



Nottingham City Council

ANNUAL GOVERNANCE STATEMENT

2025/26

DRAFT



1. Introduction

1.1 Each year the City Council produces a governance statement that explains how it makes decisions, manages its resources and promotes values and high standards of conduct and behaviour.

1.2 This Annual Governance Statement (AGS) sets out how Nottingham City Council (NCC) has complied with its governance framework and the effectiveness of its internal control environment during 2025/26. It reflects the requirements of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*, and this statement complies with regulation 6(2) of the Accounts and Audit Regulations 2015.

1.3 Nottingham City Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, that public money is safeguarded, correctly accounted for and used economically, efficiently and effectively to deliver quality services to the community it serves.

1.4 The City Council is committed to maintaining and strengthening robust corporate governance arrangements. These are underpinned by a comprehensive framework set out in the Council's Constitution, which defines how the Council operates, makes decisions, and ensures that appropriate procedures are followed to promote efficiency, transparency, and accountability to residents and stakeholders.

1.5 NCC continues to operate within an improvement and recovery context, shaped by the Continuous Improvement Plan, the statutory Ministerial Envoys and the Strategic Council Plan 2025 to 2029. This plan sets out Nottingham City Council's vision, purpose and core missions designed to create a renewed council that delivers for local people and leads Nottingham forward.

1.6 Key governance challenges remain in financial sustainability, transformation, and organisational capacity, although significant progress has been made.

1.7 The Annual Governance Statement (AGS) reports on: i. how the City Council complies with its own governance arrangements; ii. how the City Council monitors the effectiveness of the governance arrangements and; iii. what improvements or changes in governance arrangements are proposed during the forthcoming year.

1.8 The governance framework is subject to continuous review. The preparation of this Annual Governance Statement has been undertaken in line with current guidance, using a collaborative approach involving the Monitoring Officer, the Section 151 Officer and Internal Audit, ensuring appropriate input from statutory officers, senior managers and assurance functions.

1.9 The Monitoring Officer and Section 151 Officer are members of the Corporate Leadership Team and are fully engaged in the Council's activities and decision-making processes.

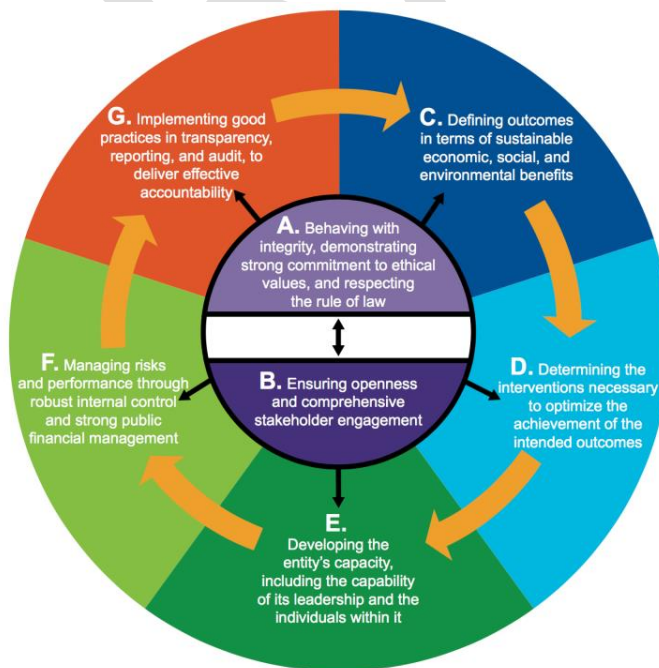
2. Scope and Responsibilities

2.1 Nottingham City Council is responsible for ensuring that its services are provided and conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Local Government Act 1999 also places a duty on all councils to secure continuous improvement and to demonstrate economy, efficiency and effectiveness.

2.2 In discharging this overall responsibility, the City Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and arrangements for the management of risk.

2.3 The Chartered Institute of Public Finance and Accountancy (CIPFA) and the International Federation of Accountants (IFAC) identified seven key principles relating to governance in their document International Framework: Good Governance in the Public Sector (CIPFA/IFAC, 2016).

A summary of the Seven Principles of Good Governance in the public sector and how they relate to each other is shown in Figure 1 below. Achieving the intended outcomes while always acting in the Public Interest.



3. The Purpose of the Governance Framework

3.1 The Governance Framework comprises the systems and processes, culture and values by which Nottingham City Council is directed and controlled. This, together with its activities and leadership, enables it to monitor and manage its performance for delivering cost effective services.

3.2 Effective performance and risk management allows the City Council to have increased confidence in achieving its objectives and allows the citizens of Nottingham to have increased assurance in the City Council's governance arrangements and its ability to deliver.

3.3 The system of internal control is a significant part of the governance framework and is designed to manage risk to an acceptable level. Risk cannot be eliminated and therefore controls can only provide reasonable and not absolute assurance of effectiveness. Internal control is based on a process to:

- Identify and prioritise risks that prevent the achievement of the City Council aims and objectives;
- Evaluate the likelihood that risks are realised and their impact;
- Appropriately manage identified risks.

3.4 The City Council has a number of committees that challenge and review the options considered and actions taken by the City Council. The aim is to ensure that robust decisions are made that focus on achieving the best strategic outcomes for local residents within the available level of resources.

3.5 The City Council has an Audit Committee which, as part of its function, is responsible for considering the effectiveness of the Council's risk management arrangements, the control environment, and associated anti-fraud and anti-corruption arrangements. The Committee also seeks assurance that appropriate action is being taken in response to issues identified by auditors and inspectors.

3.6 In discharging this function, the Audit Committee will ensure compliance with such codes, protocols, statements and policies as are necessary to meet its responsibilities, which includes the appropriate arrangements for the management of risk.

3.7 The appointment of an independent member to the Audit Committee in early 2026 has further strengthened these arrangements, enhancing the Committee's independence and bringing increased rigour and challenge to its scrutiny and oversight functions.

4. The 2025/26 Governance Framework



4.1 This Annual Governance Statement has been prepared in accordance with the CIPFA/IFAC International Framework: Good Governance in the Public Sector (2016), which defines the principles that should underpin the governance of public sector organisations. It enables the City Council to review and assess its governance arrangements and structures against established best practice.

4.2 The CIPFA/IFAC framework identifies the seven core principles of good governance as:

- Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
- Ensuring openness and comprehensive stakeholder engagement.
- Defining outcomes in terms of sustainable economic, social, and environmental benefits.
- Determining the interventions necessary to optimize the achievement of the intended outcomes.
- Developing the entity's capacity, including the capability of its leadership and the individuals within it.
- Managing risks and performance through robust internal control and strong public financial management.
- Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

4.3 The governance framework covered by this statement has been in place at Nottingham City Council for the year ended 31 March 2026 and is considered up to May 2026. An assessment of the City Council's governance arrangements against each core principle is attached at Appendix 1.

5. Financial Intervention

5.1 In November 2023, a Section 114 (Part 3) report was issued to Councillors due to concerns regarding the financial sustainability of the Council, in line with the Local Government Finance Act 1988. The report set out the then Section 151 Officer's professional opinion that the Council was unable to meet its statutory requirement to set a balanced budget for 2024/25.

5.2 As a result, a legal prohibition period came into force on 29 November 2023 and remained in place until the day after the City Council meeting on 18 December 2023, when a Spend Control Policy and Board were approved. These arrangements have remained in place and have continued to support strengthened financial oversight and control. During 2025/26, financial management arrangements have continued to improve, with enhanced budgetary control and monitoring embedded across the organisation. Improved budgetary control is evident. The consistency and long-term sustainability of these improvements remain dependent on continued financial discipline across all services.



