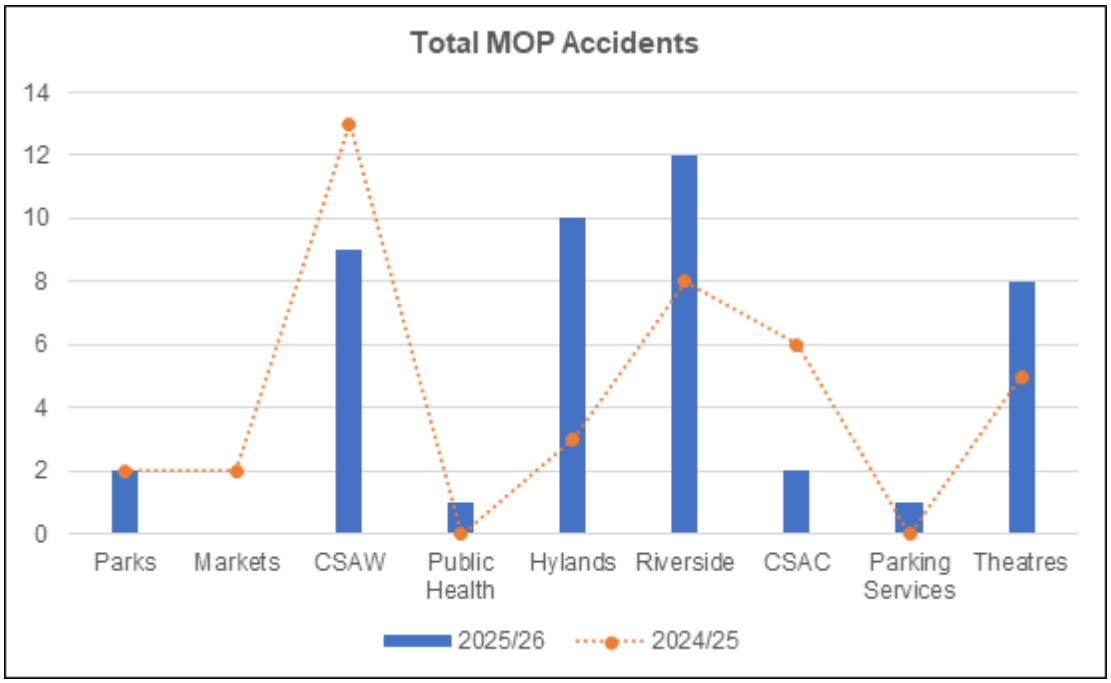
3.7 Due to the relatively small number of accidents, it is difficult to determine any specific trends with regards to accident causation. Slips/Trips and Impact continue to be the major causes of injury. Manual handling injuries and sharp objects have remained the same, but the number of injuries is low given the high-risk manual handling activities that occur across the Council. The number of acts of violence has increased in 2025/26. Of those reported, two were animal bites, two were wasp stings, one was a physical assault and two were acts of intimidation. This will continue to be closely monitored to see if additional safeguards need to be put in place. All other areas have remained at similar levels, when compared to last year's figures.

3.8 Of the 11 Employee RIDDORS:

- 1 was impact/struck injury
- 2 were RTA injuries
- 5 were slip/trip injuries.
- 3 were manual handling injuries.

3.10 Accidents to members of the public are shown in Figure 3 below. There has been an increase in MOP accidents from 39 in 2024/25 to 45 in 2025/26. For information, of the 10 accidents reported at Hylands, 4 were due to hornet stings from a nest which had been disturbed within the wooded area of the park. The nest was destroyed the same day. Due to the number of visitors and the nature of the activities being undertaken in these areas, the level of accidents is not thought to be excessive.

Figure 4 – Accidents to Members of the Public



4. Performance Indicators

4.1. Table 3 gives details regarding the performance indicators. As discussed above, the number of accidents has decreased when compared to last year's figures. Accidents continue to be reported across a wide section of the council's services, which shows continued compliance with the accident reporting procedure.

Table 3 – Performance Indicators

Performance Indicator	2021/22	2022/23	2023/24	2024/25	2025/26
Total Number of Accidents (Employees)	47	76	85	100	87
Total Number of Accidents (Public)	9	10	31	39	45
Notifiable Employee Accidents (RIDDOR)	8	12	6	13	11
Number of lost time accidents	20	19	30	20	25
Fatal Accidents	0	0	0	0	0
Number of investigations carried out*	0	0	0	4	0
Audit investigations as per audit schedule**	70%	50%	100%	100%	100%
H&S Policies Reviewed	100%	100%	100%	100%	100%
Dangerous occurrences	0	0	0	0	0

* This performance indicator relates to investigations carried out by Corporate Health & Safety, and this does not include investigations carried out by the service.

