

Agenda



Audit Committee

Date **Wednesday 12th March 2025**

Time **7.00 p.m.**

Venue **Council Chamber, Newham Town Hall.**

Members of the Public may watch via YouTube using the following link:

<https://www.youtube.com/LBNewham>

Public seating is limited. If you have an accessibility requirement, which we need to consider due to a health issue or disability e.g. require sign interpreter for the meeting. Please contact the clerk, detailed below, immediately.

Contact: Pauline.Egan@newham.gov.uk
Democratic and Governance Officer

Members of the Committee (8):

Councillor Carleene Lee-Phakoe, Councillor Joshua Garfield, Councillor Terence Paul, Councillor Rita Chadha, Councillor Areeq Chowdhury and Vacancy

Independent Members – Fiona Marsh [Independent Chair], Kulsum Seth,

Quorum: 3 elected Members

Substitute Member(s):

Councillor Nate Higgins
Councillor Lewis Godfrey
Councillor Thelma Odoi

Officers Usually in Attendance:

Conrad Hall, Nicole Metivier, Nick Sharp and Andrew Ward

Rokhsana Fiaz OBE
Mayor of Newham

Abi Gbago
Chief Executive

Agenda

1. Apologies for Absence and Substitutes

2. Declarations of Interest

In accordance with the Members' Code of Conduct this is the time for Members to declare any disclosable pecuniary interests or non-pecuniary interests they may have in any matter being considered at this meeting having regard to the guidance attached to the agenda.

3. Minutes of the Last Meeting (Pages 13 - 20)

The Committee is asked to confirm as a correct record, the minutes of the last meeting of the Audit Committee held on 15 January 2025.

4. Actions Log (Pages 21 - 22)

The Committee is asked to note the current Action Log and the actions to be closed at this meeting.

5. Auditors Report to those Charged with Governance (ISA 260) (Pages 23 - 132)

This report brings to committee the 2023/24 EY annual reports for the London Borough and Newham and the Newham Pension Fund. Members of the Audit Committee are invited to note and comment on these annual reports from the external auditors.

6. Quarterly Reports on the Savings Delivery Programme (Pages 133 - 144)

Audit Committee is recommended to note the report.

7. Financing the 2025-26 Capital Programme (Pages 145 - 166)

This report is brought to committee for scrutiny and discussion ahead of the report being presented to Cabinet in April 2025.

Cabinet will be asked to authorise the Corporate Director of Resources to enter into new long-term borrowing of up to £454m that will fund the capital programme in 2025/26.

Committee are asked to raise questions and comment on the report, and this feedback may be used to amend the report before it is presented to Cabinet in April.

8. Quarterly Report of Contract Waivers (Pages 167 - 174)

The Committee is asked to note the summary of waivers for the period 1 October 2024 to 28 February 2025

9. Quarterly Internal Audit Update (Pages 175 - 196)

This report advises Members of the Audit Committee of the work undertaken by the Audit Team since the previous meeting and up to 19 February 2025

10. GDPR Audit Update (Pages 197 - 204)

This report provides Members of the Audit Committee of an overview of the current status of the GDPR Audit actions, as of 1 March 2025:

11. Quarterly Counter Fraud Progress Report (Pages 205 - 208)

This report provides the Audit Committee with an update on Counter Fraud activity and results to date.

12. Quarterly Update on Risk Management and Risk Register (Pages 209 - 238)

This report provides the Audit Committee with:

- The Corporate Risk Register.
- The Inherent Risk Register
- Risk Registers for Adults and Health and ICT

13. Year Ahead Forward Plan (Pages 239 - 242)

This agenda item is a draft for discussion.

14. Date of Next Meeting

The date of the next meeting is scheduled for 30 April 2025.

Members' Declarations of Interest

Matters for Consideration Revised Guidance – April 2022

The following is offered as a guide to Members. Further details are set out in the Members' Code of Conduct, attached as Part 5.1 of the Council's Constitution.

1. Disclosable Pecuniary Interests

Disclosable Pecuniary Interests (DPI) are covered in detail in the Localism Act 2011. Breaches of the law relating to these may be a criminal offence.

- 1.1 If you have a DPI in any matter on the agenda you must not participate in any discussion or vote on that matter. If you do so without a prior Dispensation (see below) you may be committing a criminal offence, as well as a Breach of the Code of Conduct. The Council's Constitution requires any Member declaring a DPI to leave the meeting (including any public seating area) during consideration of the matter.
- 1.2 Members will be asked at the start of the meeting if they have any declarations of interest. The Council's Code of Conduct requires you to make a verbal declaration of the fact and nature of any DPI. You are also required to declare any DPIs before the consideration of the matter, or as soon as the interest becomes apparent, if you were not aware of it at the start of the meeting.

2. Non-Disclosable Pecuniary Interest or Non-Pecuniary Interest

- 2.1 The Council's Code of Conduct requires you to make a verbal declaration of the existence and nature of any "Non-Disclosable Pecuniary Interest or Non-Pecuniary Interest". Any Member who does not declare these interests in any matter when they apply may be in breach of the Code of Conduct.
- 2.2 You may have a "Non-Disclosable Pecuniary Interest or Non-Pecuniary Interest" in an item of business where:
 - 2.2.1 A decision in relation to that business might reasonably be regarded as affecting your well-being or financial standing, or a member of your family, or a person with whom you have a close association with to a greater extent than it would affect the majority of the Council taxpayers, ratepayers or inhabitants of the ward or electoral area for which you have been elected or otherwise of the authority's administrative area, or
 - 2.2.2 It relates to interests which would be a DPI, but in relation to a member of your family or a person with whom you have a close association and that interest is not a DPI. If the matter concerns your spouse, your civil partner or someone you live with in a similar capacity, it is covered by the provisions relating to DPIs.
 - 2.2.3 It could also cover membership of organisations which you have listed on your Register of Interests (including appointments to outside bodies), where there is no well-being or financial benefit accruing to you but where your membership might be said to be relevant to your view of the public interest.

- 2.3 A person with whom you have a close association is someone who is more than an acquaintance, and is someone you are in contact with over a period of time, whether regularly or not. It is someone that a reasonable member of the public might think you would be prepared to favour or disadvantage when discussing a matter which affects them and so covers friends, colleagues, business associates, or someone you know through social contact.
- 2.4 Family should be given a wide meaning. In relation to the family of both you and your partner, it would include the parents, parents-in-law, children and step children, brothers and sisters, grandparents, grandchildren, uncles and aunts, nephews or nieces, together with the partners of any of these persons.
- 2.5 You should make a verbal declaration of any such interest in a matter to be considered at the meeting at the start of the meeting, or before the consideration of the item of business, or as soon as the interest becomes apparent if you are not aware at the start of the meeting of the interest.

3. Register of Members interests

Members are required to complete the Register of Interests and to keep this register up to date by informing the Monitoring Officer in writing within 28 days of becoming aware of any change in respect of their DPs.

4. Dispensations

In certain circumstances the Monitoring Officer is able to grant a dispensation to you which will enable you either to participate in the discussion on a matter, to vote on the matter, or both. Dispensations can only be granted in limited circumstances. If you believe that you are able to claim a dispensation you must seek advice as soon as possible from the Monitoring Officer, who will consider your request.

The Monitoring Officer, under Section 33(2) of the Localism Act, has granted the following general dispensations to all Members until the Annual Council meeting in 2026, on the grounds that the dispensation is in the interests of the inhabitants of Newham and/or it is appropriate to grant the dispensation to maintain a similar position as applied under the previous code of conduct. This means Members do not need to leave the meeting if their Disclosable Pecuniary Interest arises and is:

- An interest common to the majority of inhabitants in their ward.
- An interest so remote that it is not likely to prejudice their judgement of the public interest.
- Council housing unless related to their own particular tenancy.
- School meals and/or transport unless relating to their own child's school.
- Statutory sick pay for members.
- Members allowances.
- Setting Council Tax or precept.
- Agreeing any Local Council Tax Benefit Scheme.
- Interests arising from membership of an outside body to which the authority has appointed or proposes to appoint them.
- The Local Government Pension Scheme unless relating specifically to their own circumstances.

5. Bias and Predetermination

If in relation to any decision, your outside connections may make it appear to a reasonable person that there is a real danger of bias, or predetermination you should seek advice as to whether it is appropriate for you to participate in any discussion about the matter and in the decision, regardless of whether or not you consider that you should declare an interest as defined above.

For further advice about these matters please contact the Director of Legal & Governance and Monitoring Officer Rachel McKoy 020 3373 6584

Members Attendance at Meetings - Statutory Requirements

Section 85 of the Local Government Act 1972 provides that a Member (Councillor) of an authority must attend a meeting of the authority as a whole (i.e. Council) or a Committee, Sub-Committee or a Joint Committee at least once every six months. Attendance at a meeting of a Committee or Sub-Committee of Council listed below would count in lieu of a meeting of Council provided that the Councillor was an appointed member of that Committee or Sub-Committee

Standards Advisory Committee
Local or Strategic Development Committee
Licensing Committees
Overview and Scrutiny Committee or a Scrutiny Commission
Pensions Committee
Chief Officers Appointment Committee
Audit Committee
Health & Wellbeing Board

Members of the Executive (the Mayor and Cabinet Members) also need to attend a meeting of the Executive i.e. Cabinet at least once every six months.

If you have any queries with regard to this guidance you should contact:

Director of Legal & Governance and Monitoring Officer Rachel McKoy 020 3373 6584

Audit Committee Terms of Reference [Ratified at the ACM May 2023]

1.0 Governance

- 1.1 The Audit Committee is a non-executive body established under section 101 of the Local Government Act 1972. With the exception of the powers reserved to the full Council by law or the constitution, the Audit Committee has been given delegated powers with respect to internal controls, financial management and corporate governance.
- 1.2 The Audit Committee's membership is a mix of Councillors (not lead officers) and independent members (including the Chair). Independent members are not entitled to vote on any matter.

2.0 Statement of purpose

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

3.0 Governance, risk and control

The Audit Committee is responsible for:

- 3.1 Reviewing the Council's corporate governance arrangements (including the ethical framework and local code of corporate governance) against the good governance framework.
- 3.2 Reviewing the Annual Governance Statement (AGS), prior to its approval, and considering whether it properly reflects the risk environment and supporting assurances (taking into account Internal Audit's opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control).
- 3.3 Reviewing the Council's arrangements to secure value for money and reviewing assurances and assessments on the effectiveness of these arrangements.
- 3.4 Monitoring the effective development and operation of risk management in the council by:
 - Reviewing the risk profile of the organisation
 - Keeping up to date with the significant areas of strategic, major operational and project risks

- Seeking assurance that these risks are managed effectively and owned appropriately
 - Monitoring the progress made in addressing risk-related issues reported to the Committee.
- 3.5 Reviewing reports on the effectiveness of internal controls and monitoring the implementation of agreed actions.
- 3.6 Reviewing the assessment of fraud risks and the potential harm to the Council from fraud and corruption.
- 3.7 Monitoring the counter-fraud strategy, actions and resources.
- 3.8 Approving the Council's policy to facilitate confidential reporting by employees of suspected fraud, corruption or other wrongdoing ('whistleblowing'), and the Council's anti-fraud and corruption policy, and money laundering policy.
- 3.9 Reviewing the annual treasury management strategy.
- 3.10 Reviewing the annual and mid-year treasury management report.
- 3.11 Approving the Council's policy on the Regulation of Investigatory Powers Act 2000 (RIPA) and reviewing the use of its RIPA powers.
- 3.12 Reviewing the Council's handling of any reports from the Local Government Ombudsman.
- 3.13 Reviewing any issue referred to it by the Chief Executive, or corporate director, or any Council body.

4.0 Internal Audit

The Audit Committee is responsible for:

- 4.1 Approving the internal audit charter.
- 4.2 Approving the risk-based internal audit plan, including internal audit's resource requirements, the approach to using other sources of assurance and any work required to place reliance on those other sources.
- 4.3 Making appropriate enquiries of both management and the Head of Internal Audit to determine if there are any inappropriate scope or resource limitations.
- 4.4 Reviewing any impairments to the independence or objectivity arising from additional roles or responsibilities, outside of internal auditing, by the Head of Internal Audit.
- 4.5 Reviewing reports from the Head of Internal Audit on internal audit's performance during the year, including the performance of external providers of internal audit services. These will include:
- Updates on the work of internal audit including key findings, issues of concern and progress against recommendations made as a result of internal audit work.

- Regular reports on the results of the Quality Assurance and Improvement Programme (QAIP).
- Reports on instances where the internal audit function does not confirm to the Public Sector Internal Audit Standards (PSIAS) and consider whether the non-compliance is significant enough that it must be included in the annual governance statement.

- 4.6 Contributing to the QAIP and in particular, to the External Quality Assessment (EQA) of internal audit that takes place at least once every five years.
- 4.7 Reviewing summaries of specific internal audit reports as requested.
- 4.8 Reviewing reports outlining the action taken where the Head of Internal Audit has concluded that management has accepted a level of risk that may be unacceptable to the authority or there are concerns about progress with the implementation of agreed actions.
- 4.9 Providing free and unfettered access to the Audit Committee Chair for the Head of Internal Audit, including the opportunity for a private meeting with the Committee.

5.0 External Audit

The Audit Committee is responsible for:

- 5.1 Supporting the independence of external audit through consideration of the external auditor's annual assessment of its independence and reviewing any issues raised by the Public Sector Audit Appointments (PSAA) or the authority's auditor panel as appropriate.
- 5.2 Reviewing the external auditor's annual letter, relevant reports and the report to those charged with governance.
- 5.3 Reviewing specific reports as agreed with the external auditor.
- 5.4 Commenting on the planned and actual scope and depth of external audit work and ensuring that it gives value for money.
- 5.5 Providing free and unfettered access to the Audit Committee Chair for the external auditors, including the opportunity for a private meeting with the Committee.

6.0 Financial Reporting (including Pension Fund)

The Audit Committee is responsible for:

- 6.1 Approving the annual statements of accounts; specifically considering whether appropriate accounting policies have been followed and whether there are any concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council.
- 6.2 Reviewing the external auditor's report to those charged with governance on issues arising from the audit of the accounts.

7.0 Accountability

The Audit Committee is responsible for:

- 7.1 Meeting on a regular basis to ensure sufficient time and coverage is given to each area for which it is responsible.
- 7.2 Ensuring that members have sufficient skills and experiences and that they receive relevant training to ensure that they are able to review and challenge each area for which it is responsible.
- 7.3 Commissioning work from internal or external audit, or other external subject matter experts as appropriate.

- 7.4 Reporting the Committee's findings, conclusions and recommendations concerning the adequacy and effectiveness of the governance, risk arrangements and internal controls' frameworks, financial reporting arrangements and internal and external audit functions, to those charged with governance.
- 7.5 At least annually, reviewing the Committee's performance in relation to the terms of reference and the effectiveness of the Committee in meeting its purpose and reporting this to full Council.
- 7.6 At least annually, publishing a report on the work of the Committee.

MINUTES OF AUDIT COMMITTEE

Draft Minutes of the meeting held on Wednesday 15 January 2025
The meeting was held at Newham Town Hall and can be viewed at:
https://youtu.be/97vWNt_8EqY

Present:	Fiona Marsh Independent Chair Councillor Rita Chadha Councillor Carleene Lee-Phakoe Councillor Nate Higgins (Substitute Member)
Officers Present:	Conrad Hall Corporate Director of Resources Andrew Ward Assistant Director Finance and Transformation Pauline Egan Democratic and Governance Officer Jason Strelitz Corporate Director of Adults Caroline Rae Libraries & Community Assets Manager Stephen Wild Head of Pensions & Treasury Meinir Hall Chief Accountant Arnold Meagher Head of Law Alison Chessell Head of Procurement Artemis Kassi Head of Scrutiny and Governance
In attendance Online	Stephen Reid, External Auditor Councillor Thelma Odoi Mohamed Hammoudan, Assistant Director of Resident, Engagement & Participation Giles Clarke, Director of Property

The meeting commenced at 7.10 p.m. and closed at 8.40 p.m.

1. Chair's Opening Comments

1.1 The Chair opened the meeting and said that that since the last meeting, the labour vacancy on the Committee filled by Councillor Melanie Onovo was again vacant following their appointment to the Cabinet. The Clerk was awaiting details of the replacement Member.

1.2 The Chair added that recently appointed Independent Member had ceased membership due to private reasons and this post remained vacant pending a review of the Committee Membership.

1.3 The Committee noted that finance officers, Alison Mackie and Stephen Wild, were both retiring in the near future after many years (the clerk was since advised it was a combined 57 years) of service for the Council. The Chair thanked them both for their service and led the round of applause.

2. Apologies for Absence and Substitutes

2.1 Apologies for absence from Members were received from Councillors Chowdhury (substituted by Councillor Higgins); Garfield and Paul.

2.2 Apologies for absence were received from Kulsum Seth, Independent Member.

3. Declarations of Interest

3.1 There were no declarations of interest received from Members.

4. Minutes of the Last Meeting

4.1 Under Item 7, the following minute from amended from

The Committee noted that officers would not handle complaints about themselves.
To

The Committee noted that complaints call handlers would not handle complaints about themselves.

4.2 **RESOLVED** that the minutes (as amended) of the last meeting held on 16 October 2024 be agreed.

5. Actions Log

5.1 The Committee noted that since agenda publication, a response had been circulated for Action AC250, PDS compliance in Marketing.

5.2 The Committee closed Action AC177 Freedom Pass "Lessons Learnt".

5.3 The Committee noted that Action AC248 Contract Waivers was allocated to a new officer, Alison Chessell, Head of Procurement and the response was expected shortly.

5.4 The report was noted.

6. Social Value Subsidy in Leasing Arrangements

6.1 The Committee considered the report on the work on the application of Social Value subsidies awarded to Voluntary and Community sector organisations occupying Council premises.

6.2 The Committee noted that the Social Value policy was agreed by Cabinet in 2019 to take note of the social value provided by Voluntary and Community organisations who leased Council properties. This was part of a wider piece of work, the

Community Space Review, whose purpose was to regulate occupation of Council owned community centres and to maximise their contribution to Council priorities, whilst being financially sustainable.

6.3 This report outlined the principles of the Social Value policy and its application by the three services: Resident Engagement and Participation; Property; and Inclusive Economy who use it. It provided an overview of how properties were assessed for eligibility for a Social Value subsidy, the process for deciding occupancy of those properties, the situation for Voluntary and Community Sector organisations that occupy ineligible properties, and gave clarity on tenant identities and the subsidies they received.

6.4 In the discussion that followed, Members sought assurance on the written records kept by the Commercial Property Team to support any judgement for a commercial property to be eligible for a subsidy. In reply, officers said it was informal process. (The allocated subsidy was a separate process.)

6.5 Members asked about transparency of the process. It was noted that the amount of subsidy was reviewed annually by both teams.

6.6 Members asked why the financial problems at AppleCart were not identified. In reply, officers said this was an early unique arrangement written into the lease and the subsidy was no longer processed in that way.

6.7 Members asked about the Matrix used to determine the social value discount. In reply, officers said it was based on Council Priorities applied to an application form.

6.8 In follow up, it was noted that the impact of the subsidy was hard to quantify against Council Key Performance Indicators (but the Matrix used met Council priorities). Members asked that officers look at the subsidy program "in the whole".

6.9 Members noted that the upcoming budget options included abolishing the subsidy and asked that the financial impact be weighed against Council policy and that if the programme was kept, that its strategy be reviewed to consider things like the Community right to buy and other ways the subsidy might be distributed.

6.10 The Committee noted that the Council resource to undertake an annual reappraisal of social value awards, were not available to also do an in depth financial assessments of the organisations, as the recipients were a small sub set of many council tenants, of whom all would need to be included in the exercise.

6.11 It was agreed to relook at the policy of Social Value Subsidies and how properties and the social value worked together.

6.12 Action AC253 that the policy of Social Value Subsidy be reviewed to see how it is applied.

7. Treasury Management Mid-year Report

7.1 The Committee considered the report and noted that Councils are required by regulations issued under the Local Government Act 2003 to produce a mid-year report of the 2024/25 Treasury Management Strategy Statement (TMSS) approved by Full Council on 29 February 2024 (Budget report – Appendix 13).

7.2 The report updated Members on the implementation of the permissions granted to the Corporate Director of Resources (S151) to enter into new long-term external borrowing to finance the 2024/25 capital programme through the following reports:

- i. 2024 Summer Finance Review, Annex C2, Financing the Capital programme, considered by Cabinet 6 August 2024, to £390m in the period from 31 July 2024 to the 28 February 2025 to fund the Capital Programme and Annex C2.1, that included Quarter 1 update of the 2024/25 TMSS; and,
- ii. Financing the Capital Strategy, considered by Cabinet 3 October 2023. This review delegated authority to the S151 officer to enter into £250m of new long term borrowing approval that expired on 31 July 2024.

7.3 A Member asked for an explanation of the information at 4.4.5 of the report HRA capital slippage. In reply the officer said there had been borrowing against the Housing Revenue Account (HRA) Capital Spend, using preferential rates of the Public Works Loan Board. As some Capital Plans had not come to fruition (slippage) the General Fund had used that cash.

7.4 A Member asked how Short Term Loans with other Local Authorities operated. In reply, officers said this was managed via registered brokers in the London Money Market. The officer gave an example that Local Authorities might have surplus cash at certain times of the year from Business Rate or Council Tax collections and could loan this surplus with interest.

7.5 A Member asked why the report had not been considered by Audit Committee ahead of Cabinet on 6 August 2024. In reply, the officer said this had been an error and the synchronisation of future reports would be improved.

7.6 A Member asked for clarity at 4.1.2 of the report, *“identifying eligible capital expenditure funded from borrowing on which interest can be capitalised.”* In reply, officers said that when property was under construction there was no income from the asset to meet their capital expenditure, and so they were looking for ways to take advantage of how those borrowed monies might generate income. In follow up, officers explained that this action was possible due to a new accounting policy introduced in 2024.

7.7 RESOLVED

The Committee agreed to note the:

- i. projected outturn for Treasury Management (TM) 2024/25 including the estimated prudential indicator and treasury limit outturn; and
- ii. long term borrowing drawn down from the Public Works Loan Board (PWLB) to finance the 2024/25 Capital Programme.