5.3 Exceptional Financial Support (EFS) was approved by the Ministry of Housing, Communities and Local Government for the financial years 2023/24 and 2024/25, enabling the Council to set a balanced budget for 2024/25. This support permitted the capitalisation of certain revenue expenditure, subject to conditions and assurance.

5.4 The 2024/25 budget included £41.024m of Exceptional Financial Support; however, only £7.737m was required at year-end. This resulted in an underspend against the approved budget and demonstrated early progress in stabilising the Council's financial position. Throughout 2025/26, the Council has built on this progress, further strengthening financial controls and improving the robustness of financial planning.

5.5 As a result of these improvements, the Council has been able to set a balanced budget for 2026/27 without the need for Exceptional Financial Support. This represents a significant milestone in the Council's financial recovery and reflects sustained progress towards achieving financial sustainability.

5.6 The Council was subject to Government intervention following the issuance of the Section 114 notice, including the appointment of Commissioners to oversee the Council's improvement. The Commissioners' oversight concluded in March 2026, reflecting the progress made in strengthening governance, financial management and organisational capacity. Their departure marks an important step in the Council's improvement journey, although continued focus is required to ensure that improvements are embedded and sustained and support continues through ministerial envoys.

6. NCC Improvement Plan

6.1 As a result, of the issuance of a Section 114, the Council received Directions from the Secretary of State for Levelling Up, Housing and Communities on 22nd February 2024. These Directions included the appointment of Commissioners to oversee the next phase of the Council's improvement journey.

6.2 The Directions issued to the Council required the development and agreement of an Improvement Plan to the satisfaction of the Commissioners, together with regular reporting on progress at six-monthly intervals, or at such intervals as directed. Commissioner oversight and scrutiny remained in place throughout the period from March 2025 to February 2026, providing robust external challenge and assurance over the Council's governance, performance, and improvement progress.

6.3 The Commissioners concluded their engagement in February 2026 following submission of their final assurance letter to the Secretary of State for the Ministry of Housing, Communities and Local Government (MHCLG). This reflected the progress made by the Council in strengthening its governance arrangements and delivering against the Improvement Plan, providing evidence of external validation



of progress against the Improvement Plan. This is a positive development although this does not in itself provide assurance that improvements are fully embedded or operating effectively.

6.4 The Improvement Plan in train up to February 2026 addressed the issues and challenges that have led to the intervention and respond to the actions required by Commissioners. The improvement plan was built around three aims of enabling and supporting the Council to become:

- A council that delivers for Nottingham with a clear direction and purpose
- A council that is financially sustainable
- A council that is well-run with effective people, processes and systems.

6.5 Informed by learning from previous experience, governance arrangements for the Improvement Plan are well-structured and provide clear accountability. These arrangements provided clear lines of accountability and responsibility; with Corporate Directors appointed as Senior Accountable Officers (SAOs) for individual improvement programmes. The effectiveness of these arrangements is dependent on consistent operation and evidence that improvements are embedded into business-as-usual practice.

6.6 A structured governance framework was implemented, comprising the Improvement Board, Transformation Board and Finance & Resources Board, with oversight from Corporate Leadership Team members, senior leadership and Commissioners. These boards met regularly throughout 2025/26, providing oversight and challenge in relation to milestone delivery, risk management and mitigation, and the resolution of key issues, as well as reviewing material changes to programme scope, deliverables and timelines to ensure alignment with the Council's strategic objectives. While this strengthened governance arrangements, the extent to which it translated into consistently effective delivery and risk mitigation varied across programmes.

6.7 The final Improvement Board was held in February 2026, marking the conclusion of the formal Commissioner-led improvement phase. This governance structure has since transitioned to the Continuous Service Improvement Board (CSIB), which has been established to provide ongoing strategic oversight, support and challenge in relation to the Council's Continuous Service Improvement Plan (CSIP) for 2026/27 and beyond.

6.8 The CSIB provides a clear and established framework for monitoring delivery, performance and outcomes across improvement programmes, supporting alignment with corporate priorities; however, delivery of sustainable change will require continued implementation and evidence of impact over time. It reports to the Continuous Improvement Committee, a sub-committee of the Executive Board, and has delegated authority to oversee and adjust the CSIP as required. The CSIB acts as the overarching governance body for improvement activity, ensuring coordination across internal boards and providing



continued assurance that improvement activity is effectively governed and embedded across the organisation.

6.9 During 2025/26, Commissioners continued to provide external oversight of the Council's improvement, including regular progress reporting to the Secretary of State. The third and fourth reports, dated 29 August 2025 and 5 December 2025 (published 21 November 2025 and 4 February 2026 respectively), set out progress made and areas requiring further development.

6.10 The third report concluded that the Council had made significant progress, with most improvement programmes either completed or embedded within business-as-usual activity. This progress was supported by a clearer strategic framework, strengthened governance arrangements, improved financial management, and an established transformation programme delivering savings and enhanced accountability. Financial resilience improved, evidenced by reduced reliance on Exceptional Financial Support and the setting of a balanced 2026/27 budget. Improvements in risk management, internal audit, and organisational capacity also increased assurance over the governance framework, although further evidence is required to demonstrate that these improvements are consistently embedded and operating effectively over time.

6.11 The report identified that further work is required to ensure sustainability of improvement. Key areas include strengthening financial discipline and forecasting accuracy across all services, addressing capacity pressures in critical areas, and continuing to embed governance and control arrangements to ensure consistency over time.

6.12 The fourth report recognised that the Council has made credible progress within a relatively short period, including stabilising its financial position, strengthening governance structures, improving leadership capacity and Member/officer relationships, and establishing a clear strategic direction through the Improvement Plan. While financial management, oversight of companies and assets, risk management, and organisational culture have improved, this progress remains at an early stage and is not yet consistently reflected in outcomes.

6.13 The report further highlighted the need to embed and sustain improvements. Key priorities include delivery of the Target Operating Model and sustainable savings, strengthening performance management and the use of data and insight, and improving the quality and timeliness of information for decision-making. There is also a continued need to embed risk management and internal audit practices, support cultural change to ensure consistent behaviours and accountability, and secure sustained improvement in key service areas and partnership working to ensure long-term resilience and value for money.



6.14 Overall, the Council's improvement trajectory demonstrates substantial progress during 2025/26, with the majority of improvement programmes either completed or transitioning into business-as-usual activity. Governance arrangements have been strengthened, supported by a clearer strategic framework and improved performance and accountability structures. The Transformation Programme is now well established, with delivery plans and savings embedded within directorate budgets and monitored through enhanced financial management processes. This provides evidence of structured delivery and monitoring of improvement activity; however, sustained effectiveness and impact are not yet fully evidenced across all areas.

6.15 Financial sustainability has improved; with reduced reliance on Exceptional Financial Support and a balanced budget position achieved for 2026/27. However, it remains an area of ongoing risk and is dependent on continued delivery of savings, financial discipline, and stability of funding assumptions, Governance, risk management and internal audit arrangements have also been strengthened, including the implementation of a revised risk framework, clearer accountability structures, and enhanced audit capacity. Workforce stability and leadership capacity have improved, supporting delivery of organisational priorities.

6.16 While progress is significant, some challenges remain, particularly in relation to capacity constraints, forecasting accuracy in certain areas, and the need to fully embed improvements to ensure long-term financial resilience and governance sustainability to ensure long-term financial resilience and governance sustainability, which are not yet fully secured

7. Review of Effectiveness

7.1 A review of the City Council's governance arrangements draws on several sources including:

- Internal Audit reviews which consider and report upon compliance with corporate policies and procedures
- External audit and review
- Internal review - Service updates from individual service managers
- Reviews of partnership governance arrangements
- External inspections by government agencies

7.2 The Audit Committee plays a key role in the City Council's review of the effectiveness of its governance framework. It seeks assurance on the adequacy of the City Council's risk management, control and governance arrangements.