** Low risk audits no longer form part of the auditing schedule. Only high-risk audits undertaken.

5. Audits

5.1 The following audits were undertaken by Peninsula (external auditors) during 2024/25:

Service	Date of Audit
Theatres	13/05/25
Building Services	10/06/25
Chelmsford Sports & Athletic Centre	09/09/25
Parks	08/10/25
Riverside Ice & Leisure	04/11/25
Freighter House (Collection & MRF)	03/12/25
Hylands House	13/01/26
Museum of Chelmsford	10/02/26

Actions from Audits

5.2 The following shows the number of actions arising from the Peninsula audits:

Service	Number of Actions			Number of Actions Completed	Number of Actions Outstanding	
	Total	Medium Risk	High Risk		Medium Risk	High Risk
Theatres	25	16	9	22	0	3
Building Services	29	24	5	24	3	2
Chelmsford Sports & Athletic Centre	13	12	1	13	0	0
Parks	8	8	0	7	1	0
Riverside Ice & Leisure	7	7	0	7	0	0
Freighter House (Collection & MRF)	12	9	3	10	2	0
Hylands House	14	14	0	8	6	0
Museum of Chelmsford	19	19	0	6	13	0
Total	**127**	**109**	**18**	**97**	**25**	**5**

(No reporting system in place so records kept on a spreadsheet which is updated manually. Records taken from 15/05/26))

5.3 **Outstanding High-Risk Actions**

Service	Action	Service Area Comments
Theatres	Fire doors. Some fire doors had large gaps around them. One was missing a self-closer. Some do not close fully. You advised that you have had a fire door survey and are replacing them.	Majority of issues have been rectified. Only low risk minor rectifications to door remaining.
	Fire compartmentation. There are large gaps around some cables. Some holes in walls noted.	Majority of issues have been rectified. [Update – now completed]

	People with disabilities can be present in the downstairs bar and would need to go through the auditorium to exit, and this route would be more than 18m. This single route appears to fall outside of the HM Government guidance for 'Fire Safety Risk Assessment Theatres, Cinemas & Similar Places'.	Awaiting clarification from Fire Risk Assessor. Initial advice is to use an evacuation chair and train staff.

Building Services	Fire doors. There were large gaps around some fire doors.	Only low risk minor rectifications to doors remaining
	There was no fire door in a refuge area.	Passed to surveyors to progress – solution has now been found and order has been placed.

Proposed Audits 2025/2026

Currently the following Peninsula Audits have been undertaken or are proposed:

Service	Date of Audit
South Woodham Ferrers Leisure Centre	May 26
Dovedale Leisure Centre	June 26
Parking Services	Sept 26
Parks	Oct 26
Freighter House – Workshop	Dec 26
South Essex Parking Partnership	Jan 27
Museums	Mar 27

6. Conclusion

6.1 The safety management systems at Chelmsford City Council continue to be effective in ensuring the safety of employees and members of the public. Where weaknesses have been identified, remedial action has been taken to ensure more robust measures are implemented. Overall, the accident levels remain very low for an organisation delivering a wide range of services daily to 181,000+ residents and visitors to Chelmsford.

List of appendices:

None

Background papers:

None

Corporate Implications

Legal/Constitutional: None

Financial: None

Potential impact on climate change and the environment: None

Contribution toward achieving a net zero carbon position by 2030: None

Personnel: None

Risk Management: An effective health and safety management system has a positive impact on risk management

Equality and Diversity: None

Health and Safety: An annual report enables Management Team and Members to have oversight of the Council's health and safety responsibilities

Digital: None

Other: None

Consultees:

Management Team

Relevant Policies and Strategies:

None

Chelmsford City Council Audit and Risk Committee

16th September 2026

Updated Internal Audit Plan 2026

Report by:
Audit Services Manager

Officer Contact:
Elizabeth Brooks, Audit Services Manager, elizabeth.brooks@chelmsford.gov.uk

Purpose

This report presents the Updated Internal Audit Plan 2026 to Committee.

Recommendations

Committee are requested to note the Updated Internal Audit Plan 2026.

1. Background

1.1. The Council is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements. The purpose of Chelmsford City Council's Internal Audit section is to provide independent, objective assurance and consulting services to the Council (via the Audit & Risk Committee, Chief Executive, S151 Officer, External Audit and senior managers), relating to these arrangements, which are designed to add value and improve the Council's operations.