8. Treasury Management Strategy Statement (TMSS) and Treasury Management Annual Investment Strategy (AIS)

8.1 The Committee considered the report and noted that the prudential indicators and treasury limits set out in Appendix 1 of the report were based on schemes in the existing capital programme and the major self- financing regeneration schemes that were potentially to be included in 2024/25 and 2025/26 once their viability had been properly assessed. There was still a lot of uncertainty over the timing, delivery and financing of those schemes.

8.2 The Chair noted the uncertainty and asked that updated figures be circulated.

8.3 Action AC254 that the updated prudential indicators and treasury limits be circulated (The Council Budget Meeting is 27 February 2025)

8.4 A Member noted that the Public Works Loan Board (PWLB) borrowing had increased by about 50% within 6 months and asked if this increase would continue. In reply, officers said the overall net position of £1,042,718 at March 2024 was £1,217,399 as at November 2024 and that there were more favourable rates if borrowing from the PWLB.

8.5 A Member asked about the vulnerability of LOBO loans. In reply, officers said there were two loans that could be called in with 4 days' notice but that the Council cannot refinance them before call in because the options lay with the Lender.

8.6 A Member asked about the strategy and risk management of debt. The officer set out steps they took, which included reducing the more expensive temporary borrowing, the use of professional advisers to assess interest rate risks, and the monitoring of the Treasury Risk Register.

8.7 RESOLVED

to note the Draft version of the 2025/26 Treasury Management Strategy Statement (TMSS) report and in particular the revised prudential indicators and treasury limits set out in Appendix 1

9. London Borough of Newham Statement of Accounts 2023/24

9.1 The Chair announced that the final Annual Governance Statement (AGS) for the year 2022/23, considered by Committee 16 October 2024 had been the unsigned version. The final signed version that had been circulated before this meeting (and published as a supplementary agenda) was the same document, except for the last page, which held the signature of the current Chief Executive on behalf of the previous Interim Chief Executive who had left.

9.2 RESOLVED that the signed Annual Governance Statement for the year 2022/23 be noted.

9.3 The Committee considered the report and noted their role to approve the final Statement of Accounts. It was noted that the Draft Statement of Accounts for 2023/24 was considered by Audit Committee on the 19 June 2024.

9.4 The officer report stated that due to national issues with the local audit, auditors Ernst Young (EY) had not undertaken an audit of the 2023/24 LB Newham Accounts and would be issuing a disclaimed audit opinion by 28 February 2025 in line with the local audit back stop dates as set out by the Government. EY still had some additional work and procedures to follow before signing the disclaimed opinion.

9.5 A Member mentioned the Council's recent poor rating from the Regulator of Social Housing and asked if the AGS should have identified this. In reply, officers said that the next AGS statement (2024/25) would consider if the identified risks should have been discovered sooner than they were.

9.6 A Member asked if the date signed on the AGS confirmed all known risks to that date. In reply, officers said the AGS was for the period in question, that being 2023-24.

9.7 A Member asked if risks identified in the AGS were a personal judgement. In reply, officers said that whilst the AGS was signed off by the Mayor and Chief Executive, the document was created in consultation with senior officers and input from the meetings of Audit Committee.

9.8 A Member asked why the report's recommendation was to delegate final approval of the accounts to the Chair. In reply, officers said that the backstop date was 28 February 2025 and the auditor's opinion was still outstanding. No significant changes were expected to the accounts because of the proposed disclaimer. The officer added that if for any reason a significant change was discovered, then this would be brought to the attention of the Committee.

9.9 A Member asked if the Auditor disclaimer would impact the credit worthiness of the Council. In reply, officers said that third parties who had awareness and understanding of the disclaimer and Local Authority Accounts would be expected to accept the position but could not guarantee that all financial relationships would be unaffected.

9.10 It was noted that a substantial number of disclaimed Local Authority audit opinions for 2022/23 and 2023/24 were likely.

9.11 For context, officers added that there was a disclaimed audit opinion from the Comptroller and Auditor General, Gareth Davies, on the Whole of Government Accounts 2022-23.

9.12 A Member asked if the Council had responded to the Government consultation on Local Government Audit Reform. In reply, the officer said the response was being drafted and it was agreed to send a copy of the response to Audit Committee.

9.13 Action AC255 that officers circulate the council response to the Government Consultation on Local Audit Reform (via the clerk)

9.14 A Member asked about the deficit in the Dedicated Schools Budget (DSB) and what would happen when the carry forward deficit legislation expired in 2026. In reply, officers said this was a material risk and there was speculation the legislation might be extended. Committee were referred to the Draft Budget Proposal Report to Cabinet held 9 January 2025 for further information.

9.15 A Member asked what risks were posed by the disclaimed audit opinion. In reply, officers explained this meant there was no assurance on undisclosed errors but previous years audits opinions had given assurance. In reply to a follow up, a significant error would impact the budget setting for the following year.

9.16 In response to a question on possible penalties, the officer advised that there were none as decisions were made on the best information available to Members.

9.17 **RESOLVED** to

1. Note the contents of this report and the Statement of Accounts;
2. Delegate authority to the Chair of this Committee and the S151 Officer to approve the Statement of Accounts when EY have completed their work and shared their audit completion report with members of the committee;
3. Approve the final Annual Governance Statement for 2023/24.

10. Year Ahead Forward Plan

10.1 The Committee noted that the expected report *Progress made on the LGA Peer Review Action Plan* had been removed from the Forward Plan as progress on the action plan was considered by Cabinet and Overview and Scrutiny on a quarterly basis.

10.2 However, as the due date for completion of all actions in the plan was April 2025, it was agreed that the report be scheduled for the April meeting of Audit Committee and officers invited to give assurance that the action log was completed.

10.3 Action AC256 Re-Add to the Forward Plan, *Progress made on the LGA Peer Review Action Plan*, to be heard at the April 2025 meeting.

10.4 **RESOLVED** that the report be noted.

11. Date of Next Meeting

11.1 The date of the next meeting was scheduled for 12 February 2025.

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Note the column "date to be closed" for actions to be closed at this meeting.

AUDIT COMMITTEE Action Log

Action No.	Date Raised	Agenda Item #	Action required	Action by	Target date	Open / Closed	Date to be closed	Comments/Action Taken
AC245	17/07/24	GDPR	an update on the GDPR action plan progress be received by the Committee in 4 months time	Amit Shanker/Lauren White	12/02/25	OPEN	12/03/25	After October 2024, this would fit into the February 2025 reporting cycle. Feb meeting cancelled. Information is a report on the agenda.
AC248	16/10/24	Contract Waivers	that the Committee receive details of the support given for waiver 2797 that costed £35k.	Alison Chessel	15/01/25	OPEN	12/03/25	Details circulated 13/12/24 but access to the contract details requested and action remains open. Update 7.1.25 A redacted document will be circulated shortly. Information circulated 28/2/25.
AC251	16/10/24	Risk Management and Risk Register	that the risk register for Inclusive Economy and Housing be presented more clearly for the different services within the directorate.	Conrad Hall	15/01/25	OPEN	12/03/25	This action is a reminder for the next meeting
AC252	16/10/24	Risk Management and Risk Register	Officers to add Decent Homes to the Corporate Risk Register	Conrad Hall	15/01/25	OPEN	12/03/25	This action is a reminder for the next meeting
AC253	15/01/25	Social Value Subsidy	that the policy of Social Value Subsidy be reviewed to see how it is applied.	Jason Strelitz	TBC	OPEN	12/03/25	Noted for the record. There is no report back to Committee.
AC254	15/01/25	TMSS & AIS	that the updated prudential indicators and treasury limits be circulated	Andrew Ward	19/02/25	OPEN	12/03/25	Council publication date was 19.2.25 https://mgov.newham.gov.uk/mgAi.aspx?ID=87602#mgDocuments
AC255	15/01/25	SOA & AGS	that officers circulate the council response to the Government Consultation on Local Audit Reform (via the clerk)	Meinir Hall	30/01/25	OPEN	12/03/25	The consultation closed on 29 January 2025. Feedback via London Councils. Report circulated 4.3.25
AC256	15/01/25	Forward Plan	Re-Add to the Forward Plan, Progress made on the LGA Peer Review Action Plan, to be heard at the April 2025 meeting.	Clerk	12/02/25	OPEN	12/03/25	The item has been readded to the Forward Plan

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Audit Committee Report			
Date of meeting	12 th March 2025		
Subject Heading	Auditors Report to those Charged with Governance (ISA 260)		
Is this Item for: Information or Discussion	Information and Discussion		
Summary of issues/key points for discussion	<p>Purpose of Report</p> <p>This report brings to committee the 2023/24 EY annual reports for the London Borough and Newham and the Newham Pension Fund.</p> <p>Members of the Audit Committee are invited to note and comment on these annual reports from the external auditors.</p> <p>Recommendations</p> <p>Members are recommended to:</p> <ol style="list-style-type: none"> 1. Note the findings from the EY annual reports. <p style="text-align: center;">Appendix A&B - External Audit Reports to Audit Committee</p>		
Officer preparing report	Meinir Hall	Contact Number and e-mail address	(020) 3373 8274 Meinir.hall@newham.co.uk
Manager's name	Conrad Hall	Manager's Title	Corporate Director of Resources

LB Newham Statement of Accounts 2023/24 Auditors Annual Report

1. Introduction and Background

- 1.1. The Accounts are subject to external audit by the Council's appointed auditors, Ernst & Young LLP (EY), who report the findings from their audit in their 'Completion Report to those Charged with Governance', ISA 260, to members of the Audit Committee before their opinion on the accounts is issued.
- 1.2. The audit opinion for 2023/24 Accounts for LB Newham, issued on 28 February 2025, was a disclaimed audit opinion with regards to the accounts. The value for money conclusion identified significant weakness in the governance of housing maintenance and compliance with safety standards.
- 1.3. Audit Committee is asked to consider the contents of the auditor's report from EY.

2. Pension Fund Accounts

- 2.1. The audit opinion for the pension fund, a true and fair view, was issued on 28 February 2025.
- 2.2. There were 2 audit adjustments from the draft accounts to the final audit accounts as set out in the Audit Results Report.

3. Comments of the Finance Officer

- 3.1. This report discharges the Council's statutory requirements under all extant regulations. The ISA 260 highlights areas for management action which have been agreed with the auditor. The comments of the Chief Finance Officer are incorporated within the audit report.

London Borough of Newham Completion Report for Those Charged with Governance

Year ended 31 March 2024

Report issued - 20 February 2025

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Audit Committee
London Borough of Newham
1000 Dockside Road,
London
E16 2QU

20 February 2025

Dear Audit Committee Members

2023/24 Audit results report

We are pleased to attach our audit results report, summarising the status of our audit.

The audit is designed to express an opinion on the 2023/24 financial statements and address current statutory and regulatory requirements. This report contains our findings related to the areas of audit emphasis, our views on the accounting policies, judgements and material internal control findings of the London Borough of Newham (the Council).

This report considers the impact of Government proposals, which have now been enacted through secondary legislation, to clear the backlog in local audit and put the local audit system on a sustainable footing. The proposals recognise that timely, high-quality financial reporting and audit of local bodies is a vital part of our democratic system. Not only does it support good decision making by local bodies, by enabling them to plan effectively, make informed decisions and manage their services, it ensures transparency and accountability to local taxpayers. All stakeholders have a critical role to play in addressing the audit backlog.

The audit committee, as the Council's body charged with governance, has an essential role in ensuring that it has assurance over both the quality of the draft financial statements prepared by management and the Council's wider arrangements to support the delivery of a timely and efficient audit. We will consider and report on the adequacy of the Council's external financial reporting arrangements and the effectiveness of the audit committee in fulfilling its role in those arrangements as part of our assessment of Value for Money arrangements and consider the use of other statutory reporting powers to draw attention to weaknesses in those arrangements where we consider it necessary to do so.

Given that Statutory Instrument 2024/907 "The Accounts and Audit (Amendment) Regulations 2024 ("SI 2024/907") imposes a backstop date of 28 February 2025 by which date we are required to issue our opinion on the financial statements, we have considered whether the time constraints imposed by the backstop date mean that we cannot complete all necessary procedures to obtain sufficient, appropriate audit evidence to support the opinion and fulfil all the objectives of all relevant ISAs (UK).

We have also taken into account SI 2024/907 and Local Authority Reset and Recovery Implementation Guidance Notes issued by the National Audit Office and endorsed by the Financial Reporting Council, together with the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's 2020 Code of Audit Practice, the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards and other professional requirements.

As reported in our 2022/23 Audit Completion Report, we issued a disclaimed audit report on the Council's financial statements for 2022/23 under the arrangements to reset and recover local government audit. The Council were unable to provide full supporting records for the 2023/24 audit and therefore we concluded that they were not ready for an audit. We were therefore unable to undertake our planned procedures on the 2023/24 financial statements and have not been able to start rebuilding assurance ahead of the planned backstop date of 28 February 2025. We are therefore unable to conclude that the 2023/24 financial statements are free from material and pervasive misstatements and anticipate issuing a disclaimed 2023/24 audit opinion.

We draw the attention of Audit Committee members and officers to the Public Sector Audit Appointment Limited's Statement of Responsibilities (paragraphs 26-28) which clearly set out what is expected of audited bodies in preparing their financial statements (see Appendix E).

This report is intended solely for the information and use of the Audit Committee, and management, and is not intended to be and should not be used by anyone other than these specified parties.

Yours faithfully

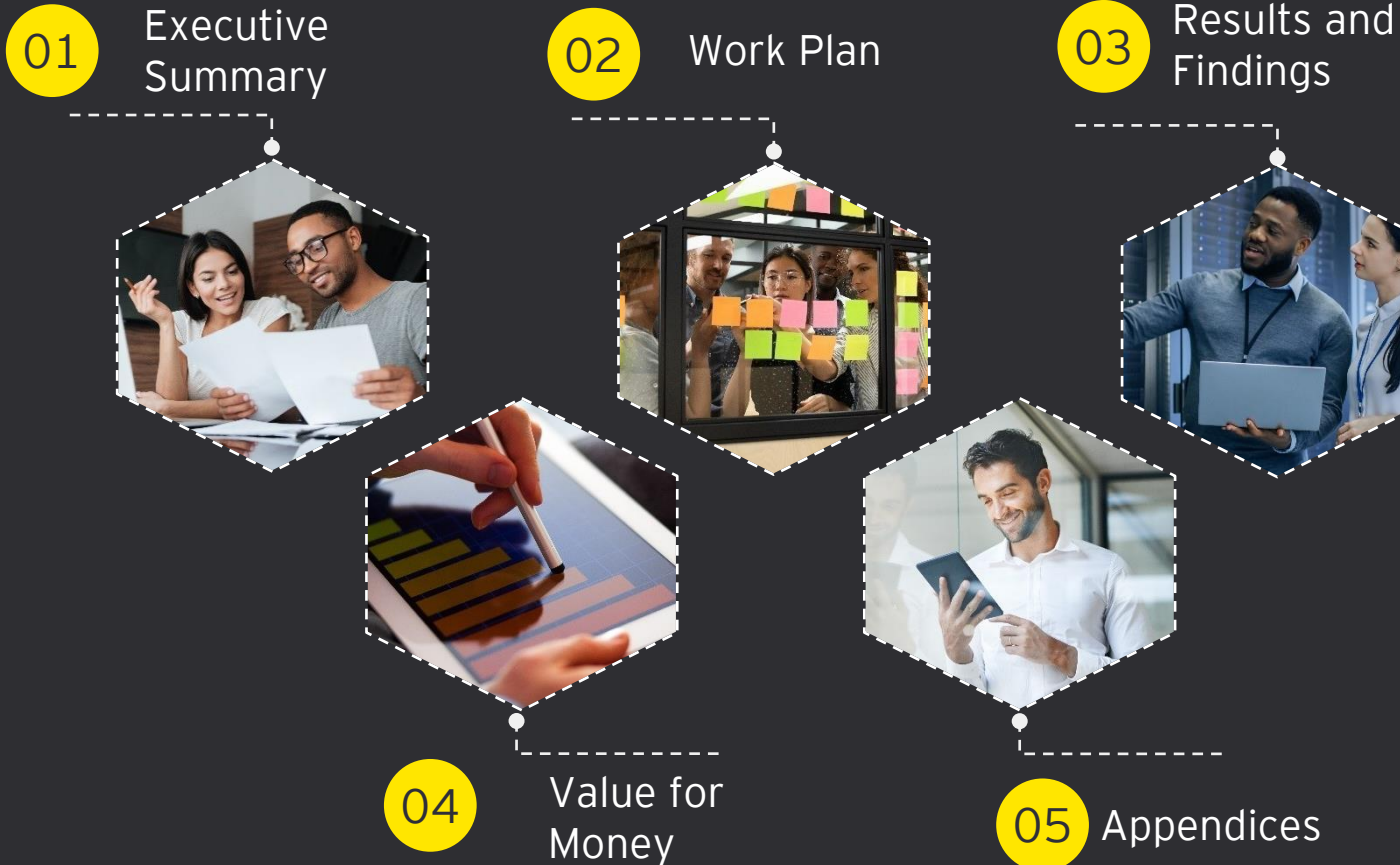
Stephen Reid

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.psa.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 July 2021)” issued by the PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the 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 Committee and management of London Borough of Newham in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Audit Committee and management of London Borough of Newham those matters we are required to state 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 Committee and management of London Borough of Newham for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.



01 Executive Summary

Executive Summary - Context for the audit

Context for the audit - Ministry of Housing, Communities and Local Government (MHCLG) and Financial Reporting Council (FRC) measures to address local audit delays

Timely, high-quality financial reporting and audit of local bodies is a vital part of our democratic system. It supports good decision making by local bodies and ensures transparency and accountability to local taxpayers. There is general agreement that the backlog in the publication of audited financial statements by local bodies has grown to an unacceptable level and there is a clear recognition that all stakeholders in the sector need to work together to address this. Reasons for the backlog across the system have been widely reported and include:

- ▶ Lack of capacity within the local authority financial accounting profession;
- ▶ Increased complexity of reporting requirements within the sector;
- ▶ Lack of capacity within audit firms with public sector experience; and
- ▶ Increased regulatory pressure on auditors, which in turn has increased the scope and extent of audit procedures performed.

MHCLG (formerly Department for Levelling-up, Housing and Communities) has worked collaboratively with the FRC and other system partners, to develop and implement measures to clear the backlog. SI 2024/907, together with the updated National Audit Office Code of Audit Practice 2024 and the Local Authority Reset and Recovery Implementation Guidance, have all been developed to ensure auditor compliance with International Standards on Auditing (UK) (ISAs (UK)). The approach to addressing the backlog consists of three phases:

- ▶ Phase 1: Reset involving clearing the backlog of historic audit opinions up to and including financial year 2022/23 by 13 December 2024.
- ▶ Phase 2: Recovery from Phase 1, starting from 2023/24, in a way that does not cause a recurrence of the backlog by using backstop dates to allow assurance to be rebuilt over multiple audit cycles. The backstop date for audit of the 2023/24 financial statements is 28 February 2025.
- ▶ Phase 3: Reform involving addressing systemic challenges in the system and embedding timely financial reporting and audit.

As reported in our 29 November 2024 Audit Completion Report to the audit committee we issued a disclaimed audit report on the Council's 2022/23 financial statements these arrangements to reset and recover local government audit.

EY's Head of UK Government and Public Sector Audit wrote to the Section 151 officer at the Council on 21 August 2024 to set out that we would be prioritising those 2023/24 audits that we considered met the following criteria:

- ▶ draft unaudited financial statements were published by 31 July 2024;
- ▶ there was evidence that finance teams could effectively and efficiently support the audit process; and
- ▶ have high-quality audit evidence and supporting information that is delivered in accordance with our agreed timetable and in advance of the commencement of the audit.

We concluded that the Council had not met these requirements. We therefore did not undertake our planned procedures on the 2023/24 financial statements and have not been able to start rebuilding assurance ahead of the planned backstop date of 28 February 2025.



Executive Summary

Scope update

In our 2023/24 Audit Plan presented at the 17 July 2024 Audit Committee meeting, we provided you with an overview of our audit scope and approach for the audit of the financial statements. We carried out our audit in accordance with this plan, with the following exception:

- ▶ **Changes in materiality:** In our Audit Plan, we communicated that our audit procedures would be performed using a materiality of £27 million. We updated our planning materiality assessment using the draft financial statements. Based on our materiality measure of gross expenditure, we updated our overall materiality assessment to £23 million. This results in updated performance materiality, at 50% of overall materiality, of £11.5 million (Audit Plan - £13 million), and an updated threshold for reporting misstatements of £1.1 million.



BOARDROOM



02 Work Plan

Work Plan – Audit Scope

Audit scope

This Completion report covers the work that we performed in relation to:

- ▶ Our audit opinion on whether the financial statements of the Council give a true and fair view of the financial position as at 31 March 2024 and of the income and expenditure for the year then ended; and
- ▶ Our commentary on your arrangements to secure value for money in your use of resources for the relevant period. We include further details on VFM in Section 4.

We will also review and report to the National Audit Office (NAO), to the extent and in the form required by them, on the Council's Whole of Government Accounts return.

Our audit will also include the mandatory procedures that we are required to perform in accordance with applicable laws and auditing standards.

When planning the audit we take into account several key inputs:

- ▶ Strategic, operational and financial risks relevant to the financial statements;
- ▶ Developments in financial reporting and auditing standards;
- ▶ The quality of systems and processes;
- ▶ Changes in the business and regulatory environment; and
- ▶ Management's views on all of the above.

Given that SI 2024/907 imposes a backstop date of 28 February 2025 by which date we are required to issue our opinion on the financial statements, we have considered whether the time constraints imposed by the backstop date mean that we cannot complete all necessary procedures to obtain sufficient, appropriate audit evidence to support the opinion and fulfil all the objectives of all relevant ISAs (UK). This decision is in line with ISA 200: Failure to Achieve an Objective 24.