7.3 The Audit Committee receives regular training to ensure it has the appropriate knowledge and skills. The Audit Committee undertook the core knowledge and skills questionnaire from CIPFA guidance with

the results built into overall work programme. The Committee also completes a self-assessment against updated CIPFA guidance.

8. Internal Audit and Review

8.1 The Council maintains an internal audit function in accordance with the Accounts and Audit Regulations 2015 and relevant professional standards. The function provides independent and objective assurance on the adequacy and effectiveness of the Council's governance, risk management, and internal control framework. Internal Audit operates in line with the Public Sector Internal Audit Standards, including updated requirements aligned to the Global Internal Audit Standards, and has an established Quality Assurance and Improvement Programme to support continuous development and compliance.

8.2 Internal Audit activity is delivered through a risk-based approach, informed by the Council's strategic risks, governance framework, and operational priorities. The Internal Audit Plan for 2025/26–2027/28 includes coverage of key financial systems, high-risk service areas, corporate governance processes, and counter-fraud activity. The plan is subject to review and approval by senior management and the Audit Committee, ensuring appropriate oversight, challenge, and alignment with key areas of risk.

8.3 Audit reviews undertaken during the year included both core financial systems and operational service areas, with findings indicating that a number of key controls are in place and generally operating as intended. In particular, assurance work undertaken within East Midlands Shared Services identified that core transactional processes are supported by a well-established and consistently applied control environment. This provides a basis for assurance in relation to routine financial processing and control activities.

8.4 However, audit findings also identified inconsistencies in the application and operation of controls across the Council. In some areas, controls are not yet fully embedded or operating consistently, particularly where processes rely on manual intervention, data quality is variable, or governance arrangements are still maturing. These inconsistencies limit the level of assurance that can be placed on the effectiveness of the control environment as a whole and increase the risk that issues are not identified or addressed in a timely manner.

8.5 The Head of Internal Audit provides an annual opinion based on the work undertaken during the year and other sources of assurance. For 2025/26, the opinion is **moderate assurance**, reflecting that, whilst key elements of the governance, risk management, and control framework are in place, their inconsistent application and varying levels of maturity limit overall effectiveness. This opinion recognises that, while controls are generally designed appropriately, further work is required to ensure they are operating consistently and effectively across all areas of the organisation.



8.6 Progress has been made during the year to strengthen the control environment, including improvements in financial management, enhancements to governance arrangements, the development of risk management processes, and increased capacity and stability within the Internal Audit function. These developments provide evidence of improvement activity and support a strengthening control framework. However, these improvements are relatively recent and are not yet fully embedded or evidenced over a sustained period. As such, they will require continued implementation, operation, and independent validation before their effectiveness can be relied upon for full assurance.

8.7 Management responses to audit findings have been positive, with agreed actions in place to address identified weaknesses. Progress in implementing these actions is monitored through established governance arrangements and reported to the Corporate Leadership Team and the Audit Committee. While this provides a basis for assurance that issues are being actively managed, the effectiveness and timeliness of implementation varies, and there remains a need to ensure that agreed actions are delivered consistently and result in demonstrable improvement.

8.8 Overall, there is reasonable assurance that internal audit arrangements are in place and contributing to the Council's governance framework. However, the level of assurance is constrained by inconsistencies in the application of controls, the maturity of governance arrangements in some areas, and the need to fully embed recent improvements. Continued focus is required to strengthen the consistency of control application, improve the quality and timeliness of management information, and maintain sufficient internal audit coverage to provide robust and ongoing independent assurance.

9. External Audit and Review

9.1 Grant Thornton LLP were appointed by the Public Sector Auditor Appointments (PSAA2) as the City Council's external auditor in 2020/21.

9.2 The external auditor's work programme is determined in accordance with the Code of Audit Practice issued by the National Audit Office and includes both nationally prescribed requirements and locally determined work.

9.3 City Council officers work closely with external audit to provide information and assurance in support of those conclusions and acts on any recommendations made as a result.

9.4 They have regularly reported on progress and made interim conclusions to the Audit Committee.

9.5 The external audit of the 2025/26 is taking place at present, whilst the previous year 2024/25 Auditor's Annual Report Year ending 31 March 2025 was concluded and published 11 March 2026

9.6 The audit of the 2024/25 financial statements has resulted in a disclaimed audit opinion, as the auditors were unable by the backstop date to gain the requisite level of assurance on the Accounts.



This follows a series of disclaimed audit opinions in prior years (2019/20–2023/24) and continues to highlight the need to rebuild assurance over the Council's financial reporting arrangements and key balances, including reserves. However, they were able to complete the Value for Money Audit. This was reported to the Audit Committee in March 2026.

9.7 The Council's external auditor (Grant Thornton) has completed its Value for Money (VfM) assessment for 2024/25, in accordance with the National Audit Office Code of Audit Practice. This assessment, which informs this 2025/26 Annual Governance Statement, identified significant weaknesses across all three VfM criteria—financial sustainability, governance, and improving economy, efficiency and effectiveness—for the fifth consecutive year. Key issues included weaknesses in budget setting assumptions, the delivery and transparency of savings, immature risk management arrangements, limitations in internal audit effectiveness, and ongoing challenges in procurement, ICT governance, and service improvement in key areas such as Housing, Adults and Children's Services. Three new key recommendations were raised in 2024/25, alongside a number of prior year recommendations that remain in progress, reinforcing that fundamental elements of the Council's arrangements were not operating effectively during the year.

9.8 Notwithstanding these findings, the auditor has recognised evidence of progress during 2024/25 and into 2025/26, including strengthened financial monitoring, the development of a more robust budget-setting process, enhancements to governance arrangements, the establishment of an Improvement Plan, and increased focus on risk management, internal audit, and organisational capacity.

9.9 While this demonstrates management action and improvement activity, these improvements are relatively recent and not yet fully embedded or evidenced over a sustained period. Consequently, they will require further implementation, operation, and independent validation before their effectiveness can be relied upon for assurance.

9.10 The persistence of weaknesses across all VfM criteria indicates that, as at the 31st of March 2025, the Council's arrangements were not sufficiently robust to ensure consistent value for money. Continued and demonstrable implementation will be required to embed improvements and provide evidence that intended outcomes are being achieved in practice.

10. Internal Review

10.1 This year the AGS process is enhanced with the introduction of a questionnaire approach which included senior officers in order to assess the levels of assurance that senior officers felt they were provided through 14 aspects of governance. The responses from the senior officers are summarised

below. Of those senior officers able to respond 16 completed the questionnaire. A response rate of 51.6%.

10.2 Financial Management

10.2.1 Senior officers who participated in the survey provided reasonable assurance based on evidence of monitoring and control processes over budget management arrangements. A total of 81% confirmed that they monitor expenditure against budget and have clear plans in place, including contingency arrangements and appropriate escalation routes where overspends occur. In addition, 75% reported being involved in developing agreed and deliverable budgets for their service, including assessing underlying assumptions and priorities, indicating a reasonable level of ownership and engagement.

10.2.2 However, this assurance is not fully consistent across the organisation. In particular, inconsistencies in financial processes and data quality weaken overall reliability and limit confidence in the accuracy of forecasting. While officers described regular monitoring and oversight arrangements, and reported that swift action is taken where issues arise, these controls are not yet operating with sufficient consistency to provide strong, organisation-wide assurance. Respondents also identified areas for improvement, including the need for greater directorate autonomy over financial decision-making, more consistent application of the Finance Business Partner model, and improved availability of robust performance data—particularly to support Adult Social Care budget forecasting. Although officers noted that financial management arrangements have strengthened over the past three years and expressed confidence within their areas of control, their effectiveness is not yet consistently evidenced across all areas. Ongoing challenges relating to capacity and support in some service areas indicate that further work is required to embed consistent, reliable financial management practices across the Council.