1.2. The Audit Services Manager is also responsible for the delivery of an annual audit opinion that can be used by the Council to inform its governance statement. The annual opinion will also conclude on the overall adequacy and

effectiveness of the organisation's framework of governance, risk management and control.

1.3. In order to achieve this, Internal Audit have developed an internal audit plan for 2026 which is based on a prioritisation of the audit universe using a risk-based methodology, including input from the Council's 'Our Chelmsford Our Plan', Principal Risk Register, Fraud Risk Register, AGS Action Plan as well as discussions with Council staff, senior management, plus consideration of local and national issues and risks.

1.4. In line with our approach, where instead of a full twelve-month plan, we produce a 6-month rolling plan to ensure we continue to be aligned to reviewing the highest risks in the Council, this report outlines the suggested areas for Internal Audit review for October 2026 to March 2027.

1.5. Additional changes to the plan may be necessary to reflect changing priorities and risk environment and therefore as usual, a contingency has been set aside to cover requests from management for ad hoc, advisory type work on risk identification and subsequent control design (as well as urgent, unplanned reviews which may arise). A budget for follow up reviews of previous audit work has also been accounted for in the plan.

2. Conclusion

2.1. The Updated Internal Audit Plan 2026 is attached for Audit & Risk Committee to note.

List of appendices: Updated Internal Audit Plan 2026

Background papers: None

Corporate Implications

Legal/Constitutional: The Council has a duty to maintain an effective internal provision to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance (Regulation 5 (Part 1) of the Accounts and Audit Regulations 2015).

Financial: None

Potential impact on climate change and the environment: None

Contribution toward achieving a net zero carbon position by 2030: None

Personnel: None

Risk Management: The scope of Internal Audit activities encompasses, but is not limited to, objective examinations of evidence for the purpose of providing independent assessments to the Audit & Risk Committee, management and outside parties (e.g. External Audit) on the adequacy and effectiveness of governance, risk management, and control process for Chelmsford City Council.

Equality and Diversity: None

Health and Safety: None

Digital: None

Other: None

Consultees: Noted by Management Team during August 2026

Relevant Policies and Strategies: None

Appendix A

Internal Audit Draft Plan 2026 (October 2026 to March 2027)

Audit Title	Link to Corporate Plan	Link to Principal Risk	Fraud Risk Assessment	Indicative Scope
Cyber Security		**PRR001 Cyber Security**	**FRC01 Data theft and other cyber crime**	Review of 2025 Cyber Posture Review action plan progress and review the Council's arrangements for monitoring PSN and PCI compliance.
Planning Fees		**PRR 032 Budget and Financial Position**	**FRC 011 Income Collection**	Review of the Council's control framework for managing the collection of Planning Fees.
Business Continuity		**PRR 003 Business Continuity**		Review of the Council's control framework for Business Continuity.
Temporary Accommodation	**Fairer and Inclusive Chelmsford**	**PRR006 Homelessness**	**FRC03 Social Housing and Tenancy; FRC012 No Recourse to Public Funds; FRC05 Decision-making**	Review of the Council's arrangements for Temporary Accommodation, including procurement and monitoring of providers.
Garden Waste		**PRR 032 Budget and Financial Position**	**FRC 011 Income Collection**	Review of operational and financial arrangements relating to Garden Waste
Commercial Hires		**PRR 032 Budget and Financial Position; PRR 015 Safeguarding**	**FRC 011 Income Collection**	Review of the Council's control framework for managing commercial hires of Council venues
Safeguarding		**PRR 015 Safeguarding**		Review of the Council's arrangements and corporate approach to Safeguarding.
Landlord Rent Deposit Scheme		**PRR 006 - Homelessness**	**FRC3 Social Housing and Tenancy; FRC12 No Recourse to Public Funds**	Review of the control environment in relation to LRDS
Theatres	**Connected Chelmsford**	**PRR 032 Budget and Financial Position**	**FRC 011 - Income Collection; FRC 008 Theft**	Review of operational and financial arrangements for Theatres, including the Council's Cultural Strategy in relation to the Theatre and its framework for monitoring progress.