If an objective in a relevant ISA (UK) cannot be achieved, the auditor shall evaluate whether this prevents the auditor from achieving the overall objectives of the auditor and thereby requires the auditor, in accordance with the ISAs (UK), to modify the auditor's opinion or withdraw from the engagement (where withdrawal is possible under applicable law or regulation). Failure to achieve an objective represents a significant matter requiring documentation in accordance with ISA (UK) 230 (Revised June 2016).4 (Ref: Para. A77&A78)

Taking the above into account, for the year ended 31 March 2024 we have determined that we cannot meet the objectives of the ISAs(UK) and we anticipate issuing a disclaimed audit report.

Work Plan - Materiality

Materiality

Planning materiality

£23m

Materiality for y/e 31 March 2024 has been set at £23m, which represents 2% of 2024 gross expenditure on provision of services.

Performance materiality

£11.5m

Performance materiality for y/e 31 March 2024 has been set at £11.5m, which represents 50% of planning materiality.

Audit differences

£1.1m

We will report all uncorrected misstatements relating to the primary statements greater than £1.1m for y/e 31 March 2024. Other misstatements identified will be communicated to the extent that they merit the attention of the audit committee

In order to ascertain the significance of issues in the draft financial statements we set materiality based on the 2023/24 draft financial statements. We have considered updating this materiality for any key changes or known factors from that year. We determined that our audit procedures would be performed using a materiality of £23 million. This level of materiality remains appropriate for the actual results for the financial year.

These materiality levels have been set based on the main Council's financial statements - we have not considered group materiality. These levels are being used to assess our response to any issues identified in the Council's financial statements.

Work Plan – Significant, inherent and other risk areas

The following ‘dashboard’ summarises the significant accounting and auditing matters identified as part of our planning work. It seeks to provide Those Charged with Governance with an overview of our initial risk identification for the year.

Audit risks and areas of focus

Risk/area of focus	Applicable year	Risk identified	Change from PY	Details
Misstatement due to fraud or error	31 March 2024	Fraud risk	No change in risk or focus	There is a risk that the financial statements as a whole are not free from material misstatement whether caused by fraud or error. We perform mandatory procedures regardless of specifically identified fraud risks. As identified in ISA 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that would otherwise appear to be operating effectively.
Inappropriate capitalisation of revenue expenditure	31 March 2024	Fraud risk	No change in risk or focus	As noted above, under ISA 240, management is in a unique position to perpetrate fraud through the override of controls. We have considered the main areas where management may have the incentive and opportunity to do this. We have identified the inappropriate capitalisation of revenue expenditure on property, plant and equipment as an area of risk, given the extent of the Council's capital programme.
Valuation of Property, Plant and Equipment (PPE) and Investment Property under Existing Use Value (EUV)	31 March 2024	Significant Risk	No change in risk or focus	<p>The Council has a significant balance of Property, Plant and Equipment and Investment Property which are valued under the existing use value methodology. These assets are continuously subject to valuation changes, impairment reviews and depreciation charges. Material judgemental inputs and estimation techniques are required to calculate the values held in the balance sheet at year end.</p> <p>As the Council's asset base is significant and the outputs from the valuer are subject to estimation, there is a significant risk certain categories of fixed assets may be under / overstated or the associated accounting entries incorrectly processed. Therefore, this area is considered a significant risk.</p> <p>We have separately considered Council Dwellings and Property, Plant and Equipment valued under the Depreciated Replacement Cost (DRC) methodology in the next page.</p>

Work Plan – Significant, inherent and other risk areas

The following ‘dashboard’ summarises the significant accounting and auditing matters identified as part of our planning work. It seeks to provide Those Charged with Governance with an overview of our initial risk identification for the year.

Audit risks and areas of focus

Risk/area of focus	Applicable year	Risk identified	Change from PY	Details
Valuation of Property, Plant and Equipment (PPE) under Depreciated Replacement Cost (DRC)	31 March 2024	Higher Inherent Risk	Reduced from significant risk to a higher inherent risk	<p>As at 31 March 2022, the Council had other land and buildings valued using the DRC approach amounting to £650 million which mostly consists of school buildings and leisure centres.</p> <p>Our lower risk rating compared to the valuation of other land & buildings and investment property using the EUV approach is due to a lower level of estimation uncertainty in valuing this asset category since the inputs on the valuation for these assets are verifiable through site and floor plans and build cost from third party surveyors. In addition, our work in the 2021/22 audit did not identify significant errors on the other land and buildings valued using the DRC approach.</p>
Valuation of council dwellings	31 March 2024	Higher Inherent Risk	No change in risk or focus	<p>Council dwellings were collectively valued at £1,240 million at 31 March 2022 using the beacon method of valuation. The assets represent a significant balance on the Council’s balance sheet and the valuation is driven by market information to which some level of judgement is required.</p> <p>Considering the level of estimation uncertainty and complexity of the beacon valuation method we consider this risk to be higher inherent. Our lower risk rating compared to the valuation of PPE and investment property represents the fact that a lower level of judgement is required in valuing council dwellings as well as the conclusions in our 2021/22 audit where we did not identify significant errors in the valuation of council dwellings.</p>
Net Pension Liability Valuation	31 March 2024	Higher Inherent Risk	No change in risk or focus	<p>The current pension fund deficit is both a material and sensitive item. Small changes in assumptions when valuing these assets and liabilities can have a material impact on the financial statements. The Code requires the Council to disclose this liability on the balance sheet.</p> <p>The accounting for this scheme requires material judgement and estimation techniques to calculate relevant valuations and disclosures. As at 31 March 2022, the net pension liability was £2,213 million.</p>

Work Plan – Significant, inherent and other risk areas

The following ‘dashboard’ summarises the significant accounting and auditing matters identified as part of our planning work. It seeks to provide Those Charged with Governance with an overview of our initial risk identification for the year.

Audit risks and areas of focus

Risk/area of focus	Applicable year	Risk identified	Change from 2023/24 audit	Details
Bank reconciliations	31 March 2024	Higher Inherent Risk	Increase in risk or focus	<p>In the 2021/22 audit, we identified the Council was completing their bank reconciliations using the ‘book to bank’ reconciliation method. Although this method is acceptable, there are additional adjustments required e.g. payments already cleared by bank or cash already received by bank.</p> <p>Our 2021/22 audit identified significant errors in the Council’s bank reconciliations.</p>
Recoverability of loans with related parties	31 March 2024	Higher Inherent Risk	Increase in risk or focus	<p>The Council has provided significant loans to its subsidiaries (Future New Homes and Populo Living). A material receivable is reported on the Council’s balance sheet. The Council has agreed a repayment schedule with the subsidiary companies.</p> <p>The recoverability of these loans at the balance sheet date requires management judgment.</p>
Adoption of IFRS 16, Leases	31 March 2024	Other focus area	Increase in focus	<p>Implementation of IFRS 16 has been deferred to the 2024/25 financial statements, with application from 1 April 2024 (although local authorities may adopt IFRS 16 on a voluntary basis). The standard is expected to have significant practical and financial impact for local authorities due to the prevalence of leasing in local government and the risk that the changes could have a budgetary impact if not managed effectively.</p> <p>Although IFRS 16 does not come into effect until 1 April 2024, we will assess the work the Council has been doing and evaluate the preparedness and readiness of the Council in the implementation of IFRS 16.</p>

Work Plan – Significant, inherent and other risk areas

The following ‘dashboard’ summarises the significant accounting and auditing matters identified as part of our planning work. It seeks to provide Those Charged with Governance with an overview of our initial risk identification for the year.

Audit risks and areas of focus

Risk/area of focus	Applicable year	Risk identified	Change from 2023/24 audit	Details
Infrastructure assets	31 March 2024	Other focus area	Reduced from significant risk to other focus area	<p>In 2022, CIPFA issued an adaptation to the Code of Practice on Local Authority Accounting and DLUHC issued a Statutory Instrument (The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2022) to temporarily address a sector wide issue concerning Infrastructure Assets.</p> <p>Local authorities should be reviewing their processes and controls and improving their records to properly apply the recognition and measurement criteria for infrastructure assets. We will consider and assess the action made by management to improve the processes and records concerning infrastructure assets.</p>

Work Plan - Independence

The FRC Ethical Standard 2019 and ISA (UK) 260 'Communication of audit matters with those charged with governance', requires us to communicate with you on a timely basis on all significant facts and matters that bear upon our integrity, objectivity and independence. The Ethical Standard, as revised in December 2019, requires that we communicate formally both at the planning stage and at the conclusion of the audit, as well as during the course of the audit if appropriate. The aim of these communications is to ensure full and fair disclosure by us to those charged with your governance on matters in which you have an interest.

Required communications

Planning stage

- ▶ The principal threats, if any, to objectivity and independence identified by Ernst & Young (EY) including consideration of all relationships between you, your affiliates and directors and us;
- ▶ The safeguards adopted and the reasons why they are considered to be effective, including any Engagement Quality review;
- ▶ The overall assessment of threats and safeguards;
- ▶ Information about the general policies and process within EY to maintain objectivity and independence

Final stage

- ▶ In order for you to assess the integrity, objectivity and independence of the firm and each covered person, we are required to provide a written disclosure of relationships (including the provision of non-audit services) that may bear on our integrity, objectivity and independence. This is required to have regard to relationships with the entity, its directors and senior management, its affiliates, and its connected parties and the threats to integrity or objectivity, including those that could compromise independence that these create. We are also required to disclose any safeguards that we have put in place and why they address such threats, together with any other information necessary to enable our objectivity and independence to be assessed;
- ▶ Details of non-audit/additional services provided and the fees charged in relation thereto;
- ▶ Written confirmation that the firm and each covered person is independent and, if applicable, that any non-EY firms used in the group audit or external experts used have confirmed their independence to us;
- ▶ Details of any non-audit/additional services to a UK PIE audit client where there are differences of professional opinion concerning the engagement between the Ethics Partner and Engagement Partner and where the final conclusion differs from the professional opinion of the Ethics Partner
- ▶ Details of any inconsistencies between FRC Ethical Standard and your policy for the supply of non-audit services by EY and any apparent breach of that policy;
- ▶ Details of all breaches of the IESBA Code of Ethics, the FRC Ethical Standard and professional standards, and of any safeguards applied and actions taken by EY to address any threats to independence; and
- ▶ An opportunity to discuss auditor independence issues.

In addition, during the course of the audit, we are required to communicate with you whenever any significant judgements are made about threats to objectivity and independence and the appropriateness of safeguards put in place, for example, when accepting an engagement to provide non-audit services.

We ensure that the total amount of fees that EY and our network firms have charged to you and your affiliates for the provision of services during the reporting period, analysed in appropriate categories, are disclosed.

Work Plan - Independence

Overall Assessment

Overall, we consider that the safeguards that have been adopted appropriately mitigate the principal threats identified and we therefore confirm that EY is independent and the objectivity and independence of Stephen Reid, your Audit Engagement Partner and the audit engagement team have not been compromised.

Self interest threats

A self interest threat arises when EY has financial or other interests in your authority. Examples include where we have an investment in your authority; where we receive significant fees in respect of non-audit services; where we need to recover long outstanding fees; or where we enter into a business relationship with you. At the time of writing, there are no long outstanding fees.

We believe that it is appropriate for us to undertake those permitted non-audit/additional services set out in Section 5.40 of the FRC Ethical Standard 2019 (FRC ES), and we will comply with the policies that you have approved.

None of the services are prohibited under the FRC's ES and the services have been approved in accordance with your policy on pre-approval. In addition, when the ratio of non-audit fees to audit fees exceeds 1:1, we are required to discuss this with our Ethics Partner, as set out by the FRC ES, and if necessary agree additional safeguards or not accept the non-audit engagement. We will also discuss this with you.

At the time of writing, there are no non-audit fees that require additional safeguards.

Self review threats

A self-interest threat may also arise if members of our audit engagement team have objectives or are rewarded in relation to sales of non-audit services to you. We confirm that no member of our audit engagement team, including those from other service lines, has objectives or is rewarded in relation to sales to you, in compliance with Ethical Standard part 4. There are no other self-interest threats at the date of this report.

Management threats

Partners and employees of EY are prohibited from taking decisions on behalf of management of your authority. Management threats may also arise during the provision of a non-audit service in relation to which management is required to make judgements or decision based on that work.

There are no management threats at the date of this report.

Other threats

Other threats, such as advocacy, familiarity or intimidation, may arise.

There are no other threats at the date of this report.

EY Transparency Report 2024

EY has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained. Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the period ended 28 June 2024 and can be found here: [EY UK 2024 Transparency Report | EY - UK](#).



03 Results and findings

Results and findings

Status of the audit

Our audit work in respect of the London Borough of Newham opinion is substantially complete. The following items relating to the completion of our audit procedures were outstanding at the date of this report.

- ▶ Completion of subsequent events procedures;
- ▶ Receipt of a signed management representation letter.

Given that the audit process is still ongoing, we will continue to consider existing and new information which could influence our final audit opinion.

Value for Money

Our value for money (VFM) work is complete and reported in Section 4 of this report. We identified significant weaknesses in arrangements. See Section 4 of the report for further details.

Audit differences

We have not identified any audit differences from our work, either adjusted or unadjusted by Management.

Other Reporting Issues

We have reviewed the information presented in the Annual Governance Statement for consistency with our knowledge of the Council. We have no matters to report as a result of this work.

Alongside our work on the financial statements, we also review and report to the National Audit Office on your Whole of Government Accounts return. The extent of our review, and the nature of our report, is specified by the National Audit Office.

We will perform the procedures required by the National Audit Office (NAO) on the Whole of Government Accounts submission following the completion of the financial statements audit. We expect a delay in the audit certificate in respect of this work as NAO reserve the right to ask for further assurances. Until we have confirmation from the NAO that no further work is required, we will be unable to issue the audit certificate.

We did not receive any questions or objections to the Council's financial statements from any member of the public following the inspection period.

Results and findings

Areas of audit focus

In our Audit Plan we identified a number of key areas of focus for our audit of the financial report of the Council. We concluded we would disclaim the audit and therefore have not completed detailed audit testing on these areas but instead have reported any matters that came to light from the work we did complete.

We request that you review these and other matters set out in this report to ensure:

- ▶ There are no further considerations or matters that could impact these issues
- ▶ You concur with the resolution of the issue
- ▶ There are no further significant issues you are aware of to be considered before the financial report is finalised

There are no matters, other than those reported by management or disclosed in this report, which we believe should be brought to the attention of the audit committee or management.

Control observations

During the audit, we did not identify any significant deficiencies in internal control.

Other powers and duties

We have a duty under the Local Audit and Accountability Act 2014 to consider whether to report on any matter that comes to our attention in the course of the audit, either for the Council to consider it or to bring it to the attention of the public (i.e. "a report in the public interest").

We did not identify any issues which required us to issue a report in the public interest.

During the audit we became aware of one instance of potential non-compliance with laws and regulations. A whistleblowing allegation was received that a member of staff had been committing fraud whereby telephones, laptops, and tablets were purchased using the Council's funds. This required us to complete extended procedures to assess the risk to the financial statements, having completed these procedures we are satisfied that they do not lead to a material impact on the 2023/24 financial statements, nor any pervasive matters in respect of the overall control environment.

Further correspondence was received in respect of the inappropriate use of public funds in respect of housing services. We have been unable to complete the procedures required to determine whether this represents a material matter in respect of the financial statements. At the current time, based on the information provided, we do not consider that this specific matter is pervasive regarding the overall control environment, nonetheless based on other work completed as part of our value for money responsibilities we have identified a significant value for money weakness in arrangements linked to the Council's housing services.

Independence

Further to our review of independence in section 2 of this report we have not identified any issues to bring to your attention..



Results and findings

Other matters

As required by ISA (UK&I) 260 and other ISAs specifying communication requirements, we must tell you significant findings from the audit and other matters if they are significant to your oversight of the Authority's financial reporting process. They include the following:

- ▶ Significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures;
- ▶ Any significant difficulties encountered during the audit;
- ▶ Any significant matters arising from the audit that were discussed with management;
- ▶ Written representations we have requested;
- ▶ Expected modifications to the audit report;
- ▶ Any other matters significant to overseeing the financial reporting process;
- ▶ Findings and issues around the opening balance on initial audits (if applicable);
- ▶ Related parties;
- ▶ External confirmations;
- ▶ Going concern;
- ▶ Consideration of laws and regulations; and
- ▶ Group audits

As reported in our VFM findings, the Council were unable to provide full supporting records for the start of the audit.

We have no other matters to report.

Results and findings

Detailed matters identified

Description of work completed	Finding	Conclusion	Recommendation
Financial statement Review	<p>We identified:</p> <ul style="list-style-type: none"> ▶ 69 casting errors; ▶ 14 line-item amounts not verifiable in notes; ▶ 70 line-item amounts and notes that are not consistent with prior year financial statements; ▶ 2 missing; and ▶ 7 referencing and formatting errors. 	The findings indicate potential inaccuracies in the financial records.	Action is required to reconcile the opening balances and to determine the reasons for the material differences. Adjustments should be made to correct any errors, and the accounting records should be updated accordingly. Furthermore, the Council should review its closing and opening balance procedures to ensure accuracy and to prevent such discrepancies in the future.
Financial Statements Overall Analytical Review	<p>Significant movements when compared to the prior year were identified in the balance sheet line items for both the single entity (Council) and group financial statements.</p> <p>The accounts where significant movement was identified are Short Term Investments, Cash and Cash Equivalents, Current Assets, Short Term Payables, Long Term Provisions, Long Term Borrowing, Other Long Term Liabilities, and Capital Grants Receipts in Advance. Additionally, for group accounts only, notable changes were observed in Investment Properties, Long Term Investments, Assets Held for Sale, and Short Term Provisions. Furthermore, substantial fluctuations were noted throughout the Comprehensive Statement of Income and Expenditure.</p>	The significant variances suggest the possibility of material misstatements within the financial statements.	<p>A review should be conducted to understand the causes of these variances and to correct any misstatements. This should include a detailed analysis of the transactions and events leading to the variances, and the implementation of additional controls to prevent such discrepancies in the future.</p> <p>Management should also provide a clear and comprehensive explanation for the changes in the financial statements to ensure transparency and accuracy.</p>



04 Value for Money



VFM - Executive Summary

Purpose

Auditors are required to be satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We do not issue a 'conclusion' or 'opinion', but where significant weaknesses are identified we will report by exception in the auditor's opinion on the financial statements. In addition, auditors provide an annual commentary on arrangements published as part of the Auditor's Annual Report. In doing so, we comply with the requirements of the 2024 Code of Audit Practice (the Code) and Auditor Guidance Note 3 (AGN 03).

The purpose of this commentary is to explain the work we have undertaken during the period 01 April 2023 to 31 March 2024 and highlight any significant weaknesses identified along with recommendations for improvement. As we have previously reported significant weaknesses in arrangements to you, this report also includes our views as to the status of the recommendations made and whether they have been satisfactorily implemented. The commentary covers our findings for audit year 2023/24.

The report sets out the following areas which have been assessed up to the point of issuing this interim report:

- ▶ Any identified risks of significant weakness, having regard to the three specified reporting criteria;
- ▶ An explanation of the planned responsive audit procedures to the significant risks identified; and
- ▶ Findings to date from our planned procedures.

VFM - Executive Summary (continued)

Risks of Significant Weakness

In undertaking our procedures to understand the body’s arrangements against the specified reporting criteria, we identify whether there are risks of significant weakness which require us to complete additional risk-based procedures. AGN 03 sets out considerations for auditors in completing and documenting their work and includes consideration of:

- ▶ our cumulative audit knowledge and experience as your auditor;
- ▶ reports from internal audit which may provide an indication of arrangements that are not operating effectively;
- ▶ our review of Council committee reports;
- ▶ meetings with key Finances Officers;
- ▶ information from external sources; and
- ▶ evaluation of associated documentation through our regular engagement with Council management and the finance team.

We identified a significant risks related to Financial Sustainability and Governance as part of our risk assessment procedures. We set out our planned response to address this risk in the table below.

Description of risk identified	Work planned to address the risk of significant weakness
<p>Financial Sustainability</p> <p>The Council has made informed decisions to use general fund balances to fund budget deficits. This has reduced general fund balances below the Council’s recommended minimum levels.</p> <p>The pressures are mostly due to the Children and Young People’s Services, Adult and Health and Temporary Accommodation, which is an exceptional risk due to the housing crisis.</p>	<p>Our approach will focus on whether:</p> <ul style="list-style-type: none"> ▶ Management followed the established governance processes for setting the 2023/24 budget and Medium-Term Financial Strategy (MTFS), including the extent to which these anticipated the use of reserves. ▶ The Council’s budget setting was based on robust and justified plans, i.e. were the assumptions made within the FY24 budget and MTFS reasonable, given the information available to the Council at the time. ▶ The Council’s savings and reserves plans were achievable in the light of past performance and did management actively revise their forecasts in line with new developments. Were there any notable gaps in information underpinning its plans and the impact to reserves. ▶ In so far as its possible, we will determine the extent to which the 2024/25 budget and MTFS address the above points.

VFM - Executive Summary (continued)

Risks of Significant Weakness (continued)

Description of risk identified

Governance on Council Companies

The Council has a significant number of subsidiaries (17 subsidiaries). There is a risk that the Council has inadequate governance arrangements to establish, monitor and manage partnerships to ensure these do not impact negatively on the Council's objectives.

Work planned to address the risk of significant weakness

We will:

- ▶ Ascertain if there are documented governance arrangements to inform the establishment of subsidiaries and monitor their performance and related risks.
- ▶ For a sample of partnerships, including any new subsidiaries set up during the period under review, we will test compliance with the documented arrangements or determine what partnership-related governance arrangements are in place for each of the sample if there is no over-arching policy/procedure.
- ▶ Document whether and how subsidiaries related risks are reflected in the Council's risk management arrangements and used to inform decision making.

Governance on Housing Maintenance

Tenant complaints about the Council's housing repair service increased from 1,225 in 2021/22 to 1,430 in 2022/23.

Data recently published by the Local Government Ombudsman found the Council ranked fourth for the most housing complaints in 2022/23. This poses a risk to tenants' and residents' health and safety as well as potentially exposing the Council to unanticipated rectification costs and/or civil/criminal liabilities.