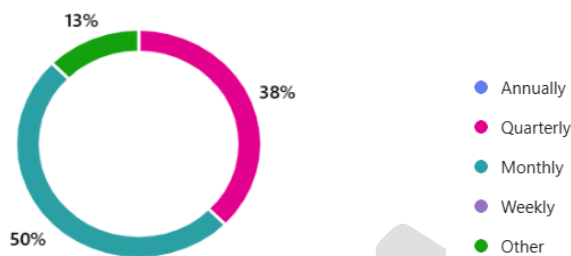
10.3 Risk Management

10.3.1. A total of 88% of respondents confirmed that their service risk registers are up to date, with review frequencies in place that meet service needs, typically on a monthly or quarterly basis.

10.3.2 Risk management arrangements are in place and increasingly embedded; however, ongoing strategic risks and data limitations indicate that mitigation is not yet consistently effective across all areas. The Council faces a range of significant strategic and operational risks, including the impact of Local Government Reorganisation (LGR), workforce capacity and recruitment challenges, and ongoing funding pressures. Demand-led risks, particularly within SEND and Adult Social Care, alongside limitations in data quality and IT infrastructure, continue to impact financial sustainability and service delivery. Compliance with statutory duties, including the Care Act, health and safety requirements, and building compliance, as well as the fragility of the care market, remain key areas of concern.

10.3.3 These risks are being actively mitigated through transformation programmes, strengthened financial monitoring, and enhanced governance and oversight arrangements, alongside proactive engagement with government departments. Cyber and information security risks, contract and entity oversight, and capital delivery are managed through improved controls, regular review, and established response planning. Risk management is embedded across the organisation, supported by robust reporting arrangements which ensure that risks are monitored, regularly reviewed, and managed dynamically (Fig 2.).

Fig 2: Frequency the risk register updated



10.4 Legislation and Regulation

10.4.1 Overall, there is a high level of assurance that senior officers understand the key legislative and regulatory requirements within their areas of responsibility, with 94% (Fig 3) confirming clarity over applicable statutory duties. While some concerns were raised (19%, Fig 4) regarding the ability to consistently meet all requirements, particularly in high-demand areas such as Adult Social Care, actions are in place to strengthen compliance.

10.4.2 The Council has recognised the need to improve the consistency and timeliness of policy updates, with 31% indicating that some policies are not fully up to date (Fig 5), largely due to capacity constraints. In response, targeted improvement activity is underway, including the implementation of digital solutions to support policy management and address gaps identified through external inspection. Services, particularly within Children's Services and Adult Social Care, are actively reviewing and refreshing policies to ensure they remain current and aligned to legislative requirements.

10.4.3 Whilst risks remain in specific areas, including increasing demand, performance data quality, and resource pressures, these are acknowledged and subject to ongoing management and oversight. Existing governance arrangements, alongside continued improvement activity, provide reasonable assurance that the Council is taking appropriate steps to maintain and strengthen compliance with legislation and regulation across its services.

Fig 3: Do you properly understand the key legislation governing your area, including any statutory duties?



Fig 4: Are there any you are concerned about not being able to meet?

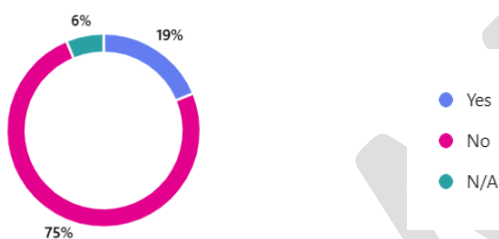
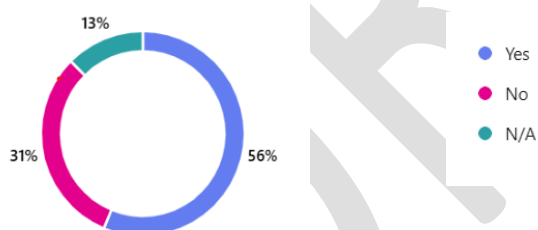


Fig 5: Are the Council policies for your area up to date?

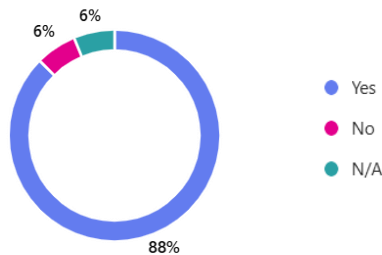


10.5 Governance and Decision making

10.5.1 Many respondents (88%, Fig 6) demonstrated a clear understanding of their responsibilities under the Scheme of Delegation, with an equivalent proportion confirming that they are aware of the processes required to obtain approvals where decisions fall outside of their delegated authority. Although understanding of governance requirements is strong overall, variation between directorates suggests that governance is not yet applied consistently, creating potential exposure to decision-making risks. Corporate compliance with mandatory governance training is generally strong, providing further assurance over adherence to governance requirements. However, some variation was identified within

the Adult Social Care directorate, indicating an area for continued focus to ensure consistent application of governance arrangements across all services.

Fig 6: Do you understand the powers you have under the scheme of delegation?



10.6 Health and Safety

10.6.1 Overall, there is reasonable assurance, although not yet consistent across all areas. Mandatory training requirements are largely up to date (Fig 7) and that the majority of Health and Safety (H&S) risks within service areas have been identified. Risk assessments are routinely undertaken, with appropriate mitigating actions implemented and staff engagement evident where required. In addition, 75% of respondents confirmed that staff receive adequate training, information and instruction to undertake their roles safely, with examples of good practice including annual H&S maturity audits within Resident Services to test the effectiveness of arrangements.

10.6.2 However, some gaps remain. A minority of respondents —primarily at senior levels—identified limitations in oversight, with 25% reporting that not all H&S risks have been fully identified (Fig 8). Concerns were also raised regarding the lack of mechanisms to provide comprehensive corporate visibility of risk assessments and mitigations, alongside areas where further improvement is required, notably within adult services and in sustainability and environmental services (Fig 9). These findings indicate a need to strengthen corporate oversight and ensure a more consistent and comprehensive approach to H&S risk management across all service areas.

Fig 7: Corporate compliance with Training

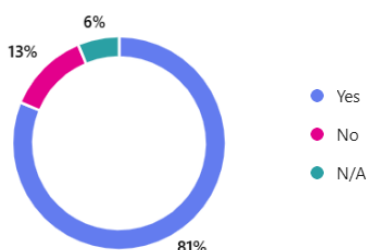


Fig 8: Have you identified all significant health and safety risks for your area and included them within your H&S risk assessments?

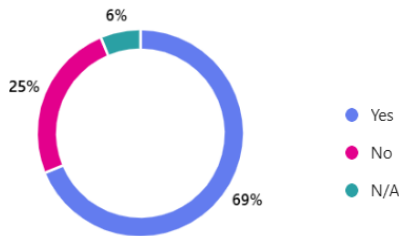
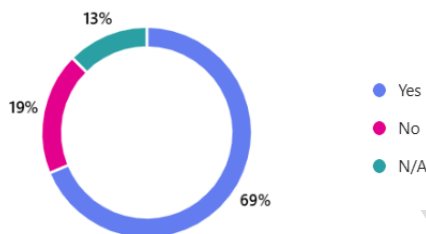


Fig 9: Have you ensured risk assessments have been reviewed every year or where there have been significant changes?



10.7 Procurement and Contract Management

10.7.1 Overall, there is a good level of assurance in relation to procurement and contract management arrangements. The majority of respondents (94%) confirmed that they understand how to procure in accordance with legal, constitutional, and Council procedures. All respondents with contract management responsibilities confirmed that they are aware of the contracts for which they are accountable, with most actively managing these arrangements, understanding contract end dates, and having processes in place for renewal.