Audit Title	Link to Corporate Plan	Link to Principal Risk	Fraud Risk Assessment	Indicative Scope
Procurement & Contract Management		**PRR 032 Budget and Financial Position**	**FRC 004 - Procurement and contracting; FRC05 Decision-making**	Review of Council's control framework for Procurement and Contract Management, including supplier and creditor management.
Community and Business Grants	**Connected Chelmsford**	**PRR032 Budget and Financial Position**	**FRC018 Grants Received and Payable**	Review of the control framework in relation to the Council's Community and Business Grant funding schemes.
Arboriculture		**PRR014 Health and Safety**		Review of the Council's framework for managing the arboriculture service.
Insurance		**PRR 019 - Income & Financial Position**	**FRC019 - Insurance claims**	Review of the Council's arrangements for demonstrating its compliance with insurance policy requirements.
Building Control		**PRR037 Building Control**	**FRC05 Decision-making**	Review of the Council's arrangements for Building Control.

Chelmsford City Council Audit and Risk Committee

16th September 2026

Risk Management Report – September 2026

Report by:

Audit Services Manager

Officer Contact:

Elizabeth Brooks, Audit Services Manager elizabeth.brooks@chelmsford.gov.uk

Purpose

This report summarises the current position for the Council's Principal Risks.

Recommendations

Audit and Risk Committee are requested to note the contents of this report.

1. Background

1.1. It is the Council's policy to proactively identify, understand and manage the risks inherent in its services and associated with its plans and strategies, so as to encourage responsible, informed risk taking within its risk appetite and reduce exposure to a tolerable level using a justifiable level of resources.

1.2. An effective risk management framework should:

- provide risk information to support decision-making and resource allocation
- improve compliance with policies, procedures, laws and regulations and stakeholder expectations; and
- provide assurance to internal and external stakeholders that the Council is well-managed.

1.3. The risk management function assists the Council to identify, understand and manage its risks. The function reports twice a year to the Audit and Risk Committee to enable the Committee to monitor the effective development and operation of risk management in the Council.

2. Risk management activity

2.1. Recent risk management activities have included:

- Refresh of the Council's Principal Risk Register, including providing an update on the Council's Risk Management Framework and undertaking horizon scanning at GMTs as well as presenting the Council's Risk Management Framework and Principal Risk Register to Informal Cabinet.
- A detailed LGR RAID (Risks/Actions/Issues/Dependencies) log for Chelmsford has been developed from input by Senior Managers, MHCLG and LGA with support from the Digital Programme Manager and Audit Services Manager. This included a review of the LGR related risks affecting each service, the significance of the risks, and any associated actions to help prioritise what must be addressed before Vesting Day. Following the set-up of the Mid-Essex LGR Programme, each RAID log will be supported by a Programme Management Officer and reviewed at least every fortnight to update progress, reprioritise risks/actions, add any new items, identify blockers and escalated where needed to prioritise statutory legal and safe and customer critical services.
- A detailed update of the Council's Fraud Risk Register and Anti-bribery and Corruption Risk Register is currently in progress which supports the Council's robust assessment of its fraud and corruption risks, ensuring it includes horizon scanning of future potential risks, and takes into account the harm that fraud may do in the community.
- LGR has largely superseded some of the original objectives set out in the Risk Management Strategy 2025, especially in relation to the development of an in-house Risk Management system. Chelmsford will continue to liaise with Brentwood, Maldon and Essex to understand their Risk Management frameworks, systems and reporting mechanisms to help determine the future risk management approach in the new Mid-Essex Unitary Authority.

3. Principal Risk Summary

3.1. The Principal Risk Register is central to the risk management framework, owned by Management Team and covers the Council's strategic risks which require regular oversight at senior level to ensure that, where necessary, action is taken to further mitigate risks outside the Council's indicative risk appetite.

3.2. Corporate Risk Management (assisted by Basildon Council, who have the dedicated resources, capacity, and skills for this purpose) liaise with nominated Risk Owners, Service Managers and Directors to update each Principal Risk, and report bi-annually to Management Team and Audit and Risk Committee to facilitate their monitoring and oversight.

3.3. An update of the Principal Risk Register was undertaken during July/August 2026 to ensure it is up to date and reflects the current risk profile and risk appetite. The summary and heatmap is at Appendix A below.

3.4. Key areas to highlight are:

- **PRR 001 Cyber Security –** the risk remains very high; however, there is an increased risk of cyber-attacks due to LGR and an increase in phishing attacks. The Council continues to mitigate the risk by strengthening its overall cyber security position and taking actions which ensure the Council remains resilient against an evolving threat landscape.
- **PRR 012 Chelmer Waterside** – the risk remains very high; however, the Chelmer Waterside Programme is adapting the approach to bring development forward in a timely manner.
- **PRR 037 Building Control** – the overall risk rating is currently high following Building Safety Regulator review. The Council is addressing improvement actions.
- **PRR 038 Local Plan** – this has been added to the Principal Risk Register to reflect its strategic importance to the Council.
- **PRR 036 A12 Improvements –** the risk score has decreased following agreement of funding packages, reducing the overall risk rating to high.
- **PRR 023 Succession Planning –** this risk has been subsumed into the wider LGR Risk (PRR031) as the HR and Workforce workstream forms a key part of the LGR delivery programme.