We will consider:

- ▶ The Council's governance arrangements to ensure it discharges its responsibilities to Council house tenants with respect to the Decent Homes Standard, health and safety checks (relating to fire, legionella, gas, asbestos and electrics) and managing disrepair claims.
- ▶ How the Council has adhered to its housing governance arrangements and made provisions to address any issues arising (e.g., to implement agreed Internal Audit action plans).
- ▶ How the risks associated with Council housing is reflected within the risk management arrangements across the wider Council and used to inform decision making.
- ▶ How are the financial implications of housing compliance and non-compliance fed into the Council's MTFP/Housing Revenue Account (e.g., have the Council made appropriate and reasonable provisions such as ensuring adherence to the Decent Homes Standard, accommodating provisions for disrepair claims and associated legal costs etc).

Governance on Financial Statement Close Process

The completion of the audit of the 2021/22 financial statements was significantly delayed due to the timeliness and quality of working papers. This impacted the ability to complete the audit of the 2022/23 financial statements before the backstop date of 13 December 2024, which was ultimately disclaimed. The 2023/24 audit of the financial statements was rescheduled at short notice several times due to the availability of quality working papers to support the audit and eventually abandoned as management were not able to support the audit prior to the 28 February 2025 backstop date. There is a significant risks that the preparation and provisioning of the supporting documents delay the audit process, leading to incomplete, inaccurate and unreliable financial reporting.

We will:

- ▶ Understand the financial statement close process of the Council.

VFM - Executive Summary (continued)

Reporting

Our final commentary for 2023/24 is set out over pages 47 to 61. The commentary on these pages summarises our understanding of the arrangements at the Council based on our evaluation of the evidence obtained in relation to the three reporting criteria (see table below) throughout 2023/24. We include within the VFM commentary below the associated recommendations we have agreed with the Council.

Appendix F includes the detailed arrangements and processes underpinning the reporting criteria. These were reported in our 2022/23 Completion Report and have been updated for 2023/24.

In accordance with the NAO's 2020 Code, we are required to report a commentary against the three specified reporting criteria. The table below sets out the three reporting criteria, whether we identified a risk of significant weakness as part of our planning procedures, and whether, at the time of this interim report, we have concluded that there is a significant weakness in the body's arrangements.

Reporting Criteria	Risks of significant weaknesses in arrangements identified?	Actual significant weaknesses in arrangements identified?
Financial sustainability: How the Council plans and manages its resources to ensure it can continue to deliver its services	The Council have used reserve balances to offset budget overspends. This has been caused by the Council's budgeted funding not covering the increased service demand in Children and Young People's Services (CYPS) and Temporary Accommodation.	No significant weakness identified
Governance: How the Council ensures that it makes informed decisions and properly manages its risks	Newham has a significant number of subsidiaries (9 subsidiaries are consolidated into the Council's group financial statements). There is a risk the Council does not have adequate governance arrangements to establish, monitor and manage these partnerships.	No significant weakness identified

VFM - Executive Summary (continued)

Reporting Criteria	Risks of significant weaknesses in arrangements identified?	Actual significant weaknesses in arrangements identified?
<p>Governance: How the Council ensures that it makes informed decisions and properly manages its risks</p>	<p>There has been a significant increase in tenant complaints concerning the Council's housing repair service, complaints increased from 1,225 in 2021/22 to 1,430 in 2022/23. There is a risk that the Council does not have adequate arrangements to manage housing stock and comply with core health and safety requirements on its rental properties.</p>	<p>Yes</p> <p>The 2023/24 Landlord Performance Report published by the Housing Ombudsman Service showed that the maladministration rate for the Council is 87%. This is higher than the national maladministration rate of 73% and 2022/23 maladministration rate of 33%.</p> <p>On 16 October 2024, the Regulator of Social Housing (RSH) provided the Council a C4 grade in the inspection made in May 2024. C4 rating means that there are very serious failings in the landlord delivering the outcomes of the consumer standards and the landlord must make fundamental changes so that improved outcomes are delivered. The RSH report outlines that the issues include a failure to meet legal fire and electrical safety requirements, a lack of accurate information on stock quality, repairs not completing on time and homes not meeting the Decent Home Standard.</p> <p>Whilst the report of RSH is beyond the period under audit, the findings indicates that there is a significant weakness in the period covering 2023/24.</p>
<p>Governance: How the Council ensures that it makes informed decisions and properly manages its risks</p>	<p>The completion of the audit of the 2021/22 financial statements was significantly delayed due to the timeliness and quality of working papers. This impacted the ability to complete the audit of the 2022/23 financial statements before the backstop date of 13 December 2024, which was ultimately disclaimed. The 2023/24 audit of the financial statements was rescheduled at short notice several times due to the availability of quality working papers to support the audit and eventually abandoned as management were not able to support the audit prior to the 28 February 2025 backstop date.</p> <p>There is a significant risks that the preparation and provisioning of the supporting documents delay the audit process, leading to incomplete, inaccurate and unreliable financial reporting.</p>	<p>Yes</p> <p>The Council were unable to provide full supporting records for the start of the 2023/24 audit, we therefore did not undertake our planned procedures on the 2023/24 financial statements and have not been able to start rebuilding assurance ahead of the planned backstop date of 28 February 2025. We are therefore unable to conclude that the 2023/24 financial statements are free from material and pervasive misstatements and anticipate issuing a disclaimed 2023/24 audit opinion.</p> <p>Additionally, the completion of the audit of the 2021/22 financial statements was significantly delayed due to the timeliness and quality of working papers. This impacted the ability to complete the audit of the 2022/23 financial statements before the backstop date of 13 December 2024, which was ultimately disclaimed.</p>

VFM - Executive Summary (continued)

Reporting Criteria	Risks of significant weaknesses in arrangements identified?	Actual significant weaknesses in arrangements identified?
Improving economy, efficiency and effectiveness: How the Council uses information about its costs and performance to improve the way it manages and delivers its services	No significant risks identified.	No significant weakness identified.

Value for Money Commentary

Financial Sustainability: How the Council plans and manages its resources to ensure it can continue to deliver its services

No significant weakness identified

The Authority is required to have arrangements to ensure proper resource management and the primary responsibility for these arrangements, and reporting on the design and operation of these arrangements via the annual governance statement, rests with management. In accordance with the NAO's Code the focus of our work should be on the arrangements that the audited body is expected to have in place during the year ended 31 March 2024.

Our risk assessment identified a risk of significant weakness in arrangements to secure financial sustainability.

The 2023/24 budget is in line with the Council's "Building a Fairer Newham Corporate Delivery Plan". Despite some challenges, the Council was able to balance the budget in 2023/24 with net budget requirement of £363 million. The budget includes the following considerations:

- ▶ £18 million of growth to deal with inflationary pressures;
- ▶ £27 million of growth so that budgets keep pace with providing for increased demands and the increased number of households in the borough;
- ▶ £10 million for Building a Fairer Newham through improvements in services and resourcing the Corporate Delivery Plan which will implement the Council's policies;
- ▶ £256 million of additional investments to the Capital Programme that help Build a Fairer Newham with 16 new projects across that invest across all of the Building a Fairer Newham themes;
- ▶ finding £19 million of savings and efficiencies from across Council services;
- ▶ A proposed below inflation 4.99% increase to Council Tax rates;
- ▶ A proposed below inflation 7% increase to Housing Rents;
- ▶ optimising income and grant opportunities; and
- ▶ implementing a new process for the Capital Strategy which makes investments that prioritise the Building a Fairer Newham Corporate Plan.

The 2023/24, budget proposes an acceleration of planned replenishment of the General Reserve totalling £4.0 million bringing the General Reserve balance at 31 March 2024 to £11.9 million. The Council's plan is to continue to budget replenishment of reserves until the reserve is equal to 5% of the revenue budget.

The financial performance report is presented to Cabinet on a quarterly basis. The overall financial performance for 2023/24 was presented to Cabinet on 6 August 2024. Overall, the Council reported a £22.2 million overspend position. The £22.2 million overspend is significantly made up of:

- ▶ £23.9 million overspend on the provision of Temporary Accommodation
- ▶ £6.0 million overspend on Adults and Health
- ▶ £4.9 million overspend on Children and Young People
- ▶ £12.6 million underspend on across to remaining directorate with £10.0 million underspend relates to Corporate.

Value for Money Commentary

Financial Sustainability: How the Council plans and manages its resources to ensure it can continue to deliver its services

No significant weakness identified (cont'd)

The overspend on temporary accommodation was caused by rapid increases in demand and difficulties finding appropriate housing. The service has had to increasingly use the high-cost commercial hotel sector to provide for households in need, as the supply of lower cost accommodation has tightened. The service was also impacted by overspends on the budgets allowed for bad debts, and on repairs and maintenance budgets. The overspends in the Adults and Health, and Children's Directorates are driven by inflationary pressure on the care market, complexity of supported individuals reflective of an ageing population, increase in demand and increase in costs which is partly driven by a number of critical incidents in the borough resulting in very high-cost placements. The overspend above has been negated by the £10 million underspend in other directorates, particularly corporate due to underspend on contingency budgets.

Savings

The budget include a total of £26.5 million savings target broken down as follows:

- £19.2 million for the year; and
- £7.3 million rolled over from 2022/23.

The savings tracker indicates delivery (including one off savings substitution) of £20.3 million savings (77%), and slippage of £4.2m (16%) and non-delivery of £1.9 million (7%) out of the £26.5 million savings approved at the Council meeting. Savings will continue to be monitored until delivered in subsequent years, unless written out of the budget as part of the budget setting process. The rate of savings delivery of the Council for the past three years is:

	FY21/22	FY22/23	FY23/24
Savings approved	£29.0m	£21.7m	£26.5m
Savings delivered	£17.9m	£17.4m	£20.3m
% Savings delivered	62%	81%	77%

Reserves

As at 31 March 2024, the general fund has a balance of £11.0 million which represents approximately 3% of the 2023/24 budget. This is an increase from 2022/23 by £4 million as the planned movement of funding to reserves has been completed. Earmarked reserves decreased overall by £25.8 million in 2023/24 bringing the total earmarked reserves to £192.2 million as at 31 March 2024. The Council used the capital finance reserve to balance out the £22.2 million overspend in 2023/24.

The Council is facing considerable financial pressures concerning temporary accommodation that will significantly affect the future financial sustainability of the Council without sustained and timely action.

Value for Money Commentary

Financial Sustainability: How the Council plans and manages its resources to ensure it can continue to deliver its services

No significant weakness identified (cont'd)

The Council prepares Medium Term Financial Strategy based on a 3-year rolling period. The MTFS presented at the Cabinet meeting on 20 February 2024, along with the budget for 2024/25, showed a budget gap of £79 million from 2024/25 to 2026/27. Details of the budget gap (in £000) after identified savings, options and council tax increase of 4.99%:

	2024/25	2025/26	2026/27	Total
Budget gap	£53,168	£48,440	£28,655	£130,263
Less:				
Savings	(22,958)	(1,684)	(940)	(25,582)
Options	(9,000)	-	-	(9,000)
Council tax increase	(5,242)	(5,600)	(6,055)	(16,897)
Remaining budget gap	£15,968	£41,156	£21,660	£78,784

The above calculation is based on a mid-case scenario, where reasonable assumptions are made to estimate; the required growth in expenditure to 2026/27; income sources; and pre-planned savings. These estimates include demographic growth, demand projections such as for the housing crisis, and capital financing costs. Sensitivity analysis has been carried out by the Council with plausible 'better' and 'worse' case scenarios putting the total gap at between £70 million and £84 million.

The £16 million budget gap in 2024/25 will be closed using the £16.0 million of capital receipts. The government has allowed the freedom and flexibilities to local authorities for the use of capital receipts for funding revenue pressures until 2030. The Council has undertaken due diligence and selected a list of unrequired Council assets which they can dispose during 2024/25 to balance the budget gap. Management has deemed that these assets are non-strategic in nature.

The Cabinet quarter 3 budget monitoring indicates an overspend of £45.5 million in 2024/25 due to the unprecedented housing crisis and increase demand/pressure in social care. This comprises:

- ▶ £31.6 million on temporary accommodation;
- ▶ £10.1 million on Adults & Health; and
- ▶ £8 million on Children & Young People.

In October 2024, the Council requested exceptional financial support from the Government due to temporary accommodation housing pressures to be able to balance its budget for 2025/26. In addition, the Council has requested an increase in council tax by 10%. The Government approved the Council's request for a higher referendum limit on council tax increases, but only to a limit of 9%, rather than the 10%.

Value for Money Commentary

Financial Sustainability: How the Council plans and manages its resources to ensure it can continue to deliver its services

No significant weakness identified (cont'd)

The Council is facing considerable financial pressures concerning temporary accommodation and social care support, that will significantly affect the future financial sustainability of the Council without sustained and timely action, together with support.

Conclusion: Based on the work performed, the Council had proper arrangements in place in 2023/24 to enable it to plan and manage its resources to ensure that it can continue to deliver its services. However, the continuous use of reserves and capital receipts to support the general fund budget is not a sustainable strategy and the Council should ensure that the use of reserves in this way is eliminated in future budgets and restore the general fund reserve to the level recommended by the Corporate Director of Resources. This will require urgent and specific actions concerning the overspend in temporary accommodation.

Recommendation:

Recommendation 1:

The Council requires urgent action to restore it to a financially sustainable position. It should consider actions required to address the continuous use of reserves and capital receipts to support the general fund budget and restore the general fund reserve to the level recommended by the Corporate Director of Resources. It is the responsibility of all officers and elected members to work together to agree and deliver plans to return the Council to a financially sustainable position.

Value for Money Commentary (continued)

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

Conclusion

The Council is required to have arrangements in place to ensure proper risk management and the primary responsibility for these arrangements and reporting on the design and operation of these arrangements via the annual governance statement rests with management. In accordance with the NAO's Code the focus of our work should be on the arrangements that the audited body is expected to have in place during the year ended 31st March 2024.

Our risk assessment identified a risk of significant weakness in arrangements of governance related to its arrangements in monitoring its subsidiaries and governance of housing maintenance and compliance with safety standards.

Governance on Partnerships and Subsidiaries

In 2023/24, the Council significantly strengthened its governance of the Council's companies through the Investment Activities Oversight Board (IAOB). The Investment Activities Oversight Board is mandated to provide a key governance function for the Council's investment portfolio. It ensures correct application of the associated governance framework providing the Council with strategic oversight of all interests and investments; increasing transparency and communication, governance, and control. The IAOB provides scrutiny and direction on the Council's wholly owned Local Authority Trading Companies (LATCOs) (with the exception of Populo which is governed by a separate shareholder board), ensuring compliance with existing agreements, business plans and delivery of optimal value for money.

The IAOB's role is advisory and consultative but individual officers with delegated powers take any formal decisions following discussions at Board meetings. The Board is not a formally constituted board of the Council. Specifically, decisions, relating to Council companies have in the past been referred to Cabinet or taken using paragraph 3[1] of the Scheme of Delegation depending on the type (and severity) of the decision required.

Conclusion:

We have not noted significant weakness in the governance of partnership and subsidiaries.

Governance on Housing Maintenance and Compliance with Safety Standards

The Council has a defined management structure responsible for Inclusive Economy and Housing. The Council's Overview and Scrutiny Committee established the Housing and Resident Experience Scrutiny Commission, to undertake scrutiny of the Regeneration, Housing and Environment portfolios and respective Council departments. The Council has a dedicated Repairs and Maintenance Service team (RMS), consisting of over 250 trade operatives and support staff, who carry out all repairs to ensure that Council properties are maintained to a good standard.

The 2023/24, Landlord Performance Report published by the Housing Ombudsman Service showed that the maladministration rate for the Council is 87%. This is higher than the national maladministration rate of 73% and 2022/23 maladministration rate of 33%.

On 16 October 2024, the Regulator of Social Housing (RSH) provided LBN a C4 grade in the inspection made in May 2024. C4 rating means that there are very serious failings in the landlord delivering the outcomes of the consumer standards and the landlord must make fundamental changes so that improved outcomes are delivered. The RSH report notes the issues included a failure to meet legal fire and electrical safety requirements, a lack of accurate information on stock quality, repairs not completing on time and homes not meeting the Decent Home Standard.

Value for Money Commentary (continued)

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

Conclusion (cont'd)

In the judgment provided, the regulator found that:

- ▶ Over 9,000 overdue fire safety remedial actions, of which over 8,000 were overdue by more than 12 months and more than 4,000 categorised as high risk.
- ▶ 40% of its 16,000 homes had not had an electrical condition test for more than 11 years.
- ▶ Lack of evidence that it is meeting the smoke and carbon monoxide alarm requirements for any of its homes.
- ▶ A lack of accurate information on stock quality, with 60% of its homes without a survey within the last five years.
- ▶ At least 20% of its homes do not meet the requirements of the Decent Homes Standard.
- ▶ Around 5,400 open repairs, nearly half of which were overdue.
- ▶ Tenant Satisfaction Measure (TSM) surveys not completed on time.
- ▶ Very limited meaningful opportunities for tenants to influence and scrutinise the landlord's strategies, policies and services.

Conclusion:

Whilst the report of RSH is beyond the period under audit, the findings indicates that there is a significant weakness related to governance on Housing Maintenance and Compliance with Safety Standards in the period covering 2023/24.

Governance on Financial Statement Close Process

The Council published their draft 2023/24 financial statements on 14 June 2024, which is after the deadline of 31 May 2024 set in the Accounts and Audit Regulations. Officers have indicated that this is because of review of the balances and disclosures in the financial statements and updates needed for the Annual Governance Statement. In addition, the Council was unable to provide full and timely supporting records for the start of the 2023/24 audit, we therefore did not undertake our planned procedures on the 2023/24 financial statements and have not been able to start rebuilding assurance ahead of the planned backstop date of 28 February 2025. We are therefore unable to conclude that the 2023/24 financial statements are free from material and pervasive misstatements and anticipate issuing a disclaimed 2023/24 audit opinion.

Additionally, the completion of the audit of the 2021/22 financial statements was significantly delayed due to the timeliness and quality of working papers. This impacted the ability to complete the audit of the 2022/23 financial statements before the backstop date of 13 December 2024, which was ultimately disclaimed.

Conclusion:

This is significant weakness in the Council's arrangements to support its statutory financial reporting requirements.

Value for Money Commentary (continued)

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

Conclusion (cont'd)

Other Governance arrangements

The Council has a risk management strategy and all committee members, senior officers and employees have a role to play in ensuring that risk is effectively managed. As part of these arrangements, risks are considered throughout the year and included on the register. Risk assessments are undertaken for all services in line with the strategy and are monitored on a quarterly basis. The Audit Committee provides independent assurance on the Council's risk management arrangements. They also periodically review the risk register. The risk register includes a wide variety of risks including financial risks.

Veritau, a public sector shared service company, established in 2009, that delivers internal audit services to a number of local authorities, schools, academies, and other public sector bodies undertook the planned programme of audit work in 2023/24 which is reported to the Audit Committee. This includes reviews of systems of governance, risk management and internal control across the Authority. The Head of Internal Audit's opinion for 2023/24 provided 'Reasonable Assurance' on the framework of governance, risk management and operating control. The Head of Internal Audit provided Limited Assurance on work related to UK GDPR compliance: follow-up (Council wide) and Recruitment (Adults). Issues include the following:

- ▶ UK GDPR Compliance: Delays in implementation of high priority recommendations and agreed actions from the September 2021 cyber security audit and the March 2023 UK GDPR compliance follow-up audit. Cyber security incidents represent a major threat to data, system integrity, and operational resilience, and non-compliance with data protection legislation can attract potentially significant fines or other forms of censure from the Information Commissioner. While control weaknesses remain unaddressed, the council continues to be exposed to these risks.
- ▶ Recruitment (Adults): A number of findings were raised, including issues with retention of shortlisting and interview records, retention of evidence to support the completion of pre-employment checks, and non-completion of recruitment and selection training by panel members.

Budgetary control is monitored and overseen by the Corporate Director of Resources, supported by the Assistant Director Finance & Transformation. Below that, processes and systems are in place to address the different components for budgetary control.

The Council has one Overview and Scrutiny Committee (OSC), with primary responsibility for discharging the statutory scrutiny function. The OSC receives all performance management and budget monitoring information. As the overarching scrutiny committee, the OSC establishes scrutiny commissions to carry out its work and co-ordinates their activities. These scrutiny committees each fulfil a check and challenge function for decisions and policies made by the Executive. These provide oversight, shape policy, and help the Council to assess its performance and learn lessons. In 2023/24, the OSC established seven scrutiny commissions, including the Budget Scrutiny Commission.

At the end of 2022/23, the Council has commissioned the Centre for Governance and Scrutiny (CfGS) to undertake a review of the organisation and its scrutiny function. The aim of the review was to help evaluate and guide the function's development in accordance with the Council's ambitions for accountability, transparency and greater engagement. Following the report of the CfGS in October 2023, an action plan has been in progress. At the date of the report, we have not been provided with the progress and action implemented.

Value for Money Commentary (continued)

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

Conclusion (cont'd)

In April 2023, the Cabinet approved the variation of the delivery of services of One Source. Functions relates to Asset Management, Human Resources and Organisational Development, ICT, and Finance (Pensions Accounting, Treasury and Reconciliations) will return to the Council. Whilst a number of services are to be returned, the following services - Legal and Governance, Exchequer and Transactional, Corporate Business Systems Team will continue to remain within One Source as part of the shared services arrangement. The variation of these services will result to £8.6 million budgets and costs removal from OneSource cost sharing arrangement. The variation of the services provided by One Source to the Council will allow for a better alignment to the LBN's corporate priorities and its corporate structure.

In March 2024, the Council published the findings of a comprehensive Local Government Association (LGA) Corporate Peer Challenge, a review that looked in detail at how the Council works as an organisation. The Corporate Peer Challenge spans across five core themes: Local priorities and outcomes; Organisational and place leadership; Governance and culture; Financial planning and management; and Capacity for improvement. An LGA peer team, interviewed 130 Newham Members, staff and partners over three days in November 2023.

The LGA peer team praised the clear and ambitious vision in the Building a Fairer Newham Corporate Plan; the good service delivery across various Council departments; the Council's substantial house building programme with the development of over 1,000 homes; the work to manage the temporary accommodation crisis; and the launch of the UK's first Just Transition plan for net-zero target by 2045.