10.7.2 However, inconsistent contract management in key service areas reduces the overall effectiveness of the control framework and some areas for improvement remain. Concerns were identified in relation to the consistency of contract management, particularly within IT and Children's Services, where respondents indicated that contract oversight and renewal processes are not yet fully embedded (Fig 10 and Fig 11). In addition, people-focused services highlighted the need for greater access to dedicated procurement support to strengthen pipeline planning, simplify processes, and ensure transparency and consistency in procurement activity.

10.7.3 Positive assurance was provided within the Growth and City Development directorate, where a dedicated Corporate Landlord contract management team is in place to oversee procurement and contract arrangements. Overall, while the control framework is understood and largely operating

effectively, further strengthening of capacity, consistency, and support arrangements will enhance contract management across the Council.

Fig 10: Are you managing the contracts actively?

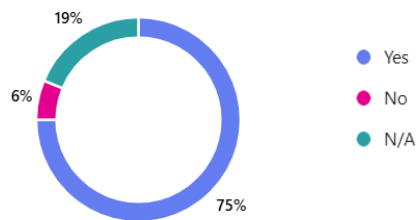
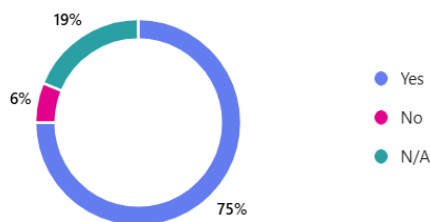


Fig 11: Do you know when contracts you manage are due for renewal?



10.8 Internal Controls

10.8.1 Overall, there is reasonable assurance that audit and inspection activity is appropriately recognised and acted upon across the Council. A total of 88% (Fig 12) of respondents confirmed awareness of audits and inspections undertaken within their service areas, as well as those scheduled for the future. The positive assurance culture supports effective internal control; with respondents demonstrating openness to scrutiny and valuing independent assurance; however, emerging risks and gaps in governance clarity demonstrate that controls are not yet fully comprehensive or future-proofed.

10.8.2 Most respondents indicated that recommendations due for implementation are on track, although in some cases these are being progressed through wider service improvement plans and reviews (Fig 13). Feedback highlights generally effective oversight, with senior officers maintaining visibility of audit activity and outcomes.

10.8.3 However, some areas for further development were identified. Approximately 19% of respondents highlighted additional areas that would benefit from review (Fig 14), particularly within IT, Children’s Services, and Environment and Sustainability. Specific themes included the need to strengthen governance arrangements in schools, improve clarity of governance frameworks within community and sustainability services, and address emerging risks such as “shadow IT” and the use of

technology outside established controls. In addition, there is recognition that previous approaches to external inspection readiness, including Care Quality Commission (CQC) preparation, require further strengthening, with revised arrangements now in progress.

10.8.4 Overall, while audit and inspection processes are well embedded and supported by a positive assurance culture, continued focus on emerging risk areas and governance clarity will further enhance the effectiveness of internal control arrangements.

Fig 12: Are you aware of the audits and inspections undertaken in your area last year and what are scheduled?

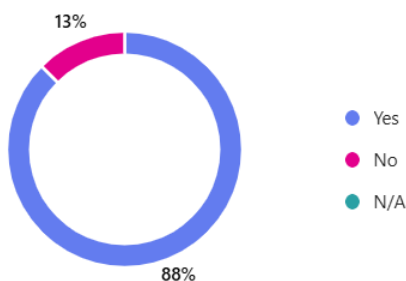


Fig 13: Have you implemented all the recommendations that are currently due

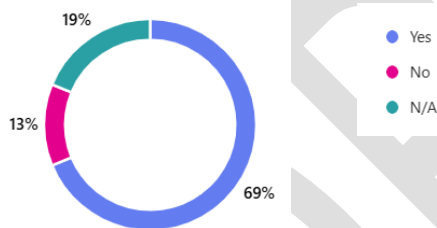
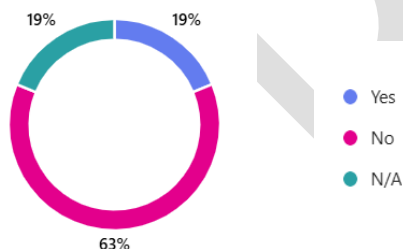


Fig 14: Are there other areas of your responsibility that you consider would benefit from review?



10.9 Business Continuity

10.9.1 There is a good level of assurance in relation to the review and maintenance of Business Continuity Plans (BCPs), with 88% of respondents confirming that their service plans have been reviewed within the last 12 months (Fig 15). Feedback indicates that services are not only updating

plans but are also actively testing them through desktop and tabletop exercises, which have been positively received and are viewed as valuable in strengthening preparedness and resilience.

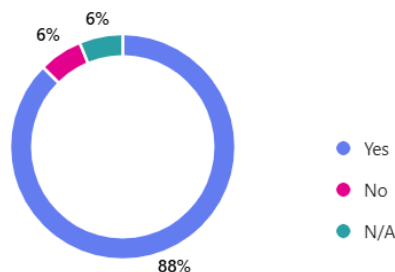
10.9.2 Examples of good practice include recent comprehensive reviews of BCPs and the use of scenario-based exercises to validate arrangements and identify improvements. While arrangements are generally well embedded, continued emphasis on regular testing and consistent application across all service areas will further strengthen organisational resilience.

10.9.3 During the year, the Council experienced a significant power outage which impacted access to systems and service delivery. This incident tested the Council's business continuity and incident response arrangements. The Council activated its emergency and business continuity procedures, prioritising the continuation of critical services and the safe restoration of systems. Recovery activity was managed corporately, with coordinated input across ICT, service areas and senior leadership, and services were restored in a controlled and phased manner.

10.9.4 The incident highlighted both strengths and areas for improvement in the Council's resilience arrangements. The response to the outage demonstrated a level of operational resilience, including the ability to mobilise a coordinated response, maintain critical service provision, and recover core systems within acceptable timeframes. These factors provide partial assurance that key response and recovery processes are in place and can operate effectively under pressure. However, the incident also exposed weaknesses in preparedness within the Council's resilience framework. In particular, business continuity arrangements are not yet sufficiently mature or consistently embedded across all service areas to ensure a fully coordinated organisational response. Opportunities for improvement have been identified, including the need to strengthen service-level business continuity planning, enhance communication protocols, and further develop ICT resilience and recovery arrangements. As such, while the Council has demonstrated an ability to respond to disruption, further work is required to embed consistent and robust resilience arrangements and provide full assurance over organisational preparedness.

10.9.5 Learning from the incident is being embedded through ongoing improvement activity, including review and updating of business continuity plans, strengthening testing and assurance arrangements, and reinforcing organisational resilience. This will support the Council in mitigating the impact of future incidents and ensuring continuity of critical services.

Fig 15: Have you reviewed your business continuity plans within the last twelve months?



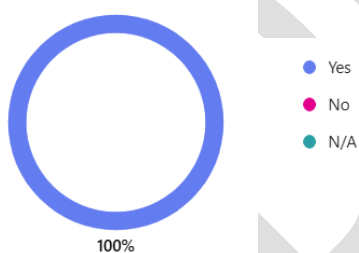
10.10 Information Security

10.10.1 There is strong assurance in relation to information governance arrangements across the Council. All respondents confirmed that their teams are up to date with mandatory Information Security training and demonstrate a clear understanding of requirements for secure data handling and sharing (Fig 16). Robust arrangements are in place to ensure that organisations with whom the Council commissions services or shares data meet appropriate security standards. These include the use of formal data sharing and processing agreements, Data Protection Impact Assessments (DPIAs), contractual controls, and compliance with corporate policies and IT systems.