3.5. The Risk Management process is a subjective management tool and is designed to assist the strategic direction, and operational running of the Council and ensure key issues are highlighted and resources allocated appropriately. It is essential to consider that:

- Some risks may be heavily influenced by external factors outside the Council's control
- Where inherent risk is increasing, additional work may have been undertaken to maintain the same current risk level.
- Risks are constantly changing.

4. Conclusion

4.1. The Principal Risk Summary is attached for Audit & Risk Committee to note.

List of appendices:

1. Principal Risk Summary and Heatmap

Background papers: None

Corporate Implications

Legal/Constitutional: The Council has a legal duty to ensure that it has a sound system of internal control, which includes effective arrangements for the management of risk

(Regulation 3 (Part 2) of the Audit and Accounts Regulations 2015). The risk management framework encourages risk owners to consider the potential legal and regulatory consequences, should a risk event occur.

Financial: The risk management framework encourages risk owners to consider the potential financial consequences, should a risk event occur.

Potential impact on climate change and the environment/ Contribution toward achieving a net zero carbon position by 2030: Reputational consequences set out within the risk management framework encourage risk owners to consider environmental aspects of their activities.

Personnel: The corporate risk management framework is being implemented within existing staff budgets.

Risk Management: Effective risk management is an essential part of good governance, providing assurance to internal and external stakeholders that the Council is well-managed. This report is intended to enable the Committee to fulfil its role in overseeing the effective operation and development of risk management at the Council.

Equality and Diversity: Equalities implications of Council activities are considered at initiative level.

Health and Safety: The risk management framework encourages risk owners to consider the potential safety, health and wellbeing implications for staff and/or service users, should a risk event occur.

Digital: Risks relating to cyber security are considered within the risk management framework

Other: None

Consultees: Management Team reviewed the Principal Risk update in August 2026

Relevant Policies and Strategies: None

Appendix 1

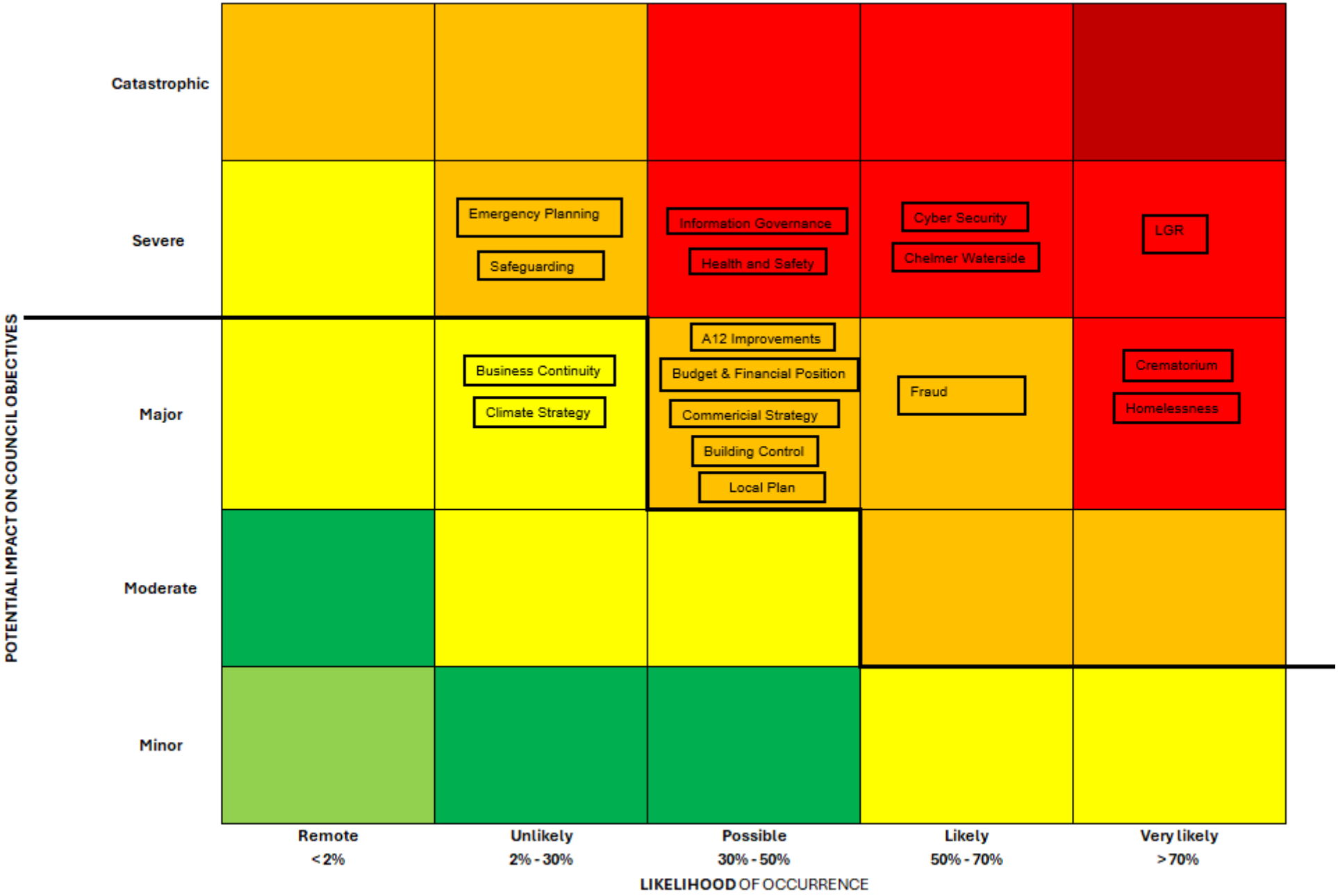
Principal Risk Register and Heat Map (August 2026)