In addition, a number of recommendations were raised, including: more clarity on the short, medium, and long term priorities in a backdrop of continued service and financial pressures; stronger working relationships between political and managerial leaders; and the development of a longer-term financial strategy to support financial planning. The team also recommended the development of a workforce strategy. The Council initiated and published the development of an action plan upon receiving recommendations from the peer team. The recommendations from the Corporate Peer Challenge were categorised into three main themes below for action planning and reporting, serving as the foundation of the Council's Continuous Improvement Roadmap:

- ▶ **Getting the Basics Right:** Strengthen our approach to prioritisation and modernise governance to enhance accountability and service delivery.
- ▶ **Supporting Our People:** Create a unified, inclusive, 'One Newham, One Team' culture, strengthen our workforce & member development and enable deeper engagement with residents.
- ▶ **Meeting our Financial Challenges:** Establish a sustainable financial outlook, and shared ownership of the temporary accommodation challenge.

Conclusion:

Based on the work performed, except for the Governance on Housing Maintenance and Compliance with Safety Standards and governance around the Financial Statement Close Process, the Council had proper arrangements in place in 2023/24 to make informed decisions and properly manage its risks.

Value for Money Commentary (continued)

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

Conclusion (cont'd)

Recommendations:

Recommendation 2:

The Council should ensure that the six recommendations included in our 2021/22 Annual Audit Report, issued July 2024, to strengthen the arrangements for preparation of the Council's financial statements and supporting evidence (which remain valid but are not repeated here) are implemented on a timely basis. We will assess progress as part of the 2024/25 audit and where we are not satisfied with either the actions taken or pace of improvement, we will consider the appropriateness of exercising our statutory reporting obligations.

Recommendation 3:

Complete a full stock condition survey to provide an up-to-date record of the health and safety checks that had been undertaken for each property.

Recommendation 4:

Improvement plan arising from the review of RSH should be implemented on a timely basis and monitored proactively accordingly.

In respect of these three recommendations the audit committee will wish to consider the appropriateness of the governance and oversight arrangements to ensure appropriate pace and responses to the existing weaknesses.

Value for Money Commentary (continued)

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

No significant weakness identified

The Authority is required to have arrangements in place to ensure economy, efficiency and effectiveness, and the responsibility for these arrangements and reporting on the design and operation of these arrangements via the annual governance statement, rests with management. In accordance with the NAO's Code the focus of our work should be on the arrangements that the audited body is expected to have in place during the year ended 31st March 2024.

Reporting on performance, value for money, the stewardship of resources and the assessment of robust corporate governance arrangements are provided throughout the year through:

- Quarterly financial monitoring reports to Cabinet
- Quarterly corporate plan performance status reports to Cabinet
- Quarterly reporting of internal audit progress
- Publication of the Annual Governance Statement

The Council has a Corporate Plan, the Building a Fairer Newham Corporate Plan which consists of 132 Corporate Delivery Plan commitments, 35 Building a Fairer Newham Outcomes and 35 Building a Fairer Newham Key Performance Indicators. A quarterly and annual report is presented to Cabinet in which the annual report is heavily linked with the emerging outcomes research programme and Newham Residents Survey.

The Council is subject to external reviews from bodies such as the Care Quality Commission and Ofsted, which provide insight into the performance and effectiveness of key services provided by the Council. OFSTED carried out a focused visit into the experiences of care-experienced young people in January 2024. In the report issued on 28 February related to this visit, OFSTED provided that improvements to the care-experienced young people service have been sustained and the leaving care services remain highly effective.

Following the Local Area Special Educational Needs and Disabilities (SEND) Inspection in December 2021, a Written Statement of Action was required because of areas of weakness in the area's practice. A Written Statement of Action group has been established with oversight by the Department of Education. A SEND Executive Board oversees the SEND and Inclusion Strategy which was launched in December 2023. The SEND and Area Practice Development Board reports into the SEND Executive Board and oversees operational groups which improve areas of practice across the local area. The annual Self-Evaluation of SEND has been completed, noting improvement across all areas of the partnership, education, social care and health.

Conclusion: Based on the work performed, the Council had proper arrangements in place in 2023/24 to enable it to use information about its costs and performance to improve the way it manages and delivers services.



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05 Appendices

Appendix A - Management representation letter

Management representation letter

This is the draft management letter template which management will tailor and send back signed and dated prior to the opinion being issued.

Management Rep Letter

[To be prepared on the entity's letterhead]

[Date]

Ernst & Young

This letter of representations is provided in connection with your audit of the consolidated and parent financial statements of [name of entity] ("the group and Council") for the year ended 31 March 2024. We recognise that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the financial statements give a true and fair view of the Group and Council financial position of London Borough of Newham as of 31 March 2024 and of its income and expenditure for the year then ended in accordance with CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 20xx/xx.

We understand that the purpose of your audit of our financial statements is to express an opinion thereon and that your audit was conducted in accordance with International Standards on Auditing (UK), which involves an examination of the accounting system, internal control and related data to the extent you considered necessary in the circumstances, and is not designed to identify - nor necessarily be expected to disclose - all fraud, shortages, errors and other irregularities, should any exist.

Accordingly, we make the following representations, which are true to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

A. Financial Statements and Financial Records

1. We have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with the Accounts and Audit Regulations 2015 and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 20xx/xx.
2. We acknowledge, as members of management of the Group and Council, our responsibility for the fair presentation of the financial statements. We believe the financial statements referred to above give a true and fair view of the financial position, financial performance (or results of operations) and cash flows of the Group and Council in accordance with [the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 20xx/xx, and are free of material misstatements, including omissions. We have approved the financial statements.
3. The significant accounting policies adopted in the preparation of the financial statements are appropriately described in the financial statements.
4. As members of management of the Group and Council, we believe that the Group and Council has a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 20xx/xx, that are free from material misstatement, whether due to fraud or error.

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5. We believe that the effects of any unadjusted audit differences, summarised in the accompanying schedule, accumulated by you during the current audit and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. We have not corrected these differences identified by and brought to the attention from the auditor because [specify reasons for not correcting misstatement].

[When the comparative figures have been restated]

5. The comparative amounts have been restated to reflect the below matter(s) and appropriate note disclosure of this (these) restatement(s) has (have) also been included in the current year's consolidated and parent Authority financial statements. [Add a paragraph providing a brief description of each matter giving rise to a restatement and the amount(s) concerned.] There have been no significant errors or misstatements, or changes in accounting policies, other than the matters described above, that would require a restatement of the comparative amounts in the current year's consolidated and parent Authority financial statements. Other differences in the amounts shown as comparative amounts from the amounts in the consolidated and parent Authority financial statements for the year ended [date] are solely the result of reclassifications for comparative purposes.
6. [When there are no unadjusted audit differences in either the current year or in the prior year or there are no unadjusted audit differences in the current year]. There are no unadjusted audit differences identified during the current audit and pertaining to the latest period presented.
7. We confirm the Group and Council does not have securities (debt or equity) listed on a recognized exchange [other than...].

B. Non-compliance with laws and regulations, including fraud

1. We acknowledge that we are responsible to determine that the Group and Council's activities are conducted in accordance with laws and regulations and that we are responsible to identify and address any non-compliance with applicable laws and regulations, including fraud.
2. We acknowledge that we are responsible for the design, implementation and maintenance of a system of internal control to prevent and detect fraud and that we believe we have appropriately fulfilled those responsibilities.
3. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
4. We have no knowledge of any identified or suspected non-compliance with laws or regulations, including fraud that may have affected the Group and Council (regardless of the source or form and including without limitation, any allegations by "whistleblowers"), including non-compliance matters:
 - involving financial improprieties;
 - related to laws and regulations that have a direct effect on the determination of material amounts and disclosures in the Group and Council's financial statements;
 - related to laws and regulations that have an indirect effect on amounts and disclosures in the financial statements, but compliance with which may be fundamental to the operations of the Group and Council's activities, its ability to continue to operate, or to avoid material penalties;

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- involving management, or employees who have significant roles in internal controls, or others; or
- in relation to any allegations of fraud, suspected fraud or other non-compliance with laws and regulations communicated by employees, former employees, analysts, regulators or others.

C. Information Provided and Completeness of Information and Transactions

1. We have provided you with:
 - Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
 - Additional information that you have requested from us for the purpose of the audit; and
 - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
2. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
3. We have made available to you all minutes of the meetings of the Group and Council and committees [add the full title of the relevant committees] (or summaries of actions of recent meetings for which minutes have not yet been prepared) held through the [period] to the most recent meeting on the following date: [list date].

4. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the Group and Council 's related parties and all related party relationships and transactions of which we are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the period ended, as well as related balances due to or from such parties at the [period] end. These transactions have been appropriately accounted for and disclosed in the financial statements.
5. We believe that the methods, significant assumptions and the data we used in making accounting estimates and related disclosures are appropriate and consistently applied to achieve recognition, measurement and disclosure that is in accordance with [applicable financial reporting framework].
6. We have disclosed to you, and the Group and Council has complied with, all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.

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8. From [the date of our last management representation letter or the beginning of the current period for initial audits] through the date of this letter we have disclosed to you, to the extent that we are aware, any (1) unauthorized access to our information technology systems that either occurred or to the best of our knowledge is reasonably likely to have occurred based on our investigation, including of reports submitted to us by third parties (including regulatory agencies, law enforcement agencies and security consultants) , to the extent that such unauthorized access to our information technology systems is reasonably likely to have a material impact to the financial statements, in each case or in the aggregate, and (2) ransomware attacks when we paid or are contemplating paying a ransom, regardless of the amount
9. [When management is aware of unauthorized access to information technology systems that has a material effect on the financial statements.] We have disclosed to you and provided you full access to information and any internal investigations relating to, unauthorized access to our information technology systems that has a material effect on the financial statements, including disclosures.

D. Liabilities and Contingencies

1. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the financial statements.
2. We have informed you of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.
3. We have recorded and/or disclosed, as appropriate, all liabilities related to litigation and claims, both actual and contingent, and have disclosed in Note [X] to the financial statements all guarantees that we have given to third parties.

4. The claim by [name of claimant] have been settled for the total sum of XXX which has been properly accrued in the financial statements. No other claims in connection with litigation have been or are expected to be received.

E. Ownership of Assets

1. Except for assets capitalised under finance leases, the Group and Council has satisfactory title to all assets appearing in the balance sheet(s), and there are no liens or encumbrances on the Group and Council 's assets, nor has any asset been pledged as collateral, other than those that are disclosed in Note [X] to the financial statements. All assets to which the Group and Council has satisfactory title appear in the balance sheet(s).
2. All agreements and options to buy back assets previously sold have been properly recorded and adequately disclosed in the financial statements.
3. We have no plans to abandon lines of product or other plans or intentions that will result in any excess or obsolete inventory, and no inventory is stated at an amount in excess of net realisable value.
4. There are no formal or informal compensating balance arrangements with any of our cash and investment accounts. Except as disclosed in Note [X] to the financial statements, we have no other line of credit arrangements.

F. Use of the Work of a Specialist

1. We agree with the findings of the specialists that we engaged to evaluate the [describe assertion] and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the financial statements and the underlying accounting records. We did not give or cause any instructions to be given to the specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists

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G. Estimates

1. When we have identified a higher risk estimate, we include the following representation(s):
2. We confirm that the significant judgments made in making the [insert name of the accounting estimate] have taken into account all relevant information [and the effects of the COVID-19 pandemic on XXX] of which we are aware.
3. We believe that the selection or application of the methods, assumptions and data used by us have been consistently and appropriately applied or used in making the [insert name of the accounting estimate].
4. We confirm that the significant assumptions used in making the [insert name of the accounting estimate] appropriately reflect our intent and ability to carry out [describe the specific courses of action] on behalf of the entity.
5. We confirm that the disclosures made in the financial statements with respect to the accounting estimate(s), including those describing estimation uncertainty [and the effects of the COVID-19 pandemic on XXX], are complete and are reasonable in the context of [the applicable financial reporting framework].
6. We confirm that appropriate specialized skills or expertise has been applied in making the [insert name of the accounting estimate].
7. We confirm that no adjustments are required to the accounting estimate(s) and disclosures in the financial statements [, including due to the COVID-19 pandemic].

H. Retirement benefits

1. On the basis of the process established by us and having made appropriate enquiries, we are satisfied that the actuarial assumptions underlying the scheme liabilities are consistent with our knowledge of the business. All significant retirement benefits and all settlements and curtailments have been identified and properly accounted for.

I. Reserves

1. We have properly recorded or disclosed in the financial statements the useable and unusable reserves.

J. Contingent Liabilities

We are unaware of any violations or possible violations of laws or regulations the effects of which should be considered for disclosure in the financial statements or as the basis of recording a contingent loss (other than those disclosed or accrued in the financial statements).

We are unaware of any known or probable instances of non-compliance with the requirements of regulatory or governmental authorities, including their financial reporting requirements, and there have been no communications from regulatory agencies or government representatives concerning investigations or allegations of non-compliance, except as follows:

1. Matters of routine, normal, recurring nature (e.g., examinations by bank and insurance examiners, examinations by taxing authorities, [continue listing as appropriate]) none of which involves any allegations of noncompliance with laws or regulations that should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.
2. Matters referred to in the letters dated [date] issued to you by the Group and Council 's Monitoring Officer and the Group and Council 's legal advisor.
3. Matters referred to in the letter of comments received from the [name of regulator] regarding.....

Appendix A - Management representation letter

Management representation letter

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K. Going Concern

1. Note [X] to the financial statements discloses all the matters of which we are aware that are relevant to the Group and Council's ability to continue as a going concern, including significant conditions and events, our plans for future action, and the feasibility of those plans.

L. Subsequent Events

1. Other than..... described in Note [X] to the financial statements, there have been no events subsequent to period end which require adjustment of or disclosure in the financial statements or notes thereto.

M. Other information

1. We acknowledge our responsibility for the preparation of the other information. The other information comprises [describe the other information applicable to the entity].
2. We confirm that the content contained within the other information is consistent with the financial statements.
3. We confirm that the Annual Governance Statement for 20xx/xx is a true reflection, in all material respects, of the governance arrangements and the effectiveness of those arrangements in 20xx/xx and includes disclosure of all significant governance issues and findings relating to that financial year, through to the date of this letter.

N. Climate-related matters

1. We confirm that to the best of our knowledge all information that is relevant to the recognition, measurement, presentation and disclosure of climate-related matters has been considered and reflected in the financial statements.

Yours faithfully,

(Chief Financial Officer/Finance Director)

(Chairman of the Audit Committee)

Appendix B – Fees

The duty to prescribe fees is a statutory function delegated to Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for Housing, Communities and Local Government.

This is defined as the fee required by auditors to meet statutory responsibilities under the Local Audit and Accountability Act 2014 in accordance with the requirements of the Code of Audit Practice and supporting guidance published by the National Audit Office, the financial reporting requirements set out in the Code of Practice on Local Authority Accounting published by CIPFA/LASAAC, and the professional standards applicable to auditors' work.

A breakdown of our fees is shown in the table to the right.

The original fees for these years were based on the following assumptions:

- ▶ Officers meeting the agreed timetable of deliverables;
- ▶ Our financial statement opinion and value for money conclusion being unqualified;
- ▶ Appropriate quality of documentation is provided by the Council;
- ▶ The Council has an effective control environment; and
- ▶ The Council complies with PSAA's Statement of Responsibilities of auditors and audited bodies. See <https://www.psa.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/>. In particular the Council should have regard to paragraphs 26 - 28 of the Statement of Responsibilities which clearly sets out what is expected of audited bodies in preparing their financial statements. These are set out in full in Appendix E.

Due to the reset, the above clearly will not be achieved and we will be liaising with PSAA Ltd to discuss and agree fees.

	2023/24	2022/23
	£'s	£'s
Scale Fee - Code Work	561,680	205,777
Determined Scale Fee Variation	Note 1	Note 1
Total audit	Note 1	Note 1
Other non-audit services not covered above (Housing Benefits)	Note 2	Note 2
Total other non-audit services		TBC
Total fees		TBC

All fees exclude VAT

Note 1 - As set out in the joint statement on the update to proposals to clear the backlog and embed timely audit issued by DLHUC, PSAA Ltd will use its fee variation process to determine the final fee the Council has to pay for the 2023/24, 2022/23, 2022/21, and 2020/21 audits.

In doing so, PSAA Ltd will apply the principles that where auditors have worked in good faith to meet the requirements of the Code of Audit Practice in place at the time the work was conducted (and have reported on work that is no longer required), then they are due the appropriate fee for the work done, including where their procedures were necessary to conclude the audit by the legislatively imposed backstop date by way of a modified or disclaimed opinion and the body is due to pay the applicable fee.

Note 2 - The 2021/22 Housing Benefit non-audit service has commenced. There was a significant delay in the Council providing the necessary supporting information for us to start the service. The fees are yet to be determined but will take into consideration the adequacy and timeliness of supporting information. The 2022/23 and 2023/24 Housing Benefit non-audit services have not commenced.

Appendix C – Required communications with the Audit Committee

We have detailed the communications that we must provide to the audit committee.

Our Reporting to you

Required communications	What is reported?	When and where
Terms of engagement	Confirmation by the audit committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Planning and audit approach	<p>Communication of:</p> <ul style="list-style-type: none"> ▶ The planned scope and timing of the audit ▶ Any limitations on the planned work to be undertaken ▶ The planned use of internal audit ▶ The significant risks identified <p>When communicating key audit matters this includes the most significant risks of material misstatement (whether or not due to fraud) including those that have the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team</p>	This Completion report for Those Charged with Governance
Significant findings from the audit	<ul style="list-style-type: none"> ▶ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures ▶ Significant difficulties, if any, encountered during the audit ▶ Significant matters, if any, arising from the audit that were discussed with management ▶ Written representations that we are seeking ▶ Expected modifications to the audit report ▶ Other matters if any, significant to the oversight of the financial reporting process ▶ Findings and issues regarding the opening balance on initial audits (delete if not an initial audit) 	This Completion report for Those Charged with Governance

Appendix C – Required communications with the Audit Committee (cont'd)

Our Reporting to you

Required communications	What is reported?	When and where
Going concern	<p>Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> ▶ Whether the events or conditions constitute a material uncertainty ▶ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements ▶ The adequacy of related disclosures in the financial statements 	This Completion report for Those Charged with Governance
Misstatements	<ul style="list-style-type: none"> ▶ Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation ▶ The effect of uncorrected misstatements related to prior periods ▶ A request that any uncorrected misstatement be corrected ▶ Material misstatements corrected by management 	This Completion report for Those Charged with Governance
Fraud	<ul style="list-style-type: none"> ▶ Enquiries of the audit committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity ▶ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist ▶ Unless all of those charged with governance are involved in managing the entity, any identified or suspected fraud involving: <ol style="list-style-type: none"> a. Management; b. Employees who have significant roles in internal control; or c. Others where the fraud results in a material misstatement in the financial statements ▶ The nature, timing and extent of audit procedures necessary to complete the audit when fraud involving management is suspected ▶ Matters, if any, to communicate regarding management's process for identifying and responding to the risks of fraud in the entity and our assessment of the risks of material misstatement due to fraud ▶ Any other matters related to fraud, relevant to Audit Committee responsibility 	This Completion report for Those Charged with Governance

Appendix C – Required communications with the Audit Committee (cont'd)

Our Reporting to you

Required communications	What is reported?	When and where
Related parties	<p>Significant matters arising during the audit in connection with the entity's related parties including, when applicable:</p> <ul style="list-style-type: none"> ▶ Non-disclosure by management ▶ Inappropriate authorisation and approval of transactions ▶ Disagreement over disclosures ▶ Non-compliance with laws and regulations ▶ Difficulty in identifying the party that ultimately controls the entity 	This Completion report for Those Charged with Governance
Independence	<ul style="list-style-type: none"> ▶ Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, integrity, objectivity and independence ▶ Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as: <ul style="list-style-type: none"> ▶ The principal threats ▶ Safeguards adopted and their effectiveness ▶ An overall assessment of threats and safeguards ▶ Information about the general policies and process within the firm to maintain objectivity and independence ▶ Communication whenever significant judgements are made about threats to integrity, objectivity and independence and the appropriateness of safeguards put in place. 	This Completion report for Those Charged with Governance

Appendix C – Required communications with the Audit Committee (cont'd)

Our Reporting to you

Required communications	What is reported?	When and where
External confirmations	<ul style="list-style-type: none"> ▶ Management’s refusal for us to request confirmations ▶ Inability to obtain relevant and reliable audit evidence from other procedures 	This Completion report for Those Charged with Governance
Consideration of laws and regulations	<ul style="list-style-type: none"> ▶ Subject to compliance with applicable regulations, matters involving identified or suspected non-compliance with laws and regulations, other than those which are clearly inconsequential and the implications thereof. Instances of suspected non-compliance may also include those that are brought to our attention that are expected to occur imminently or for which there is reason to believe that they may occur ▶ Enquiry of the audit committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the audit committee may be aware of 	This Completion report for Those Charged with Governance
Internal controls	<ul style="list-style-type: none"> ▶ Significant deficiencies in internal controls identified during the audit 	This Completion report for Those Charged with Governance
Group audits	<ul style="list-style-type: none"> ▶ An overview of the type of work to be performed on the financial information of the components ▶ An overview of the nature of the group audit team’s planned involvement in the work to be performed by the component auditors on the financial information of significant components ▶ Instances where the group audit team’s evaluation of the work of a component auditor gave rise to a concern about the quality of that auditor’s work ▶ Any limitations on the group audit, for example, where the group engagement team’s access to information may have been restricted ▶ Fraud or suspected fraud involving group management, component management, employees who have significant roles in group-wide controls or others where the fraud resulted in a material misstatement of the group financial statements 	This Completion report for Those Charged with Governance

Appendix C – Required communications with the Audit Committee (cont'd)

Our Reporting to you

Required communications	What is reported?	When and where
Representations	Written representations we are requesting from management and/or those charged with governance	This Completion report for Those Charged with Governance
System of quality management	How the system of quality management (SQM) supports the consistent performance of a quality audit	This Completion report for Those Charged with Governance
Material inconsistencies and misstatements	Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	This Completion report for Those Charged with Governance
Auditors report	<ul style="list-style-type: none"> Any circumstances identified that affect the form and content of our auditor's report 	This Completion report for Those Charged with Governance

Appendix D - Non-Compliance with Laws and Regulations (NOCLAR)

Non-Compliance with Laws and Regulations includes:

Any act or suspected act of omission or commission (intentional or otherwise) by the entity (including any third parties under the control of the entity such as subsidiaries, those charged with governance or management or an employee acting on behalf of the company), either intentional or unintentional, which are contrary to the prevailing laws or regulations

Management Responsibilities:

"It is the responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations, including compliance with the provisions of laws and regulations that determine the reported amounts and disclosures in an entity's financial statements."