10.10.2 Services reported working closely with corporate functions, including Data Protection, Legal, and Procurement teams, to ensure due diligence, clear accountability under GDPR, and ongoing monitoring of compliance through contract management processes. This reflects a strong and consistent approach to managing information security risks across partnerships and commissioned services.

10.10.3 Whilst overall arrangements are well established, respondents highlighted opportunities for further strengthening, including the need for additional resource to support timely decision-making in complex partnership environments and the development of a more formal, organisation-wide data strategy to enhance clarity around data ownership, use, and sharing. Overall, there is a strong culture of awareness and compliance, with recognition of the need for continuous improvement.

Fig 16: Are you and your team up to date with information security awareness training?



10.11 Complaints

10.11.1 Overall, there is reasonable assurance that complaints and feedback processes are operating effectively, with the majority of respondents confirming that they are up to date in managing complaints within their service areas (Fig 17). Clear mechanisms are in place to ensure that learning from complaints is fed back into service delivery, including through regular performance monitoring, leadership oversight, team discussions, continuing professional development, and integration into

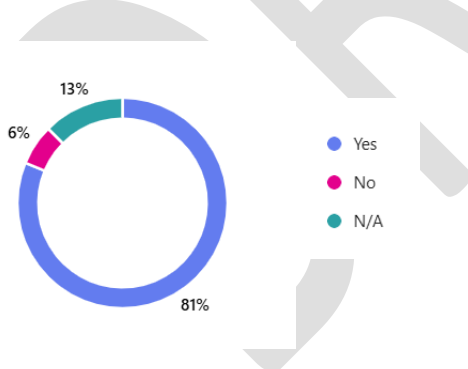
service improvement and strategic planning activity. These arrangements support continuous improvement and demonstrate a positive organisational culture of learning from feedback.

10.11.2 While some areas for enhancement have been identified—particularly in improving consistency of reporting, visibility of response quality, and capacity in high-demand areas—these are recognised and are being addressed through a corporate review, with ongoing improvements underway. Overall, the existing framework provides sound basis for capturing learning and driving service improvement.

10.11.3 During the period 1 April 2025 to 31 March 2026, the Local Government and Social Care Ombudsman (LGSCO) considered 82 complaints relating to the Council. Of these, 35 were outside jurisdiction or premature, and a further 38 were closed without formal investigation. Nine investigations were completed, of which eight were upheld (89%), slightly above the comparator group average. In two upheld cases, the Council had already provided an appropriate remedy prior to Ombudsman involvement, demonstrating evidence of early resolution and learning. The Council achieved 100% compliance with Ombudsman recommendations, in line with sector expectations, although timeliness of completion (75%) was slightly below comparator performance.

10.11.4 These outcomes indicate that the Council responds positively to external findings and implements recommended actions effectively. However, the relatively high uphold rate highlights the need for continued focus on improving service quality, consistency of decision-making, and earlier resolution of complaints to further strengthen assurance and reduce reliance on external investigation.

Fig 17: Are you up to date with management of complaints?



10.12 Data Protection & FOI

10.12.1 Overall, there is reasonable assurance that teams are compliant with core data protection requirements, with all respondents confirming that they are up to date with General Data Protection Regulation (GDPR) and Freedom of Information (FOI) training (Fig 18). In addition, established processes are in place to support data management, with most services undertaking regular reviews, utilising system controls, and working within defined roles such as Information Asset Owners to ensure

data is appropriately maintained, stored, and used. Data sharing protocols are confirmed to be in place and up to date, providing a sound framework for secure information sharing.

10.12.2 However, a notable gap remains in relation to clarity of data ownership and system accountability. A total of 13% of respondents indicated that they are not clear on the data and systems for which they are responsible (Fig 19). This represents a significant area of concern and highlights the need to strengthen corporate clarity, accountability, and oversight arrangements in relation to data management.

10.12.3 Assurance is further supported by 81% of respondents confirming that they are up to date with data retention and disposal requirements across systems and corporate file shares. Despite this, feedback indicates inconsistencies in practice, particularly in relation to the efficiency and robustness of FOI response handling.

10.12.4 Overall, while a strong framework for data protection and information governance is in place, and compliance with training and data sharing requirements is high, further work is required to strengthen clarity of ownership, improve consistency of data management practices, and enhance the effectiveness of FOI processes to ensure a fully robust control environment.

Fig 18: Are you and your team up to date with GDPR and FOI training?

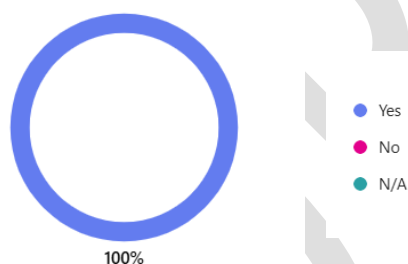
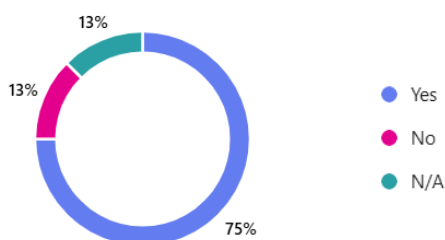


Fig 19: Are you clear what data and systems you are responsible for?



10.13 Human Resources

10.13.1 There is reasonable assurance in relation to workforce management, performance, and training arrangements. While core frameworks are in place, responses indicate inconsistencies in their application with varied implementation and data limitations weakening assurance over workforce capacity and planning. A number of employees have not completed Individual Performance Reviews (IPRs), highlighting variability in performance management practices across services (Fig 20).

10.13.2 In addition, only 69% of respondents expressed confidence that their workforce aligns with the agreed establishment, indicating gaps in workforce visibility and assurance (Fig 21). Feedback identified challenges in accessing accurate and up-to-date establishment data, with some services relying heavily on Finance Business Partner support to maintain oversight. These issues are compounded by delays in the provision of establishment budgets, which have impacted the ability to provide full compliance assurance. Recognising these challenges, work is underway to improve data quality and alignment between HR and Finance systems, supported by the Finance Improvement Programme.

10.13.3 With regard to workforce capability, 81% of respondents confirmed that mandatory training has been completed. However, concerns were raised regarding the clarity and consistency of mandatory training requirements, with some respondents reporting limited visibility of training records and gaps in the corporate learning system. Lower levels of confidence were noted in particular within Adult Social Care and Environment and Sustainability, where respondents highlighted challenges in identifying and accessing appropriate training.

10.13.4 Overall, while arrangements for workforce management, training, and establishment control are in place, further work is required to strengthen data accuracy, improve consistency in performance management and training oversight, and enhance alignment between workforce planning and financial controls to provide greater assurance across the organisation.

Fig 20: Have all staff in your team had their IPR undertaken in accordance with the performance management framework

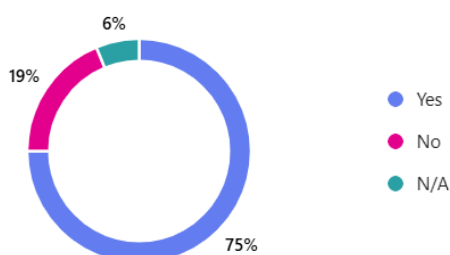
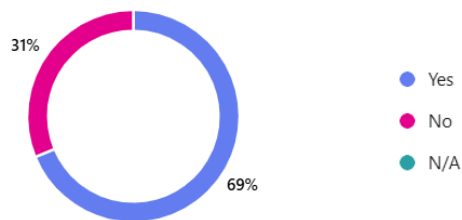


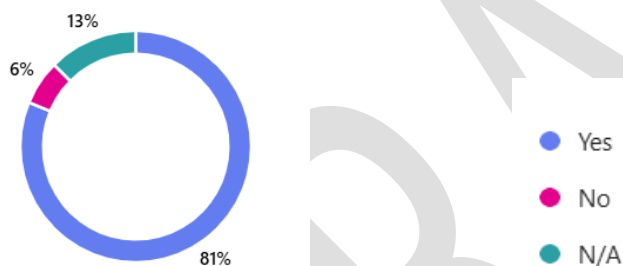
Fig 21: Are you confident that your employed workforce aligns with the agreed establishment?