Ref	Risk Title	Our Plan Theme	Risk Owner	Current Risk Rating	Risk Score	Direction of travel	Potential Risk Event
PRR 031	Local Government Reorganisation Programme	All Themes	Emma Noakes	Very High	24	⟷	Local Government Reorganisation (LGR) may result in uncertainty and disruption during the transition to a new unitary authority, leading to a loss of organisational capacity, reduced service performance, ineffective transfer of assets, contracts and records, and failure to realise intended benefits of reorganisation.
PRR 001	Cyber Security	All Themes	Michael Sage	Very High	20	↑	A cyber security incident, including malicious attack, system compromise, ransomware, phishing, or unauthorised access to council systems and data, may result in disruption to council services, loss of sensitive information, financial loss, regulatory action, and reputational damage.
PRR 012	Chelmer Waterside	A fairer and more inclusive place	Joe Reidy	Very High	20	↑	Failure to deliver the Chelmer Waterside development as planned may result in financial and reputational loss, missed housing and funding opportunities, and impacted relationships with key partners.
PRR 006	Homelessness	All Themes	Paul Gayler	Very High	18	⟷	Inability to effectively meet current and future housing needs across the district due to increasing demand, affordability pressures, limited housing supply and wider economic factors may result in increased homelessness and rough sleeping, insufficient affordable and specialist housing provision, increased use and cost of temporary accommodation, failure to meet statutory housing duties, and adverse impacts on vulnerable residents and communities.
PRR 034	Loss or damage to the crematorium	A greener and safer place	Paul Van Damme	Very High	18	⟷	The Council may be unable to meet its responsibilities as the burial and cremation authority for the area.
PRR 016	Information Governance	All Themes	John Breen	Very High	16	⟷	A serious data breach and/or other significant instance of non-compliance with data legislation may result in costly regulatory investigations leading to significant fines, and damage to the Council's reputation.
PRR 014	Health & Safety	A greener and safer place	Lewis Mould	Very High	16	⟷	Failure to maintain effective health and safety arrangements across Council services, workplaces, contractors and activities, may result in injury, ill health or loss of life to employees, councillors, contractors, residents or visitors, leading to legal and regulatory action, financial loss, service disruption, and reputational damage.