ISA 250A, para 3

"The directors' report must contain a statement to the effect that... so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information."

ISA 250A, para 3

"Management is responsible for communicating to us on a timely basis, to the extent that management or those charged with governance are aware, all instances of identified or suspected non-compliance with laws and regulations ..."

Audit Engagement Letter

Management's responsibilities are also set out in the International Ethics Standard Board of Accountants' International Code of Ethics (IESBA Code) Para 360.08

Auditor Responsibilities

[The International Ethics Standard Board of Accountants' International Code of Ethics \(IESBA Code\)](#) section 360 sets out the scope and procedures in relation to responding to actual or suspected non-compliance with laws and regulations.

Professional accountancy organisations who are members of the International Federation of Accountants (IFAC), such as the Institute of Chartered Accountants in England and Wales (ICAEW) are required to adopt the IESBA Code of Ethics.

We as your auditor are required to comply with the Code by virtue of our registration with ICAEW.

"If the auditor becomes aware of information concerning an instance of non-compliance or suspected non-compliance with laws and regulations, the auditor shall obtain:

An understanding of the nature of the act and the circumstances in which it has occurred; and Further information to evaluate the possible effect on the financial statements

The auditor shall evaluate the implications of the identified or suspected non-compliance in relation to other aspects of the audit, including the auditor's risk assessment and the reliability of written representations, and take appropriate action."

ISA 250A, paras 19 and 22

Examples of Non-Compliance with Laws and Regulations (NOCLAR)

Matter

- ▶ Suspected or known fraud or bribery
- ▶ Health and Safety incident
- ▶ Payment of an unlawful dividend
- ▶ Loss of personal data
- ▶ Allegation of discrimination in dismissal
- ▶ HMRC or other regulatory investigation
- ▶ Deliberate journal mis-posting or allegations of financial impropriety
- ▶ Transacting business with sanctioned individuals

Implication

- ▶ Potential fraud/breach of anti-bribery legislation
- ▶ Potential breach of section 2 of the Health and Safety at Work Act 1974
- ▶ Potential breach of Companies Act 2006
- ▶ Potential GDPR breach
- ▶ Potential non-compliance with employment laws
- ▶ Suspicion of non-compliance with laws/regulations
- ▶ Potential fraud / breach of Companies Act 2006
- ▶ Potential breach of sanctions regulations

Appendix D - Non-Compliance with Laws and Regulations (NOCLAR) (cont'd)

What are the implications of NOCLAR matters arising?

Depending on the nature and significance of the NOCLAR matter the following steps are likely to be required, involving additional input from both management and audit.

This can have an impact on overall achievability of audit timeline and fees.

Across our portfolio of audits we have seen a steady increase in NOCLAR matters that need to be addressed as part of the audit over the past 3 years



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Management response:

Timely communication of the matter to auditors (within a couple of days)

Determine who will carry out any investigation into the matter - in-house or external specialists or mix of both

Scope the investigation, in discussion with the auditors

Evaluate findings and agree next steps

Determine effect on financial statements including disclosures

Prepare a paper, summarising the outcome of the investigation and management's conclusions

Communicate the outcome to Those Charged With Governance (TCWG) and to us as your auditors. Report to regulators where required.

Key Reminders:

- ▶ Make sure that all areas of the business are aware of what constitutes actual or potential non-compliance and associated requirements
- ▶ Communicate with us as your auditors on a timely basis - do not wait for scheduled audit catch-ups
- ▶ Engage external specialists where needed
- ▶ Ensure that your investigation assesses any wider potential impacts arising from the matter, not just the matter itself.
- ▶ Plan upfront and consider any impact on overall accounts preparation and audit timeline - discuss the implications with us as your auditor

Audit response:

Initial assessment of the NOCLAR matter and its potential impact

Initial consultation with risk team to determine responsive procedures and the involvement of specialists

Understand and agree scope of management's investigation with support from specialists as needed

Evaluate findings and undertake appropriate audit procedures

Determine audit related impact including accounting and disclosure and audit opinion implications

Document and consult on the outcome of our procedures

Communicate the outcome with management, TCWG and where necessary other auditors within the group or regulators

Appendix E – PSAA Statement of Responsibilities

As set out on the next page our fee is based on the assumption that the Council complies with PSAA's Statement of Responsibilities of auditors and audited bodies. In particular the Council should have regard to paragraphs 26-28 of the Statement of Responsibilities which clearly set out what is expected of audited bodies in preparing their financial statements. We set out these paragraphs in full below:

Preparation of the statement of accounts

26. Audited bodies are expected to follow Good Industry Practice and applicable recommendations and guidance from CIPFA and, as applicable, other relevant organisations as to proper accounting procedures and controls, including in the preparation and review of working papers and financial statements.

27. In preparing their statement of accounts, audited bodies are expected to:

- › *prepare realistic plans that include clear targets and achievable timetables for the production of the financial statements;*
- › *ensure that finance staff have access to appropriate resources to enable compliance with the requirements of the applicable financial framework, including having access to the current copy of the CIPFA/LASAAC Code, applicable disclosure checklists, and any other relevant CIPFA Codes.*
- › *assign responsibilities clearly to staff with the appropriate expertise and experience;*
- › *provide necessary resources to enable delivery of the plan;*
- › *maintain adequate documentation in support of the financial statements and, at the start of the audit, providing a complete set of working papers that provide an adequate explanation of the entries in those financial statements including the appropriateness of the accounting policies used and the judgements and estimates made by management;*
- › *ensure that senior management monitors, supervises and reviews work to meet agreed standards and deadlines;*
- › *ensure that a senior individual at top management level personally reviews and approves the financial statements before presentation to the auditor; and*
- › *during the course of the audit provide responses to auditor queries on a timely basis.*

28. If draft financial statements and supporting working papers of appropriate quality are not available at the agreed start date of the audit, the auditor may be unable to meet the planned audit timetable and the start date of the audit will be delayed.

Appendix F - Summary of arrangements

Financial Sustainability

We set out below the arrangements for the financial sustainability criteria covering the year 2023/24

Reporting criteria considerations

How the body ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them

Arrangements in place

A 3-year Medium Term Financial Strategy (MTFS) is produced and reported to Cabinet by the S151 officer. The preparation of the MTFS is an ongoing process which engages officers, members and the public on a cyclical basis to continuously update the medium-term position of the Council once new information becomes available.

The MTFS considers the financial risk and opportunities the Council faces over the next three years e.g. demographic change, housing crisis, inflation, statutory changes, some investment in services for improving the services for future of the Council and funding.

A full MTFS has been published on 20 February 2024 which covers period 2024/25 to 2026/27. The 2024/25 MTFS proposed growth of £76.5 million. Out of the £76.5 million, £19.2 million pertains to the provision for temporary accommodation following housing crisis due to extreme demand and cost pressure experienced.

On top of the £76.5 million proposed growth, the 2024/25 MTFS include contingency amounting to £5.3 million which relates to Social Care contingency and contingency on the Adults Discharge grant.

For 2025/26 and 2026/27, growth identified amounted to £49.7 million and £31.6 million, respectively. This assumes that temporary accommodation moves to a steady state. This also assumes inflation of 2%-3% based on CPI.

How the body plans to bridge its funding gaps and identifies achievable savings

Budget planning is an ongoing process, usually starting in April each year, with a detailed timetable agreed by Cabinet. Officers then work on refining MTFS assumptions and developing budget proposals to deliver a sustainable budget that includes a Council tax strategy. This will prompt further dialogue between members and officers and once a sustainable plan has been identified, this is then put out for public consultation, after which Cabinet will formulate a final balanced budget.

Funding gaps identified are bridge through identification of savings, use of reserves and use of capital receipts.

The Council had approved savings of £26.5 million for 2023/24. This included £7.3 million of savings rolled over from the 2022/23 year which were undelivered. The savings tracker indicates delivery (including one off savings substitution) of £20.3 million savings (77%), and slippage of £4.2 million (16%) and non-delivery of £1.9 million (7%). Savings continue to be monitored until delivered in subsequent years, unless written out of the budget as part of the budget setting process. The Council used £22.2 million capital finance reserve to balance out the overspend in 2023/24.

Appendix F - Summary of arrangements

Financial Sustainability (continued)

We set out below the arrangements for the financial sustainability criteria covering the year 2022/23.

Reporting criteria considerations

Arrangements in place

The Council published its annual budget for 2024/25 along with the 3-year MTFS on 20 February 2024. The MTFS include the following gaps:

	2024/25	2025/26	2026/27	Total
Budget gap	£53,168	£48,440	£28,655	£130,263
Less:				
Savings	(22,958)	(1,684)	(940)	(25,582)
Options	(9,000)	-	-	(9,000)
Council tax increase	(5,242)	(5,600)	(6,055)	(16,897)
Remaining budget gap	£15,968	£41,156	£21,660	£78,784

The savings identified are through service re-design, spending money more wisely, efficiencies and transformation. The administration and the Corporate Leadership Board (until October 2023, the Council's Corporate Management Team) has gone through all service areas to ensure the Council minimize impact on the residents and communities and make the Council more forward looking by "getting more for less".

The remaining budget gap for 2024/25 will be addressed through the use of capital receipts resulting from asset disposals. The current flexible use of capital receipts scheme, which has run since 2016/17 and has now been extended until March 2030. The Council have undertaken due diligence and selected a list of unrequired Council assets which we can dispose during 2024/25 to balance the budget gap. These locations are of non-strategic nature, and it makes good economic sense to dispose these to raise capital receipts.

Appendix F - Summary of arrangements

Financial Sustainability (continued)

We set out below the arrangements for the financial sustainability criteria covering the year 2023/24.

Reporting criteria considerations

Arrangements in place

How the body plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities

The Council's annual budget is built towards the Council's Corporate Plan which sets out the key priorities of the Council. The 2023/24 budget amounting to £363.0 million is based on the "Building a Fairer Newham" a Corporate Plan running until 2026. The Corporate Plan sets out eight priorities that will focus all in delivering for communities.

The 2024/25 annual budget approved on 20 February 2024, outlined the main priority areas of investment of the Council:

- A healthier Newham and Ageing Well
- Newham's Inclusive Economy to Support Residents
- Your Neighbourhood
- Safer Newham
- Homes for our residents
- Supporting our young people
- People Powered Newham and Widening Participation
- Campaigning Council

The net budget requirement for 2024/25 is £395 million with savings requirement of £22.9 million to support these priorities. The Cabinet monitors the financial performance of the Council on a quarterly basis.

The Council's policy is to hold a General Fund Balance at the 5% mark of the net budget requirement to mitigate the financial impact of major events. Council deem this as a generally accepted and appropriate level for a London Borough. The S151 officer then determines whether the estimates are sufficiently robust to allow the Council to set the Revenue Budget, Capital Programme, HRA Budget, Dedicated Schools Grant and Council tax.

In 2024/25, the Council's required general fund balance is £19.7 million. However, the current general fund balance is only £11 million. The Council is expected to contribute £2.9m in the general fund balance in 2024/25 to bring the general level to £13.9 million.

How the body ensures that its financial plan is consistent with other plans such as workforce, capital, investment, and other operational planning which may include working with other local public bodies as part of a wider system

The financial plan and budget that is presented to Council each March for the following year reflects revenue, investment, and capital planning. The budget setting process starts in the autumn and includes engagement with the Scrutiny Committee's Budget Working Commission ahead of the draft budget proposals. There then follows engagement with members, senior leadership, the public, trade unions and the Chamber of Commerce to consider budget proposals against other plans and the wider system.

Appendix F - Summary of arrangements

Financial Sustainability (continued)

We set out below the arrangements for the financial sustainability criteria covering the year 2022/23.

Reporting criteria considerations

Arrangements in place

The 2024/25 budget proposals were approved by Cabinet in January 2024, with the agenda including investment and capital proposals. Each of these key performance areas (capital, investment etc) is presented to Cabinet on a regular basis, and the financial plans include areas that are also reported on individually to ensure an improved and robust financial resilience position. Treasury Management is presented to Cabinet throughout the year, with an underlying strategy to ensure the management of the Council's cash flows, borrowing and investments, and the associated risks. Where any risks are identified, the Council's financial planning (which is a year-round process) will enable the necessary financial resources required to implement any mitigating action if necessary. This reporting from Treasury Management facilitates the creation of one comprehensive financial plan.

The Budget is fully itemised and broken down across Council areas such as workforce, capital, investment, and other operational planning departments are recognised and consistent with the wider strategy and budget.

The current Treasury Strategy remains to keep investments short, enter to long-term borrowing on capital expenditures as approved/delegated by Cabinet but having regard to interest rate forecasts and setting a floor of £50 million on investment balances as a liquidity buffer.

How the body identifies and manages risks to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions underlying its plans

The budget setting reflects key risks concerning the unprecedented scale of financial pressures because of economic uncertainty, inflationary pressures, growing demand across council services, population growth and government funding.

There is a general, base budget contingency in the 2024/25 budget of £3,6 million. The Council considers this adequate to meet the risks and uncertainties such as non-delivery of savings or other pressures arising on budgets.

Budget monitoring is completed each quarter and is reported to Cabinet alongside a financial risk register that reports key financial risks, mitigating actions, likelihood of occurring, and potential financial impact. Any budget variations are supported by demand data or key performance data and this information is used as the starting point for the following years' budget. Any emerging pressures identified are included in the MTFS process.

The Risk Management Strategy for 2021-2024 was presented at the Audit Committee meeting in July 2021. This strategy is managed by the Head of Assurance for Newham, and the aim of this strategy is to:

- Raise risk awareness across the Council.
- Confirm that risk and Newham's risk appetite are considered when making decisions.
- Define the roles and responsibilities in regard to risk.
- Set out how risks are managed by the Council, and to ensure that the Council has appropriate risk management arrangements in place.

Appendix F - Summary of arrangements

Financial Sustainability (continued)

We set out below the arrangements for the financial sustainability criteria covering the year 2023/24.

Reporting criteria considerations

Arrangements in place

Key risks and actions are included in the quarterly Cabinet Reporting, for example the July 2023 quarterly monitoring reported a forecasted overspend of £8.2 million which reflected the significant housing pressures the Council face because of the wider housing demand and reduced housing supply, and a cost of living squeezing household finances and rents and the pressures for social care budgets.

Potential mitigations were identified that included additional prevention activity and an acquisitions programme. In addition, Council wide control spending have been introduced in view of the significant financial risks:

- Agency Staff - all departments to immediately reduce their agency staff numbers to below the targets agreed with the Chief Executive
- Recruitment Freeze - No new adverts until the end of July, when the position will be reviewed.
- Overtime - no overtime (or additional shifts for those teams who rely on overtime)
- Contracts - no new contracts to be signed without S151 permission

Appendix F - Summary of arrangements

Governance

We set out below the arrangements for the governance criteria covering the year 2023/24

Reporting criteria considerations

How the body monitors and assesses risk and how the body gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud

Arrangements in place

The Council has a governance framework in place which includes an Audit Committee, a Strategic Development Committee and a Local Development Committee. This is overseen by a Standards Advisory Committee and an Overview and Scrutiny Committee as agreed in the Annual Council Meeting on 25 May 2022. The Council also maintains a constitution which sets out how the Council functions, the decision-making processes in place.

The Council maintains a Corporate Strategic Risk Register. It provides a description of inherent risks and their rating from low to very high. Initial risk ratings are based on inherent risks and the likelihood of them occurring. The risk register is monitored and presented to Audit Committee meetings on a quarterly basis.

The Council has engaged Veritau (Head of Internal Audit), a public sector shared service company, established in 2009, that delivers internal audit services to a number of local authorities, schools, academies, and other public sector bodies to carry out the review of internal controls of the Council for 2023/24. Annual audit coverage is determined through a risk assessment, which is influenced by external regulatory requirements and the strategic and operational risks of the Council. By reviewing the Council's systems of internal control, risk management and governance in accordance with an approved Audit Plan, Internal Audit contribute to the Council's corporate governance framework. Internal Audit Progress is presented to the Audit Committee on a quarterly basis.

The Head of Internal Audit provides an independent opinion on the adequacy and effectiveness of the system of internal control, risk management, and governance process and this is reported annually to Audit Committee. In 2023/24, the Head of Internal Audit issued 'Reasonable assurance' over the framework of governance, risk management and control operating at the council. There are two areas of significant control weakness which, in the opinion of the Head of Internal Audit, need to be considered for inclusion in the annual governance statement - the council's arrangements for recruitment and the delays in implementation of high priority recommendations and agreed actions from the September 2021 cyber security audit and the March 2023 UK GDPR compliance follow-up audit. The Council are working on the recommendations for these areas to address issues identified.

The Council has an established Counter Fraud Team that works proactively and reactively to identify and investigate fraud. The Counter Fraud Team also reports to the Audit Committee on a quarterly basis.

Appendix F - Summary of arrangements

Governance (continued)

We set out below the arrangements for the governance criteria covering the year 2023/24

Reporting criteria considerations

Arrangements in place

The Council Constitution does not set out the governance processes relating to the monitoring of partnerships. However, in 2023/24, the Council significantly strengthened its governance of the Council's companies through the Investment Activities Oversight Board (IAOB). The Investment Activities Oversight Board is mandated to provide a key governance function for the Council's investment portfolio. It ensures correct application of the associated governance framework providing the Council with strategic oversight of all interests and investments; increasing transparency and communication, governance, and control. The IAOB provides scrutiny and direction on the Council's wholly owned Local Authority Trading Companies (LATCOs) (with the exception of Populo which is governed by a separate shareholder board), ensuring compliance with existing agreements, business plans and delivery of optimal value for money.

The Council has a defined management structure responsible for Inclusive Economy and Housing.

The Council's Overview and Scrutiny Committee established the Housing and Resident Experience Scrutiny Commission, to undertake scrutiny of the Regeneration, Housing and Environment portfolios and respective Council departments. The Council has a dedicated Repairs and Maintenance Service team (RMS), consisting of over 250 trade operatives and support staff, who carry out all repairs to ensure that Council properties are maintained to a good standard.

The Commission's 'Annual Scrutiny Report 2024', reported on the key areas of work in 2023/24 which are focused on the following:

- Damp and Mould Strategy and Action Plan
- The Newham Council Contact Centre
- Homelessness and temporary accommodation
- Private rented sector housing
- Newham Council Repairs and Maintenance Service

Appendix F - Summary of arrangements

Governance (continued)

We set out below the arrangements for the governance criteria covering the year 2023/24

Reporting criteria considerations

Arrangements in place

The Council's Damp and Mould Taskforce estimated that around 40% of Council properties and 33% of privately rented properties in Newham could be affected by damp and mould, higher than the national averages. The Commission recommended instituting a "good practice system" to enable the Cabinet Member to have greater oversight and to be kept apprised of cases being referred to the Housing Ombudsman.

The Council planned a full stock condition survey by the end of 2021, however completion was delayed due to the Covid-19 pandemic. At the time of reporting, we have been unable to ascertain whether the full stock condition survey has been completed. This would provide an up-to-date record of the health and safety checks that had been undertaken for each property.

How the body approaches and carries out its annual budget setting process

The Council's budget is prepared by the finance team and approved at full Council in February each year. The Council develops its financial plan and budget using a process underpinned by two key aspects:

1. Strategy - The Council has a Medium-Term Financial Outlook which considers the uncertainties, financial risks and opportunities the Council faces over the next years. This models the income and expenditures for the following year and considers different scenarios. It also identifies the potential funding gap.
2. Plan - The plan derives its direction from the strategy, and is a tool used by the Council as part of a continuous process, updated as appropriate throughout the year. The plan is used to both model and record changes to funding assumptions of the council and emerging pressures and savings.

The Council's annual budget is built on the Council's Corporate Strategy which sets out the key priorities of the Council. The 2024/25 budget is based on "Building a Fairer Newham" a Corporate Plan running until 2026. The Corporate Plan sets out eight priorities that will focus in delivering for the communities. The following are the main priorities of the Council:

- A healthier Newham and Ageing Well
- Newham's Inclusive Economy to Support Residents
- Your Neighbourhood
- Safer Newham
- Homes for our residents

Appendix F - Summary of arrangements

Governance (continued)

We set out below the arrangements for the governance criteria covering the year 2023/24

Reporting criteria considerations

Arrangements in place

- Supporting our young people
- People Powered Newham and Widening Participation
- Campaigning Council (including investment in Council's Climate Change)

The Overview and Scrutiny Committee undertook scrutiny of the Council's budget proposals through the establishment of the Budget Working Party. As a result, prior to Council approval of the budget, the Cabinet is invited to respond to the Budget Working Party report and provide recommendations before the report and Executive Response are considered by Full Council, as part of the budget setting process.

The Council's capital programme is agreed annually as part of the Budget report. The capital strategy sets out the strategic approach for the Council's capital management and investment plans for capital resources in the medium term financial and service planning and budget setting process.

How the body ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information (including non-financial information where appropriate); supports its statutory financial reporting requirements; and ensures corrective action is taken where needed

Budgetary Control is monitored and overseen by the Corporate Director of Resources, supported by the Assistant Director Finance and Transformation. Below that, effective processes and systems are in place to address the different components for budgetary control.

The Council performs quarterly budget reviews outlining Council performance against budget as well as adjusting budgets in line with current performance factoring new information that may impact future economic performance.

The Council have arrangements to support statutory financial reporting. The Council published their draft 2023/24 financial statements on 14 June 2024 which is after the deadline of 31 May 2024 set in the Audit and Accounts regulations. Officers have indicated that this is because of review of amounts and disclosures going through the accounts.