10.14 Conflicts

10.14.1 Declarations of interest are generally maintained and up to date; however, some inconsistencies remain, indicating a need to strengthen compliance and ensure a consistent approach across all service areas (Fig 22).

Fig 22: Is your and your teams' officer declaration of interests up to date?



11. Reviews of partnership governance arrangements

11.1 The Council has established arrangements to review and support assurance over partnership governance, including companies where it is a shareholder or exercises control. During 2025/26, all in-scope council-owned and council-controlled companies completed an Annual Governance Statement (AGS) Company Assurance Questionnaire. This process enables directors to provide self-assessed assurance on governance frameworks, risk management, financial controls, and compliance with shareholder requirements, providing a structured and transparent evidence base across the Council's wider group. However, as this is primarily a self-assessment process, the level of assurance derived is dependent on effective validation, challenge, and corroboration through the Council's oversight arrangements.

11.2 Responses indicate that governance frameworks are largely in place across the group. All companies confirmed the existence of documented governance arrangements, including Articles of



Association, shareholder agreements, and terms of reference, alongside codes of conduct and compliance with matters reserved for shareholder approval. Most companies also reported that they provide timely and accurate information to the Council. While this provides a basis for assurance that governance arrangements are established, this is not yet fully consistent across all entities, and there are limitations in the quality and timeliness of information provided in some instances, which may impact the effectiveness of oversight and decision-making.

11.3 Notwithstanding this position, a number of governance, control, and compliance issues were reported during the year. These included a data breach reported to the Information Commissioner's Office, overdue statutory reporting to the Charity Commission, routine legal claims, and identified gaps in formal risk management arrangements. One organisation reported only partial assurance in relation to financial controls and monitoring, which limits assurance over financial sustainability and increases the risk that issues are not identified or addressed in a timely manner. In addition, historic control weaknesses were identified in relation to payroll and pension deductions, which may affect financial accuracy, compliance with statutory obligations, and stakeholder confidence if not addressed effectively.

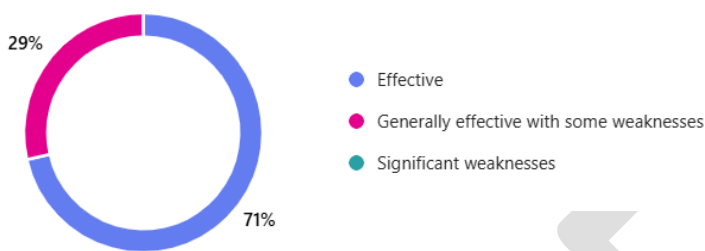
11.4 In response, remedial actions have been agreed and are subject to ongoing monitoring by the Council. This includes the appointment of independent accountancy expertise to investigate specific issues and the implementation of system improvements, such as the introduction of a replacement payroll system to address identified control weaknesses. These actions provide evidence that risks are being actively managed; however, as they are not yet fully implemented or embedded, assurance remains limited and there is ongoing reliance on reactive rather than preventative controls.

11.5 Governance arrangements across the group have continued to evolve during the year, with a number of changes implemented to strengthen oversight and capacity. These include changes to board composition to enhance resilience, the appointment of permanent executive leadership within key organisations, updates to governance committees, and the commissioning of an independent review of governance arrangements in line with the Corporate Governance Handbook. While these developments demonstrate a clear focus on strengthening governance, their impact on the effectiveness of arrangements is not yet fully evidenced and will require continued monitoring and validation over time.

11.6 Overall, there is reasonable assurance that governance arrangements across council-owned and controlled companies are in place (Fig 23). However, this assurance is not yet consistently strong across all entities and is limited by variability in the effectiveness of implementation, particularly in relation to risk management, financial controls, statutory compliance, and information quality. While issues are identified, reported, and subject to oversight, arrangements are not yet fully embedded or operating consistently across the group.

11.7 Further work is required to strengthen and standardise governance arrangements, ensure the consistent application of controls, and improve the quality and timeliness of information provided to the Council. This will reduce the risk of control failures, non-compliance, and adverse impacts on financial sustainability, service delivery, and stakeholder confidence, and will be critical to supporting robust and effective governance across the Council’s wider group.

Fig 23: Overall, how would you rate the effectiveness of the Company’s governance arrangements during 2025/26?



12. External Inspections and Services Assurances

12.1 External inspections and service assurance activity provide independent oversight of the Council’s arrangements. Findings indicate that core governance and control arrangements are in place, with the Council responding positively to recommendations and embedding improvements through established governance processes. While some areas for development remain, external assurance provides reasonable confidence that the Council is effectively managing risk and driving continuous improvement.

12.2 Housing

12.2.1 External review and regulatory oversight during the year have provided important assurance and identified areas requiring further improvement. In relation to Housing Services, the Regulator of Social Housing (RSH) issued a C3 grading in January 2025, indicating serious failings against consumer standards, particularly in relation to safety, quality, transparency and accountability. During the 2025/26 year the Council has responded positively, implementing an extensive post-inspection improvement plan, including a comprehensive stock condition survey, strengthened governance arrangements through a tenant-led assurance board, and targeted action on damp and mould, rolled out new repairs software, and cut outstanding disrepair cases from 758 down to 371 by April 2026. There has also been measurable operational improvement, including a significant reduction in disrepair cases and the implementation of new repairs management systems to improve service delivery and resident experience. While no further regulatory judgement has been issued since January 2025, the Council

recognises that the C3 grading remains in place and continues to require sustained focus and delivery of improvements to achieve the required standards.

12.2.2 Since year-end, there has been a positive development, with the Regulator of Social Housing confirming an upgraded judgement for Nottingham City Council (in June 2026) in recognition of significant improvements in housing services. The revised judgement highlights stronger understanding of stock condition, improved investment planning, and more effective tenant engagement and scrutiny. This milestone reflects the collective effort across Housing Services and the wider Council, with tenant satisfaction now at its highest recorded level, demonstrating early progress in addressing this.

12.3 Children Services

12.3.1 Following the Inadequate judgement of Nottingham City Children's Services in July 2022, the Council has remained subject to ongoing monitoring and intervention. During the period 2025/26, the service continued its improvement journey, supported by a Department for Education (DfE) Intervention Notice and sector-led improvement partners. A total of seven Ofsted monitoring visits have taken place since the original inspection, with the most recent undertaken in February 2026 (published March 2026).

12.3.2 Throughout 2025/26, the Council has implemented a comprehensive Improvement Plan and Transformation Programme to drive sustained progress, informed by peer reviews, sector-led support and national policy developments, including the Children's Wellbeing and Schools Bill 2025. Governance arrangements have been strengthened, including oversight by a Children's Partnership Improvement Board, chaired by a DfE-appointed independent advisor, alongside the establishment of an internal improvement board during 2025 to provide focused delivery oversight. Political and corporate leadership support for improvement has remained strong, and the Council has demonstrated an open and honest approach to self-assessment, which has been positively recognised by Ofsted.

12.3.3 Ofsted monitoring during the year evidences that Children's Services are improving, with stronger and more stable leadership beginning to create the conditions for sustained progress. Inspectors identified strengths in the response to children at immediate risk of harm, improvements in workforce stability and morale, and strengthened quality assurance and learning arrangements. Early signs of cultural change and improved practice are evident.