Ref	Risk Title	Our Plan Theme	Risk Owner	Current Risk Rating	Risk Score	Direction of travel	Potential Risk Event
PRR 005	Fraud	All Themes	Elizabeth Brooks	High	15		Fraudulent activity may lead to significant financial loss, misallocation of limited resources, and reputational damage due to perceived inaction or poor oversight, as well as hindering the Council's obligations under the Economic Crime and Corporate Transparency Act (ECCTA) 2023 'Failure to Prevent Fraud' offence.
PRR 037	Building Control	A greener and safer place	Jeremy Potter	High	12		Inability to fulfil statutory building control obligations due to severe staffing shortages which may lead to legal challenges, ombudsman complaints, and/or building safety regulator intervention.
PRR 038	Local Plan	A greener and safer place	Jeremy Potter	High	12	NEW	The Council may be unable to maintain a sufficient housing land supply and/or progress the Local Plan Review in accordance with statutory requirements and planned timescales due to factors such as changing national planning policy, infrastructure limitations, land availability issues or reduced development viability.
PRR 036	A12 Improvements	A fairer and more inclusive place	Jeremy Potter	High	12		Failure to secure future infrastructure funding for A12 Junction 19 may lead to key strategic sites in the Local Plan not being deliverable, which may stall housing and economic growth as well as increasing congestion.
PRR 004	Emergency Planning	A greener and safer place	Lewis Mould	High	12		Ineffective emergency planning response(s) may lead to avoidable harm, extended disruption, reputational damage, and increased financial costs due to reactive management, as well as hindering the Council's statutory emergency response obligations under the Civil Contingencies Act.
PRR 015	Safeguarding	A greener and safer place	Lewis Mould	High	12		Failure in safeguarding responsibilities may result in serious harm to individuals, loss of public trust, and negative impacts on staff morale and the Council's reputation.
PRR 032	Budget and Financial Position	All Themes	Phil Reeves	High	12		The Council's financial position may become unsustainable due to ongoing budgetary pressures, reduced income streams, and increasing service demands, potentially impacting the delivery of statutory and discretionary services.
PRR 033	Commercial Strategy	A greener and safer place	Joe Reidy	High	12		Investment decisions driven by commercial strategy may expose the organisation to significant financial and reputational risks due to inadequate due diligence, excessive borrowing, poor diversification, weak governance, regulatory missteps, or external economic shocks.

Ref	Risk Title	Our Plan Theme	Risk Owner	Current Risk Rating	Risk Score	Direction of travel	Potential Risk Event
PRR 003	Business Continuity	All Themes	Lewis Mould	Medium	9		Ineffective business continuity response(s) may lead to prolonged disruption to core services, impacting residents, damaging the Council's reputation, and hindering its statutory emergency response obligations under the Civil Contingencies Act.
PRR 025	Climate & Ecological Emergency Strategy	A greener and safer place	Louise Goodwin	Medium	9		The Council's strategy to respond to, manage and monitor the Climate and Ecological Emergency (called at Full Council in July 2019) may not be clear, and/or include sufficient level of detail in an overall delivery/action plan which may impact on achievement of the required outcomes and its overall success.

Principal Risk Heat Map



Impact Scoring Criteria

Appendix 2

Score	Level	Financial	Operations	People	Reputation	Legal and regulatory	Major Projects	Equivalent Internal Audit Priorities
5	Catastrophic	Financial loss (>£20 million*)	Permanent cessation of core activities	Multiple fatalities	Future viability of the organisation threatened	External control of the Council assumed	Repeated failure of high-profile projects. All discretionary funding withdrawn	Critical Priority (Emerging Findings Note)
4	Severe	Financial loss (>£1 million*)	Extended disruption of core activities in excess of normal recovery timescales, with adverse impact on the wider community	Life-threatening or multiple serious injuries (to staff or service users) or prolonged workplace stress. Severe impact on morale/service performance. Mass strike actions etc.	Critical impact on the reputation or brand of the organisation. Intense political and media scrutiny i.e. national front-page headlines, TV	Possible criminal, or high-profile civil action against the Council, Members or officers. Statutory intervention triggered with impact across the whole Council. Critical breach in laws and regulations that could result in severe fines or consequences	Politically unacceptable increase on project budget/cost for high-profile project. Elected Members are required to intervene	
3	Major	Major financial loss. Service budgets exceeded (£200k to £1 million*)	Disruption to core activities. Some services compromised. Management Team action required to overcome medium-term difficulties	Serious injuries or stressful experience (for staff member or service user) requiring medical attention/ many workdays lost. Major impact on morale/performance	Major impact on the reputation or brand of the organisation. Unfavourable media coverage. Noticeable impact on public opinion	Major breach in laws and regulations resulting in major fines and consequences. Scrutiny required by external agencies	Key targets missed. Major increase on project budget/ cost. Major reduction to project scope or quality	High Priority recommendations (Limited to No Assurance)
2	Moderate	Moderate financial loss. Handled within the team (£50k to £200k*)	Significant short-term disruption of non-core activities. Standing Orders occasionally not complied with, or services do not fully meet needs. Service Manager action will be required	Injuries (to staff member or service user) or stress levels requiring some medical treatment, potentially some workdays lost. Some impact on morale/performance	Moderate impact on the reputation or brand of the organisation. Limited unfavourable media coverage	Moderate breach in laws and regulations resulting in fines and consequences. Scrutiny required by internal committees or internal audit to prevent escalation	Delays may impact project scope or quality (or overall project must be re-scheduled). Small increase on project budget/cost. Handled within the project team	Medium Priority recommendations (Moderate to Limited Assurance)
1	Minor	Minor financial loss (< £50k*)	Minor errors in systems/operations or processes requiring Service Manager or Team Leader action. Little or no impact on service users	Minor injuries or stress with no workdays lost or minimal medical treatment. No impact on staff morale	Minor impact on the reputation of the organisation	Minor breach in laws and regulations with limited consequences	Minor delay without impact on overall schedule. Minimal effect on project budget/cost or quality	Low Priority recommendations (Substantial to Moderate Assurance)