Appendix F - Summary of arrangements

Governance (continued)

We set out below the arrangements for the governance criteria covering the year 2023/24

Reporting criteria considerations

How the body ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. This includes arrangements for effective challenge from those charged with governance/audit committee

Arrangements in place

The Council's constitution sets out the decision-making process and includes a directly appointed Mayor. Decisions are made either by: a meeting of the full Council or one of its committees; or by the Mayor with or without her cabinet; or by Council officers.

The Forward Plan sets out all the "Intended Key Decisions" that the Executive (which includes the Cabinet, individual members of the Cabinet, or joint arrangements) is due to take together with key decisions to be taken by officers. The Forward Plan is updated and published every month. The Forward Plan describes who the 'decision taker' will be and the date the decision will be taken. It lists those people who will be consulted, provides a list of background papers and contact details if further information is required or members with to submit their views.

The Audit Committee is in place to review the Council's arrangements for internal control, financial management and corporate governance and to make recommendations to full council where necessary regarding internal control. The Audit Committee in 2023/24 met on 6 occasions, with Internal Audit reporting quarterly updates for the Committee. In line with good practice, the Committee comprised Councillors and up to three non-voting advisory Independent Members, one of which was the Audit Chair. The Committee membership was consistent to prior years, with knowledge enhance with additional risk management training in 2023/24.

Audit Committee work include review reports on the following:

- ▶ Progress against the Internal Audit plan and performance.
- ▶ Key findings/issues arising from each audit undertaken.
- ▶ Presentations from management regarding their control environment.
- ▶ Progress against implementation of the recommendations.
- ▶ Counter-fraud and corruption activity, including frauds investigated and outcomes;
- ▶ Asset Management activity.
- ▶ Risk Management activity.
- ▶ Treasury Management activity.
- ▶ The accounts closedown timetable and progress reports from the external auditor.

The committee has challenged management during the year where they have identified concerns. This includes challenging senior officers, where unacceptable control weaknesses were identified from Internal Audit reviews, to gain assurance the Council has established appropriate arrangements to respond to recommendations raised.

Appendix F - Summary of arrangements

Governance (continued)

We set out below the arrangements for the governance criteria covering the year 2023/24

Reporting criteria considerations

How the body monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of officer or member behaviour (such as gifts and hospitality or declarations/conflicts of interests).

Arrangements in place

The Council's Code of Conduct is a comprehensive document, providing advice on the disclosure of gifts and hospitality as well as other interests. This extends to dealing with allegations of breach of the Code and ensures that members have access to training and advice on the Code of Conduct. Essentially, the committee promotes the code of conduct for members and monitors adherence to it. The Council has set up a Standards Advisory Committee, comprising of five independent and four elected members. The Standards Advisory Committee has a number of functions, including the consideration of any breaches of the Code, promoting and maintaining high standards of conduct, and advising the Council on the adoption and revision of the Code and the various protocols included in the constitution.

Registers of gifts and hospitality are maintained and guidance is provided on the Council's intranet. Any matters, for example from whistle-blowing processes or complaints, are investigated in accordance with agreed processes and / or referred to internal audit and / or the Monitoring Officer, as appropriate. Elected members are required to complete and update registers of interest which are available on the Council's public website.

Members are required to declare interests during committee meetings which is evidenced in minutes.

Compliance with Regulatory Requirements are monitored and reported in different committees. In the 2023/24 Landlord Performance Report published by the Housing Ombudsman Service presented in the October 2024 Audit Committee meeting showed that the maladministration rate for the Council is 87%. This is higher than the national maladministration rate of 73% and 2022/23 maladministration rate of 33%.

Whilst beyond the period under audit, on 16 October 2024, the Regulator of Social Housing (RSH) provided LBN a C4 grade in the inspection made in May 2024. C4 rating means that there are very serious failings in the landlord delivering the outcomes of the consumer standards and the landlord must make fundamental changes so that improved outcomes are delivered. In RSH Report, the regulator found that:

- Over 9,000 overdue fire safety remedial actions, of which over 8,000 were overdue by more than 12 months and more than 4,000 categorised as high risk.
- 40% of its 16,000 homes had not had an electrical condition test for more than 11 years.
- Lack of evidence that it is meeting the smoke and carbon monoxide alarm requirements for any of its homes.
- A lack of accurate information on stock quality, with 60% of its homes without a survey within the last five years.
- At least 20% of its homes do not meet the requirements of the Decent Homes Standard.
- Around 5,400 open repairs, nearly half of which were overdue.
- Tenant Satisfaction Measure (TSM) surveys not completed on time
- Very limited meaningful opportunities for tenants to influence and scrutinise the landlord's strategies, policies and services.

Appendix F - Summary of arrangements

Improving economy, efficiency and effectiveness

We set out below the arrangements for improving economy, efficiency and effectiveness criteria covering the year 2023/24

Reporting criteria considerations

Arrangements in place

Complaints Report are also presented to the Audit Committee to understand the reason of the complaints and the performance of the Council in addressing resident concerns. The report include the key performance information related to the following:

- Corporate complaints
- Adults Social care statutory complaints
- Children Social care statutory complaints
- Local Government and Social Care Ombudsman (LGSCO) complaints
- Housing Ombudsman Service (HOS) complaints
- Members Enquiries

How financial and performance information has been used to assess performance to identify areas for improvement

The Council receives reports on key areas which outline the current performance against planned targets and outcomes, the reports highlight any instances of overspend or underspend. Sub-committee structures are also in place to maintain general oversight and provide guidance on improvement plans.

Key information on budgets and performance are compiled by budget holders and presented to Cabinet and Council meetings for recommendations prior to approval. This information is implemented through corporate plans, financial strategies and formal savings proposals and monitored throughout their duration and benchmarked against the progress of service delivery.

The budget forecasts also provide an outline of the savings required to be achieved by the Council to set a balanced budget, and the underlying decisions and options to be considered.

Performance reports are presented on a directorate basis with the Council's overall performance results, including quarterly budget monitoring, presented at the Overview and Scrutiny Committee. The use of information and underlying controls to action them, are monitored and reported by the Council's Internal audit function.

The Council maintain a set of key strategic performance measures to help monitor progress against Council priorities. Performance against these indicators is measured on a monthly basis with progress considered by the Corporate Management Team and Cabinet on a quarterly basis. A quarterly treasury management report (and annual report) is issued to the Audit Committee, which also highlights areas of performance and risk.

Appendix F - Summary of arrangements

Improving economy, efficiency and effectiveness (continued)

We set out below the arrangements for improving economy, efficiency and effectiveness criteria covering the year 2023/24

Reporting criteria considerations²

How the body evaluates the services it provides to assess performance and identify areas for improvement

Arrangements in place

The Building a Fairer Newham Corporate Plan consists of 132 Corporate Delivery Plan commitments, and 35 Building a Fairer Newham Outcomes and 35 Building a Fairer Newham Key Performance Indicators. A quarterly report is presented to Cabinet.

The quarterly report summarises key achievements for the period and draws attention to areas of risk to delivery. This is in line with the Council's continued commitment to their agenda of demonstrating the highest levels of transparency and democratic accountability to Newham's residents, communities, and businesses through the mechanism of regular and public reporting on organisational delivery.

In addition to the quarterly reports, an annual report is presented to Cabinet. The annual report is heavily linked with the emerging outcomes research programme and Newham Residents Survey.

In September 2022, the Council introduced a Cabinet Accountability Model. This model has supported the Building a Fairer Newham Corporate Plan by ensuring consistent visibility and grip on delivery and enabling Building a Fairer Newham to remain a live and iterative plan of action which is able to pivot and respond to dynamic and challenging conditions that the Council, its residents, communities and businesses are being required to operate in. The Cabinet Accountability Model includes monthly portfolio meetings with the Mayor, Portfolio Leads, Chief Executive and Senior Officers to review progress within each portfolio, covering performance metrics, proposed plans and future strategy; providing robust governance and accountability across the Council.

As part of the new Cabinet Accountability Model, the Council have also introduced Mayoral stocktakes. These are thematic deep-dives into a specific issue or challenge area; stocktakes are designed to provide an opportunity to explore complex issues in greater depth and for the Mayor to constructively challenge plans and progress. Stocktake sessions are supported by quantitative and qualitative research which aims to build a rich picture of the challenge topic and identify some areas for innovation or additional interventions Newham should consider.

In addition, the Council is subject to external reviews from bodies such as the Care Quality Commission and Ofsted, which provide insight into the performance and effectiveness of key services provided by the Council. Following on from the Inspection of Local Authority Children's Services in 2022 where Newham Council was graded Good overall with Outstanding for Leadership, Ofsted carried out a focused visit into the experiences of care-experienced young people in January 2024. In the report issued on 28 February related to this visit, OFSTED provided that improvements to the care-experienced young people service have been sustained and the leaving care services remain highly effective.

Appendix F - Summary of arrangements

Improving economy, efficiency and effectiveness (continued)

We set out below the arrangements for improving economy, efficiency and effectiveness criteria covering the year 2023/24

Reporting criteria considerations

Arrangements in place

Following the Local Area Special Educational Needs and Disabilities (SEND) Inspection in December 2021, a Written Statement of Action was required because of areas of weakness in the area's practice. A Written Statement of Action group has been established with oversight by the Department of Education. A SEND Executive Board oversees the SEND and Inclusion Strategy which was launched in December 2023. The SEND and Area Practice Development Board reports into the SEND Executive Board and oversees operational groups which improve areas of practice across the local area. The annual Self-Evaluation of SEND has been completed, noting improvement across all areas of the partnership, education, social care and health.

How the body ensures it delivers its role within significant partnerships, engages with stakeholders it has identified, monitors performance against expectations, and ensures action is taken where necessary to improve

The Council partners with a range of external organisations to consult on and deliver services to the borough. As outlined on the Council's website, key partnerships include The Newham Children's Trust, The Community Safety Partnership and the Newham Health and Wellbeing Board.

The Council establishes an agreement between the Council and other public sector bodies such as the NHS and police with the third sector (independent voluntary organisations, charities, community groups, etc.). This outlines a way of working to help improve outcomes and benefits for the users of local services.

How the body ensures that commissioning and procuring services is done in accordance with relevant legislation, professional standards and internal policies, and how the body assesses whether it is realising the expected benefits

The Council's tender opportunities are published via the Oracle Fusion site, accessed via the Council's website. The Council use Oracle Fusion to manage all tenders, quotes, contracts and invoice payments and operates a "No PO No Pay policy".

Details of the systems' capabilities are published on the Council's website and detailed below:

- Raise invoices directly from purchases orders online
- Track payments and order progress
- View account history
- Export details of transactions for use in supplier's own systems
- Run a paperless service, reducing costs and avoiding payment delays

The Council has also published guidance and instruction manuals on their website to assist with using the Oracle Fusion system.

Appendix F – Summary of recommendations

Recommendations

The table below sets out the recommendations arising from the value for money work in the year covered in this report for 2022/23. All recommendations are subject to agreement by management.

Issue	Recommendation	Management response
Financial Sustainability	<i>R1 - The Council requires urgent action to restore it to a financially sustainable position. It should consider actions required to address the continuous use of reserves and capital receipts to support the general fund budget and restore the general fund reserve to the level recommended by the Corporate Director of Resources. It is the responsibility of all officers and elected members to work together to agree and deliver plans to return the Council to a financially sustainable position.</i>	
Governance	<i>R2 - The Council should ensure that the six recommendations included in our 2021/22 Annual Audit Report, issued July 2024, to strengthen the arrangements for preparation of the Council's financial statements and supporting evidence (which remain valid but are not repeated here) are implemented on a timely basis. We will assess progress as part of the 2024/25 audit and where we are not satisfied with either the actions taken or pace of improvement, we will consider the appropriateness of exercising our statutory reporting obligations.</i> <i>R3 - Complete a full stock condition survey to provide an up-to-date record of the health and safety checks that had been undertaken for each property.</i> <i>R4 - Improvement plan arising from the review of RSH should be implemented on a timely basis and monitored proactively accordingly.</i>	

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ED None

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Newham Pension Fund Audit results report

Year ended 31 Month 2024
25 February 2025

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Building a Better
working world



Newham Pension Fund
Newham Dockside,
1000 Dockside Road,
London, E16 2QU

25 February 2025

Dear Audit Committee Members

2023/24 Audit results report

We are pleased to attach our audit results report, summarising the status of our audit.

The audit is designed to express an opinion on the 2023/24 financial statements and address current statutory and regulatory requirements. This report contains our findings related to the areas of audit emphasis, our views on London Borough of Newham Pension Fund's (the Fund's) accounting policies and judgements and material internal control findings. Each year sees further enhancements to the level of audit challenge, the exercise of professional judgement and the quality of evidence required to achieve the robust professional scepticism that society expects. We thank the management team for supporting this process.

This report is intended solely for the information and use of the Audit Committee, and management, and is not intended to be and should not be used by anyone other than these specified parties.

Yours faithfully

David Riglar

Partner

For and on behalf of Ernst & Young LLP

Enc

Contents

01	Executive Summary	02	Areas of Audit Focus	03	Audit Report	04	Audit Differences
							
05	Assessment of Control Environment	06	Other Reporting Issues	07	Independence	08	Appendices

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.psa.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 July 2021)” issued by the PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the 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 Committee and management of London Borough of Newham Pension Fund in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Audit Committee and management of London Borough of Newham Pension Fund 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 Committee and management of London Borough of Newham Pension Fund for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.



BOARDROOM



01 Executive Summary

Executive Summary

Scope update

In our Provisional Audit Planning Report presented at the 17 July 2024 Audit Committee meeting, we provided you with an overview of our audit scope and approach for the audit of the financial statements. We completed our planning procedures and carried out our audit in accordance with the provisional plan, with the following exceptions:

- ▶ Changes in materiality: In our Provisional Audit Planning Report, we communicated that our audit procedures would be performed using a planning materiality, performance materiality and audit differences of £17.0 million, £12.75 million and £0.85 million, respectively. We updated our planning materiality assessment using the draft statement of accounts for 2023/24 and have also reconsidered our risk assessment. Based on this, we have updated our overall materiality assessment to £19 million. This results in updated performance materiality, at 75% of overall materiality, of £14 million, and an updated threshold for reporting misstatements of £0.93 million.

Status of the audit

Our audit work in respect of the Pension Fund opinion is substantially complete. The following items relating to the completion of our audit procedures were outstanding at the date of this report.

- ▶ Journal entry testing queries related to system journals for non-financial data points testing
- ▶ Review of the consistency check procedures on the Pension Fund's Annual Report with the Pension Fund's financial statements within London Borough of Newham's Statement of Accounts pack. This cannot be completed until we have a final set of accounts including the Pension Fund from the Council;
- ▶ Completion of the general audit conclusion procedures;
- ▶ Completion of subsequent event procedures up to the date of our audit report;
- ▶ Agreement of all final amendments to the financial statements;
- ▶ Final reviews by the Engagement manager, Partner and Quality Control Reviewer; and
- ▶ Receipt of a signed accounts and a signed letter of management representation.

Details of each outstanding item, actions required to resolve and responsibility is included in Appendix C.

Given that the audit process is still ongoing, we will continue to challenge the remaining evidence provided and the final disclosures in the Annual Report and Accounts which could influence our final audit opinion, a current draft of which is included in Section 03.

Audit differences

We have identified differences and/or amendments during the audit which are greater than £0.93 million (audit differences threshold) that we need to bring to your attention, management has agreed to adjust for these items.

Our audit has also identified a number of disclosure differences which management has agreed to adjust.

Executive Summary (cont'd)

Areas of audit focus

In our Provisional Audit Planning Report we identified a number of key areas of focus for our audit of the financial report of London Borough of Newham Pension Fund. This report sets out our observations and status in relation to these areas, including our views on areas which might be conservative and areas where there is potential risk and exposure. Our consideration of these matters and others identified during the period is explained within the 'Areas of Audit Focus' section of this report and summarised below.

See more details in Section 02.

Focus Area	Risk	Progress Update
Misstatements due to fraud or error	Fraud risk	<p>We carried out procedures to address this fraud risk as set out in our Provisional Audit Plan, including identifying risks, considering controls and their effectiveness, testing journal entries and testing estimates for evidence of management bias.</p> <p>We have substantially completed our audit work in respect of journal entries and accounting estimates pending receipt of some supporting documents for the non-financial data points testing. We have no matters to report based on the procedures completed to date.</p>
Valuation of complex investments (level 3 investments)	Significant risk	<p>Our planned procedures in this area are complete. We have identified 2 misstatements which relates to the following:</p> <ul style="list-style-type: none">Understatement of Fiera Capital Investment amounting to £12.9 million due to the omission of the Fiera Real Estate Long Income Fund (UK) Jersey Property Unit Trust amounting to £6.0 million and timing differences on the EaglesCrest Infrastructure and Fiera Comox Global amounting to £6.9 million.Understatement of other investments amounting to £7.7 million relating to timing differences.
Valuation of complex investments (level 2 investments)	Inherent risk	Our planned procedures in this area are complete and no issues identified.

There are no matters, other than those reported by management or disclosed in this report, which we believe should be brought to the attention of the Audit Committee.

Control observations

During the audit, we identified an internal control recommendation concerning the monitoring of actions required to ensure that timely access is provided to the custodian to received investment capital statements on time and ensure completeness of the report. Refer to Section 05 of the report for more details.

Independence

We confirm that we have no independence issues to report. Please refer to Section 07 for our update on Independence.



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02 Areas of Audit Focus

Areas of Audit Focus

Misstatements due to fraud or error*

Fraud Risk

What is the risk, and the key judgements and estimates?

The financial statements as a whole are not free of material misstatements whether caused by fraud or error.

As identified in ISA (UK) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

We identify and respond to this fraud risk on every audit engagement.

Our response to the key areas of challenge and professional judgement

We undertook our standard procedures to address fraud risk, which included:

- ▶ Identifying fraud risks during the planning stages.
- ▶ Inquiry of management about risks of fraud and the controls put in place to address those risks
- ▶ Understanding the oversight given by those charged with governance of management's processes over fraud
- ▶ Discussing with those charged with governance the risks of fraud in the entity, including those risks that are specific to the entity's business sector (those that may arise from economic industry and operating conditions)
- ▶ Consideration of the effectiveness of management's controls designed to address the risk of fraud
- ▶ Determining an appropriate strategy to address those identified risks of fraud
- ▶ Performing mandatory procedures regardless of specifically identified fraud risks, including testing of journal entries and other adjustments in the preparation of the financial statements
- ▶ Undertake procedures to identify significant unusual transactions
- ▶ Consider whether management bias was present in the key accounting estimates and judgments in the financial statements

We used our data analytics capabilities to assist with our work, including journal entry testing. We assessed journal entries for evidence of management bias and evaluated for business rationale.

What is the status of our work?

Based on our audit procedures performed as at the date of this report, we have not identified any material weaknesses in controls or evidence of material management override. We have not identified any instances of inappropriate judgements being applied or management bias. We have not identified any transactions during our audit which appeared unusual or outside the Pension Fund's normal course of business.

Areas of Audit Focus (cont'd)

Valuation of Level 3 investments

Significant Risk

What is the risk, and the key judgements and estimates?

Investments at Level 3 are those where at least one input that could have a significant effect on the asset's valuation is not based on observable market data. In 2023/24, £407m (2022/23: £402m) investments were reported as Level 3 investments in the financial statements).

Significant judgements are made by the Investment managers or administrators to value these investments whose prices are not publicly available. The material nature of Investments means that any error in judgement could result in a material valuation error.

Market volatility means such judgments can quickly become outdated, especially when there is a significant time period between the latest available audited information and the fund year end. Such variations could have a material impact on the financial statements.

Our response to the key areas of challenge and professional judgement

We performed the following procedures:

- ▶ Obtained a schedule of investments to ensure correct classification, presentation and disclosure of items in the financial statements and corresponding notes;
- ▶ Obtained an understanding and evaluating of the work of management's expert;
- ▶ Obtained and evaluated the ISAE 3402 report for Custodian and/or Fund Manager where applicable;
- ▶ Reviewed the latest audited accounts for the relevant fund managers to ensure there are no matters arising that highlight weaknesses in the funds valuation;
- ▶ Where the latest audited accounts are not as at 31 March 2024, made enquiry of what procedures management have performed to take account of this risk, performing analytical procedures and checking the valuation output for reasonableness against our own expectations;
- ▶ Performed triangulation work to agree amounts per the financial statements to Fund Manager and to Custodian; and

What are our conclusion?

We identified differences between Level 3 investment asset valuations as reported in the Pension Fund's Net Asset Statement and direct confirmations received from the Fund Managers independent third-party valuation reports amounting to £14.6 million. This is due to timing differences between the information available and included in the Custodian report, which was used by Management to compile the accounts, and the figures in the subsequent Fund Manager reports which reflected the most up to date information as at 31 March 2024.

In addition, we noted that the custodian was not able to compile the investment related to Fiera Real Estate Long Income Fund (UK) Jersey Property Unit Trust which amounted to £6.0 million as at 31 March 2024 as Newham Pension Fund was not able to complete the required steps to give Northern Trust access to the new portal in use for asset. Thus, Northern Trust were not able to received capital statements relating to Real Estate Long Income Fund.

The above differences has been adjustment by management in the accounts. Internal control recommendations has been included in our report.

We did not identify any weaknesses in Fund Manager controls related to investment asset valuation reporting of Level 3 assets.

The Pension Fund's financial statement disclosures of significant judgements surrounding the valuation of Level 3 investments were appropriate.

Areas of Audit Focus (cont'd)

Valuation of Complex Investments (Level 2 Investments)

What is the risk/area of focus

The Pension Fund held £1.33 billion level 2 investments at 31 March 2024. These are assets where quoted market prices are not available; for example, where an instrument is traded in a market that is not considered to be active, or where valuation techniques are used to determine fair value. Valuations are based on either evaluated prices provided by independent pricing services, closing bid price where bid and offer are published or estimated valuation reported by a counterparty.

What did we do and our conclusion?

We performed the following audit procedures:

- ▶ Where funds are actively traded in listed markets, we tested the valuation by using the EY Investment Security Pricing Tool;
- ▶ Alternatively, inspecting quotations, financial statements of investees and other evidence of current value, cost or equity amount of investments and test that investments are classified, recorded and measured in accordance with the entity's accounting policies and applicable financial reporting framework;
- ▶ Performed triangulation work to agree amounts per the financial statements to Fund Manager and to Custodian; and
- ▶ Where Level 2 Investments are not listed we carried out Level 3 testing as detailed on page 9.