12.3.4 However, significant challenges remain. Ofsted has highlighted continued inconsistency in practice, particularly at the "front door," including delays in responding to contacts and referrals, variable quality of risk analysis and management oversight, and an inconsistent early help offer. These issues have contributed to delays in support and, in some cases, repeat referrals. Partnership working also remains variable, with inconsistencies in the timeliness and quality of information sharing impacting decision-making.

12.3.5 Overall, while the direction of travel is positive and early improvements are evident, Children's Services performance remains inconsistent and further sustained effort is required to embed changes and secure consistently effective outcomes for children and families.

12.4 Adult Social Care

12.4.1 External inspection and internal review activity has identified significant governance and performance challenges within Adult Social Care during the year. The Care Quality Commission (CQC) undertook a formal assessment of the Council's Adult Social Care services in December 2025, with the report published in June 2026, concluding that the service "requires improvement" in meeting its Care Act responsibilities. The assessment highlighted weaknesses in system safety, including ineffective risk management, delays in assessments and reviews, and a fragmented service model characterised by multiple handoffs, limited ownership, and support often being provided at a point of crisis rather than through planned intervention. The report also identified leadership instability and a lack of consistent strategic oversight as factors impacting the pace and sustainability of improvement.

12.4.2 These findings are consistent with earlier external scrutiny, including a 2023 CQC pilot assessment and a 2025 sector-led peer review, which identified ongoing challenges including high demand and capacity constraints, inconsistent pathways and experiences for service users, weaknesses in quality assurance, fragmented partnership working, and limited use of data to drive improvement. Performance benchmarks, including the Adult Social Care Outcomes Framework (ASCOF), indicate that Nottingham continues to perform below regional and national comparators across key measures such as timeliness of assessments, quality of life and control over daily life, reinforcing evidence of systemic pressures and operational backlogs.

12.4.3 Nottingham City Council has been issued with a Section 50 notification identifying areas where it is not meeting its statutory duties under the Care Act. The Council is therefore required to demonstrate remedial action to the Secretary of State for the Department of Health and Social Care.

12.4.4 In response, the Council has begun to implement a programme of strategic transformation, including the development of a new Adult Social Care Strategy and Target Operating Model to address structural and operational weaknesses. This programme is focused on earlier intervention, prevention, locality-based delivery, strengthened partnership working, and a shift towards strengths-based practice. Key enabling activity includes improvements to commissioning, digital systems, quality assurance arrangements, and performance analytics. While this work represents a positive and necessary step towards addressing the identified issues, progress during 2025/26 has been constrained by leadership instability and the scale of the transformation required.

12.4.5 Overall, while there is a clear programme of improvement in place, Adult Social Care remains an area of significant governance risk, requiring sustained focus, stable leadership, and delivery pace to achieve consistent, safe and effective outcomes for service users.

13. Key Improvement Areas

13.1 The Council has identified a number of priority improvement areas through internal assurance, external review, and feedback from senior officers. These reflect ongoing challenges in embedding consistent governance, strengthening service delivery, and ensuring long-term organisational resilience. Key areas of focus include improving the quality, accessibility, and use of management information and analytical capacity to support effective decision-making and demand forecasting, particularly in demand-led services such as Adult Social Care.

13.2 Workforce planning remains a critical area, with the need to improve the accuracy and alignment of workforce establishment data and strengthen capability across key services. In addition, further work is required to ensure consistent compliance with mandatory training requirements and to address capacity and skills gaps, including within ICT and specialist service areas.

13.3 These priorities are being addressed through the Council's Continuous Service Improvement Plan (CSIP), which sets out a coordinated and organisation-wide programme of improvement. The CSIP focuses on strengthening leadership and governance, financial sustainability, risk management and internal control, service performance and outcomes, workforce capacity and capability, customer focus, systems and digital enablement, and partnership working.

13.4 Delivery of the CSIP is supported by strengthened governance and oversight arrangements and represents a comprehensive framework to address identified weaknesses and embed sustainable improvement. Successful implementation of the CSIP will be critical to maintaining the Council's improvement trajectory, strengthening governance arrangements, and ensuring the Council is well placed to manage future risks and deliver improved outcomes for residents.

14. Significant Governance Issues

14.1 The Council has made substantial progress during 2025/26 in addressing the significant governance issues identified in previous Annual Governance Statements, particularly those arising from the Section 114 notice issued in November 2023 and the subsequent Government intervention. The Council's Improvement Plan has driven demonstrable improvements across governance, financial management, risk management, and organisational capacity, with the majority of programmes now either completed or embedded into business-as-usual activity.



14.2 Notwithstanding this progress, a number of governance issues remain which require continued focus to ensure that improvements are sustained and fully embedded. These include:

- **Financial Sustainability and Financial Reporting:** While the Council has achieved a balanced budget for 2026/27 and reduced reliance on Exceptional Financial Support, financial resilience remains a key risk. In addition, the external auditor's disclaimed audit opinion on prior year accounts highlights the need to rebuild assurance over key balances and ensure sustainable financial management practices. Work is underway to restore assurance over accounts and balances.
- **Adult Social Care (ASC) Performance and Statutory Compliance:** External inspection and regulatory activity, including the Care Quality Commission assessment and Section 50 notification, have identified that the Council is not fully meeting its statutory duties under the Care Act. ASC remains an area of significant governance risk, requiring sustained improvements in performance, leadership stability, service design, and oversight to ensure safe, effective, and timely delivery of care and support.
- **Service Performance and External Inspection Outcomes:** Ongoing challenges remain within key frontline services, including Children's Services and Housing. While improvement activity is underway and progress has been demonstrated, performance remains variable and further sustained implementation is required to achieve consistent service quality, meet regulatory standards, and improve outcomes for residents to evidence effectiveness and support full assurance.
- **Risk Management, Internal Control and Data Quality:** Although arrangements have improved, there remains a need to ensure consistent application of risk management and internal controls across all service areas.
- **Workforce Capacity and Organisational Resilience:** Capacity constraints in key services, alongside challenges in workforce planning, recruitment, retention continue to pose a risk to sustained service delivery and improvement. In addition, inconsistencies in performance management and training compliance require strengthening to ensure a capable and resilient workforce.

14.3 Governance, audit, and risk management arrangements have strengthened during the year, supported by enhanced leadership capacity, improved oversight, and the establishment of a more robust control environment. The conclusion of Commissioner oversight in early 2026 reflects increased confidence in the Council's progress and direction of travel.

14.4 However, while arrangements are improving, they are not yet fully effective or consistently embedded. The Council recognises that its improvement journey is ongoing. There remains a need to

fully embed cultural change, ensure consistent application of governance arrangements, and maintain strong financial discipline and performance management across all areas. Sustaining the pace of improvement will be critical to achieving long-term financial sustainability and organisational resilience.

14.5 The Council will continue to address these significant governance issues through the Continuous Service Improvement Plan (CSIP) and strengthened governance framework. Progress will be monitored through the Corporate Leadership Team, Audit Committee, and other key governance boards to ensure robust oversight, accountability, and delivery of sustained improvement.

15. Declaration by City Council

15.1 We have been advised on the results of the review of the effectiveness of the governance framework by the Audit and Standards Committee. The City Council has reviewed effectiveness and identified actions to address weaknesses and continues to develop plans to ensure continuous improvement of the arrangements are in place and these will continue to be enhanced.

15.2 Over the coming year, we will continue to strengthen the City Council's governance arrangements and will monitor the implementation of recommendations to improve and enhance the arrangements as part of our next annual review.

Signed:

..... Leader of the Council: Councillor:

Date:

..... Chief Executive:

Date:

..... Section 151 Officer:

Date:

..... Monitoring Officer:

Date



Appendix 1

To follow

DRAFT