Chelmsford City Council Audit and Risk Committee

16th September 2026

Audit and Risk Committee Work Programme

Report by:

Audit Services Manager

Officer Contact:

Elizabeth Brooks, Audit Services Manager elizabeth.brooks@chelmsford.gov.uk

Purpose

This report updates the rolling programme of work for this Committee.

Recommendations

That the rolling programme of work for the Committee is agreed.

1. Introduction

1.1. The Audit & Risk Committee works to a standard programme of work to ensure that their work is spread evenly across meetings, as far as possible, and to ensure that core reports are produced at the appropriate time within the Council's reporting timetable.

2. Rolling Programme of Work

2.1. Many of the reports submitted to this Committee are presented on a cyclical basis and can be timetabled for particular meetings. However, from time to time additional reports are requested which are presented to future meetings. The proposed rolling programme of work for this Committee for the next series of meetings is shown below.

2nd December 2026

Agenda Item	Report Owner
External Audit - TBC	Financial Services Manager (S151)
Internal Audit Interim Report	Audit Services Manager
Procurement Update	Procurement Manager
Audit & Risk Committee Work Programme	Audit Services Manager

17th March 2027

Agenda Item	Report Owner
External Audit TBC	Financial Services Manager (S151)
Internal Audit Plan 2027 + Internal Audit Charter	Audit Services Manager
Risk Management Report	Audit Services Manager
Accounting Policies	Financial Services Manager (S151)
Audit & Risk Committee Work Programme	Audit Services Manager

TBC June 2027

(Joint meeting with Governance Committee)

Agenda Item	Report Owner
Review of the Local Code of Corporate Governance	Legal and Democratic Services Manager
Annual Governance Statement	Legal and Democratic Services Manager

(Audit & Risk Committee)

Agenda Item	Report Owner
External Audit TBC	Financial Services Manager (S151)
Revenue (Outturn)	Financial Services Manager (S151)
Capital Monitoring (Outturn)	
Internal Audit Annual Report	Audit Services Manager
Counter Fraud Annual Report	

Agenda Item	Report Owner
Audit & Risk Committee Annual Report & Review of TOR	
Audit & Risk Committee Work Programme	Audit Services Manager

TBC September 2027

Agenda Item	Report Owner
External Audit - TBC	Financial Services Manager (S151)
Health and Safety Annual Report	Public Health and Protection Services Manager
Internal Audit Plan to March 2028	Audit Services Manager
Risk Management Report	Audit Services Manager
Audit & Risk Committee Work Programme	Audit Services Manager

List of appendices: None

Background papers: None

Corporate Implications

Legal/Constitutional: The Council has a duty to maintain an effective internal provision to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance (Regulation 5 (Part 1) of the Accounts and Audit Regulations 2015). Numerous frameworks also emphasise the importance of the audit committee, including:

- Delivering Good Governance in Local Government
- Global Internal Audit Standards
- the Code of Practice on Managing the Risk of Fraud and Corruption

Financial: None

Potential impact on climate change and the environment: None

Contribution toward achieving a net zero carbon position by 2030: None

Personnel: None

Risk Management: The role of the Audit & Risk Committee in relation to risk management covers: assurance over the governance of risk, including leadership, integration of risk management into wider governance arrangements and the top level ownership and accountability for risks; keeping up to date with the risk profile and the effectiveness of risk management actions and; monitoring the effectiveness of risk management arrangements and supporting the development and embedding of good practice in risk management.

Equality and Diversity: None

Health and Safety: None

Digital: None

Other: None

Consultees: None

Relevant Policies and Strategies: None