We have not identified any issues from these procedures.



03 Audit Report

Audit Report

Draft audit report

Our opinion on the financial statements

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LONDON BOROUGH OF NEWHAM ON THE PENSION FUND'S FINANCIAL STATEMENTS

Opinion

We have audited the Pension Fund ("the Fund") financial statements for the year ended 31 March 2024 under the Local Audit and Accountability Act 2014 (as amended). The pension fund financial statements comprise the Fund Account, the Net Assets Statement and the related notes 1 to 24.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.

In our opinion the pension fund financial statements:

- give a true and fair view of the financial transactions of the Fund during the year ended 31 March 2024 and the amount and disposition at that date of the its assets and liabilities as at 31 March 2024; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Council as administering authority for the Pension Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Comptroller and Auditor General's AGN01, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Corporate Director of Resources' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the authority's ability to continue as a going concern for a period through to 31 March 2026.

Our responsibilities and the responsibilities of the Corporate Director of Resources with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the authority's ability to continue as a going concern.

Other information

The other information comprises the information included in the Statement of Accounts 2023/24 other than the financial statements and our auditor's report thereon. The Corporate Director of Resources is responsible for the other information contained within the Statement of Accounts 2023/24.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

Audit Report (cont'd)

Our opinion on the financial statements

We have nothing to report in this regard.

Matters on which we report by exception

We report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 (as amended);
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014 (as amended);
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 (as amended);
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 (as amended); or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014 (as amended).

We have nothing to report in these respects.

Responsibility of the Corporate Director of Resources

As explained more fully in the Statement of the Corporate Director of Resources Responsibilities set out on pages xx, the Corporate Director of Resources is responsible for the preparation of the Authority's Statement of Accounts, which includes the pension fund financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, and for being satisfied that they give a true and fair view. The Corporate Director of Resources is also responsible for such internal control as the Corporate Director of Resources determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Corporate Director of Resources is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Administering Authority either intends to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with Corporate Director of Resources.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Fund and determined that the most significant are the Local Government Pension Scheme Regulations 2013 (as amended), and The Public Service Pensions Act 2013.
- We understood how the Fund is complying with those frameworks by making enquiries of the management. We corroborated this through our reading of the Pension Board minutes, through enquiry of the head of internal audit, those charged with governance and monitoring officer, and by reading documentation relating to the procedures in place to identify, evaluate and comply with laws and regulations.

Audit Report (cont'd)

Our opinion on the financial statements

- Based on this understanding, we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved making enquiries of the management for their awareness of any non-compliance of laws or regulations, considering any correspondence with the Pensions Regulator, and review of minutes. Our procedures had a focus on compliance with the accounting framework through obtaining sufficient audit evidence and in line with the level of risk identified.
- We assessed the susceptibility of the Fund's financial statements to material misstatement, including how fraud might occur by considering the key risks impacting the financial statements and documenting the controls that the Fund has established to address risks identified, or that otherwise seek to prevent, deter or detect fraud.
- In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any identified significant transactions that were unusual or outside the normal course of business. These procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error.
- The Fund is required to comply with The Local Government Pensions Scheme regulations, other legislation relevant to the governance and administration of the Local Government Pension Scheme and requirements imposed by the Pension Regulator in relation to the Local Government Pension Scheme. As such, we have considered the experience and expertise of the engagement team including the use of specialists where appropriate, to ensure that the team had an appropriate understanding of the relevant pensions regulations to assess the control environment and consider compliance of the Fund with these regulations as part of our audit procedures.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the members of London Borough of Newham, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 (as amended) and for no other purpose, as set out in paragraph 85 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the London Borough of Newham and its members as a body, for our audit work, for this report, or for the opinions we have formed.

David Riglar (Key Audit Partner)
Ernst & Young LLP (Local Auditor)
Cambridge
[Date]



04 Audit Differences

Audit Differences

In the normal course of any audit, we identify misstatements between amounts we believe should be recorded in the financial statements and the disclosures and amounts actually recorded. These differences are classified as 'known' or 'judgemental'. Known differences represent items that can be accurately quantified and relate to a definite set of facts or circumstances. Judgemental differences generally involve estimation and relate to facts or circumstances that are uncertain or open to interpretation.

Summary of adjusted differences

Adjusted Audit Differences

As reported on page 9, we identified differences between Level 3 investment asset valuations as reported in the Pension Fund's Net Asset Statement and direct confirmations received from the Fund Managers independent third-party valuation reports amounting to £14.6 million. This is due to timing differences between the information available and included in the Custodian report, which was used by Management to compile the accounts, and the figures in the subsequent Fund Manager reports which reflected the most up to date information as at 31 March 2024.

In addition, we noted that the custodian was not able to compile the investment related to Fiera Real Estate Long Income Fund (UK) Jersey Property Unit Trust which amounted to £6.0 million as at 31 March 2024 as Newham Pension Fund was not able to complete the required steps to give Northern Trust access to the new portal in use for asset. Thus, Northern Trust were not able to received capital statements relating to Real Estate Long Income Fund.

Disclosure Audit Differences

Our audit also identified a limited number of minor disclosure misstatements which our team have highlighted to Management for amendment. These have been corrected during the course of the audit and relate to disclosure and presentational matters in the Statement of Accounts. We do not deem any to be so significant as to merit reporting to you.

Unadjusted Audit Differences

Subject to conclusion of outstanding procedures, there are no unadjusted differences noted.



05

Assessment of Control Environment

Assessment of Control Environment

Financial controls

As part of our audit of the financial statements, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed. Although our audit was not designed to express an opinion on the effectiveness of internal control, we are required to communicate to you significant deficiencies in internal control.

Moderate - Storage of membership information (Identified and raised in 2021/22 Triennial work and repeated in 23/24)

In our membership data testing, the Pension Fund has experienced some difficulty in locating stored documents in a timely manner and supports for some employee details could not be located. We carried out additional or alternative procedures in these instances and no significant exceptions noted.

The Pension Fund should reassess the current document filing structures and methods and implement improved processes to ensure that all original documentation required to support membership details is retained and can be readily located when required.

High - Provide Timely Access to Investment Asset Portal (Identified and raised in 2022/23 and repeated in 23/24)

In our triangulation work, we noted that Northern Trust (custodian) was not able to include the investment concerning the Fiera Real Estate Long Income Fund (UK) Jersey Property Unit Trust which amounted to £6.0 million as at 31 March 2024. This was because the Newham Pension Fund had not completed the required steps to give Northern Trust access to the new portal in use for the asset.

This resulted to Northern Trust not receiving capital statements relating to the investments.

Access to a new portal should be provided on a timely basis to ensure that capital statements are complete during the compilation of the accounts.

The table below provide an overview of the 'high' 'moderate' and 'low' rated observations we have from the 2024 audit.

	High	Moderate	Low	Total
Open at beginning of 2023/24	1	1	0	2
New points raised in 2023/24	0	0	0	0
Total open points as at 2023/24	1	1	0	2

For the recommendation related to the storage of membership information, we will follow through if the recommendation has been actioned in the next triennial work in 2025/26.



06

Other Reporting Issues

Other Reporting Issues

Consistency of other information published with the financial statements

We must give an opinion on the consistency of the financial and non-financial information in the London Borough of Newham Statement of Accounts 2023/24 with the audited pension fund financial statements.

In addition, we are also required to perform procedures to ensure the consistency of the pension fund accounts with the version presented in the Pension Fund's Annual Report.

This area cannot be completed until we have a final set of accounts including the Pension Fund from the Council.

Other powers and duties

We have a duty under the Local Audit and Accountability Act 2014 (the Act) to consider whether to report on any matter that comes to our attention in the course of the audit, either for the Authority to consider it or to bring it to the attention of the public (i.e. "a report in the public interest"). We are also able to issue statutory recommendations under Schedule 7 of Section 27 of the Act. Statutory recommendations under Schedule 7 must be considered and responded to publicly and are shared with the Secretary of State.

At the time of writing this report, we did not identify any issues which required us to issue a report in the public interest or issue statutory recommendations under Schedule 7.

Other Reporting Issues (cont'd)

Other matters

As required by ISA (UK&I) 260 and other ISAs specifying communication requirements, we must tell you significant findings from the audit and other matters if they are significant to your oversight of the Authority's financial reporting process. They include the following:

- ▶ Significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures;
 - ▶ Any significant difficulties encountered during the audit;
 - ▶ Any significant matters arising from the audit that were discussed with management;
 - ▶ Written representations we have requested;
 - ▶ Expected modifications to the audit report;
 - ▶ Any other matters significant to overseeing the financial reporting process;
- Findings and issues around the opening balance on initial audits (if applicable);
- ▶ Related parties;
 - ▶ External confirmations;
 - ▶ Going concern; and
 - ▶ Consideration of laws and regulations.

At the time of writing the report, we have no other matters to report.

Other Reporting Issues (cont'd)

ISA (UK) 315 (Revised): Identifying and Addressing the Risks of Material Misstatement

ISA 315 is effective from FY 2022/23 onwards and is the critical standard which drives the auditor's approach to the following areas:

- Risk Assessment
- Understanding the entity's internal control
- Significant risk
- Approach to addressing significant risk (in combination with ISA 330)

The International Auditing & Assurance Standards Board (IAASB) concluded that whilst the existing version of the standard was fundamentally sound, feedback determined that it was not always clear, leading to a possibility that risk identification was not consistent. The aims of the revised standard is to:

- Drive consistent and effective identification and assessment of risks of material misstatement
- Improve the standard's applicability to entities across a wide spectrum of circumstances and complexities ('scalability')
- Modernise ISA 315 to meet evolving business needs, including:
 - how auditors use automated tools and techniques, including data analytics to perform risk assessment audit procedures; and
 - how auditors understand the entity's use of information technology relevant to financial reporting.
- Focus auditors on exercising professional scepticism throughout the risk identification and assessment process.

We set out the findings and conclusions from our work to implement ISA 315 in the table below.

Audit Procedures

We performed the following procedures:

We obtained an understanding of the IT processes related to the IT applications of the Fund.

The Fund has one relevant IT applications (Oracle) for the purposes of ISA 315 risk assessment (.

- We performed procedures to determine if there are typical controls missing or control deficiencies identified and evaluated the consequences for our audit strategy.
- When we have identified controls relevant to the audit that are application controls or IT-dependent manual controls where we do not gain assurance substantively, we performed additional procedures.
- We reviewed the following processes for the two relevant IT applications:
 - Manage vendor supplied changes
 - Manage security settings
 - Manage user access
 - Manage entity-programmed changes
 - Job scheduling and managing IT process

Audit findings and conclusions

No significant issues were identified in our review of the various processes, including the design and implementation effectiveness of relevant controls around the financial statement close process.

We have not tested the operation of any controls through this review.



07

Independence

Independence - Relationships, services and related threats and safeguards

Relationships

The FRC Ethical Standard requires that we provide details of all relationships between Ernst & Young (EY) and the pension fund, and its members and senior management and its affiliates, including all services provided by us and our network to the pension fund, its members and senior management and its affiliates, and other services provided to other known connected parties that we consider may reasonably be thought to bear on our integrity or objectivity, including those that could compromise independence and the related safeguards that are in place and why they address the threats.

There are no relationships from 1 April 2023 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity.

Services provided by EY

There are no services provided by EY from 1 April 2023 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity.

EY Transparency Report 2024

EY has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained. Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the period ended 30 June 2024 and can be found here: [EY UK 2024 Transparency Report](#).

Independence - Fees

The duty to prescribe fees is a statutory function delegated to Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for Housing, Communities and Local Government.

This is defined as the fee required by auditors to meet statutory responsibilities under the Local Audit and Accountability Act 2014 in accordance with the requirements of the Code of Audit Practice and supporting guidance published by the National Audit Office, the financial reporting requirements set out in the Code of Practice on Local Authority Accounting published by CIPFA/LASAAC, and the professional standards applicable to auditors' work.

The agreed fee presented is based on the following assumptions:

- ▶ Officers meeting the agreed timetable of deliverables;
- ▶ Appropriate quality of documentation is provided by the Fund; and
- ▶ The Fund has an effective control environment
- ▶ The Fund complies with PSAA's Statement of Responsibilities of auditors and audited bodies. See <https://www.psa.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/>. In particular the Fund should have regard to paragraphs 26 - 28 of the Statement of Responsibilities which clearly sets out what is expected of audited bodies in preparing their financial statements. These are set out in full on the previous page.

If any of the above assumptions prove to be unfounded, we seek a variation to the agreed fee. Details of our proposed scale fee variations for the audit of the Authority are set out in the fee analysis on this page.

	Current Year	Scale fee	Prior Year
	£'000	£'000	£'000
Total Fee - Code Work	79	79	25
Fee Variations (Note 1)	6 - 7	0	37
Total audit	TBC	79	62

All fees exclude VAT

(1) The revision to ISA (UK) 315 has impacted our scope and approach and required us to enhance the audit risk assessment process. We expect to charge an addition fee for this.

The scale fee is also impacted by the additional work we had to perform on risk areas identified and presented in section 2.



08 Appendices

Appendix A - Required communications with the Audit Committee

Required communications with the Audit Committee

There are certain communications that we must provide to the Audit Committees of UK entities. We have detailed these here together with a reference of when and where they were covered:

Our Reporting to you

Required communications	What is reported?	When and where
Terms of engagement	Confirmation by the Audit Committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Planning and audit approach	Communication of: <ul style="list-style-type: none"> ▶ The planned scope and timing of the audit ▶ Any limitations on the planned work to be undertaken ▶ The planned use of internal audit ▶ The significant risks identified 	Provisional Audit Planning Report - July 2024
Significant findings from the audit	<ul style="list-style-type: none"> ▶ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures ▶ Significant difficulties, if any, encountered during the audit ▶ Significant matters, if any, arising from the audit that were discussed with management ▶ Written representations that we are seeking ▶ Expected modifications to the audit report ▶ Other matters if any, significant to the oversight of the financial reporting process 	Audit Results Report - February 2025
Going concern	Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including: <ul style="list-style-type: none"> ▶ Whether the events or conditions constitute a material uncertainty related to going concern ▶ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements ▶ The appropriateness of related disclosures in the financial statements 	Audit Results Report - February 2025

Appendix A - Required communications with the Audit Committee (cont'd)

Our Reporting to you

Required communications	What is reported?	When and where
Misstatements	<ul style="list-style-type: none"> ▶ Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation ▶ The effect of uncorrected misstatements related to prior periods ▶ A request that any uncorrected misstatement be corrected ▶ Material misstatements corrected by management 	Audit Results Report - February 2025
Fraud	<ul style="list-style-type: none"> ▶ Enquiries of the Audit Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity ▶ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist ▶ Unless all of those charged with governance are involved in managing the entity, any identified or suspected fraud involving: <ol style="list-style-type: none"> a. Management; b. Employees who have significant roles in internal control; or c. Others where the fraud results in a material misstatement in the financial statements. ▶ The nature, timing and extent of audit procedures necessary to complete the audit when fraud involving management is suspected ▶ Matters, if any, to communicate regarding management's process for identifying and responding to the risks of fraud in the entity and our assessment of the risks of material misstatement due to fraud ▶ Any other matters related to fraud, relevant to Audit Committee responsibility. 	Audit Results Report - February 2025
Related parties	<p>Significant matters arising during the audit in connection with the entity's related parties including, when applicable:</p> <ul style="list-style-type: none"> ▶ Non-disclosure by management ▶ Inappropriate authorisation and approval of transactions ▶ Disagreement over disclosures ▶ Non-compliance with laws and regulations ▶ Difficulty in identifying the party that ultimately controls the entity 	Audit Results Report - February 2025

Appendix A - Required communications with the Audit Committee (cont'd)

		Our Reporting to you
Required communications	What is reported?	When and where
Independence	<p>Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, integrity, objectivity and independence.</p> <p>Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> ▶ The principal threats ▶ Safeguards adopted and their effectiveness ▶ An overall assessment of threats and safeguards ▶ Information about the general policies and process within the firm to maintain objectivity and independence <p>Communications whenever significant judgements are made about threats to integrity, objectivity and independence and the appropriateness of safeguards put in place.</p>	<p>Provisional Audit Planning Report - July 2024</p> <p>Audit Results Report - February 2025</p>
External confirmations	<ul style="list-style-type: none"> ▶ Management's refusal for us to request confirmations ▶ Inability to obtain relevant and reliable audit evidence from other procedures. 	Audit Results Report - February 2025
Consideration of laws and regulations	<ul style="list-style-type: none"> ▶ Subject to compliance with applicable regulations, matters involving identified or suspected non-compliance with laws and regulations, other than those which are clearly inconsequential and the implications thereof. Instances of suspected non-compliance may also include those that are brought to our attention that are expected to occur imminently or for which there is reason to believe that they may occur ▶ Enquiry of the Audit Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Audit Committee may be aware of 	Audit Results Report - February 2025
Significant deficiencies in internal controls identified during the audit	<ul style="list-style-type: none"> ▶ Significant deficiencies in internal controls identified during the audit. 	Audit Results Report - February 2025
Written representations we are requesting from management and/or those charged with governance	<ul style="list-style-type: none"> ▶ Written representations we are requesting from management and/or those charged with governance 	Audit Results Report - February 2025

Appendix A - Required communications with the Audit Committee (cont'd)

Our Reporting to you

Required communications	What is reported?	When and where
Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	<ul style="list-style-type: none"> ▶ Material inconsistencies or misstatements of fact identified in other information which management has refused to revise 	Audit Results Report - February 2025
Auditors report	<ul style="list-style-type: none"> ▶ Any circumstances identified that affect the form and content of our auditor's report 	Audit Results Report - February 2025

Appendix B – Outstanding matters

Outstanding matters

The following items relating to the completion of our audit procedures are outstanding at the date of the release of this report:

	Actions to resolve	Responsibility
Journal entry testing queries	Update procedures based on the requested supporting documents	Management to provide EY to review
Review of the consistency check procedures on the Pension Fund's Annual Report with the Pension Fund's financial statements within London Borough of Newham's Statement of Accounts pack.	Review of the final set of accounts	Management to provide EY to review
Agreement of all final amendments to the financial statements	Review of the final set of accounts	Management to provide EY to review
Completion of subsequent event procedures up to the date of our audit report	Review of minutes of meeting, obtaining updated management confirmation of independence, review of subsequent information	EY
Receipt of a signed accounts and a signed letter of management representation.	Receipt of signed management representation letter	Management to provide EY to review

Until all our audit procedures are complete, we cannot confirm the final form of our audit opinion as new issues may emerge or we may not agree on final detailed disclosures in the Annual Report. At this point no issues have emerged that would cause us to modify our opinion, but we should point out that above areas remain to be finalised. A draft of the current opinion (with outstanding areas highlighted) is included in Section 3.

Appendix C – Management representation letter

Draft management representation letter

Management Rep Letter

This letter of representations is provided in connection with your audit of the financial statements of London Borough of Newham Pension Fund (“the Fund”) for the year ended 31 March 2024. We recognise that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the financial statements give a true and fair view of the financial transactions of the Fund during the year ended 31 March 2024, and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the year, in accordance with applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.

We understand that the purpose of your audit of the Fund’s financial statements is to express an opinion thereon and that your audit was conducted in accordance with International Standards on Auditing (UK), which involves an examination of the accounting system, internal control and related data to the extent you considered necessary in the circumstances, and is not designed to identify - nor necessarily be expected to disclose all fraud, shortages, errors and other irregularities, should any exist.

Accordingly, we make the following representations, which are true to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

A. Financial Statements and Financial Records

1. We have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 and for keeping records in respect of contributions received in respect of active members of the Fund.
2. We confirm that the Fund is a Registered Pension Fund. We are not aware of any reason why the tax status of the Fund should change.

3. We acknowledge, as members of management of the Fund, our responsibility for the fair presentation of the financial statements and the Summary of Contributions. We believe the financial statements referred to above give a true and fair view of the financial transactions and the financial position of the Fund in accordance with applicable law the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, and are free of material misstatements, including omissions. We have approved the financial statements.
4. The significant accounting policies adopted in the preparation of the financial statements are appropriately described in the financial statements.
5. As members of management of the Fund we believe that the Fund has a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 that are free from material misstatement, whether due to fraud or error.
6. There are no unadjusted audit differences identified during the current audit and pertaining to the latest period presented.

B. Non-compliance with laws and regulations, including fraud

1. We acknowledge that we are responsible to determine that the Fund’s activities are conducted in accordance with laws and regulations and that we are responsible to identify and address any non-compliance with applicable laws and regulations, including fraud.
2. We acknowledge that we are responsible for the design, implementation and maintenance of a system of internal control to prevent and detect fraud and that we believe we have appropriately fulfilled those responsibilities.
3. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

Appendix C – Management representation letter

Draft management representation letter

Management Rep Letter

4. We have not made any reports to the Pensions Regulator, nor are we aware of any such reports having been made by any of our advisors.
5. There have been no other communications with the Pensions Regulator or other regulatory bodies during the Fund year or subsequently concerning matters of noncompliance with any legal duty.
6. We confirm that we are not aware of any breaches of the Payment Schedule/Schedule of Contributions or any other matters that have arisen which we considered reporting to the Pensions Regulator.
7. We have no knowledge of any identified or suspected non-compliance with laws or regulations, including fraud that may have affected the Fund (regardless of the source or form and including without limitation, any allegations by “whistleblowers”), including non-compliance matters:
 - Involving financial improprieties
 - Related to laws or regulations that have a direct effect on the determination of material amounts and disclosures in the Fund’s financial statements
 - Related to laws and regulations that have an indirect effect on amounts and disclosures in the financial statements, but compliance with which may be fundamental to the operations of the Fund’s business, its ability to continue in business, or to avoid material penalties
 - Involving management, or employees who have significant roles in internal control, or others
 - In relation to any allegations of fraud, suspected fraud or other non-compliance with laws and regulations communicated by employees, former employees, analysts, regulators or others.

C. Information Provided and Completeness of Information and Transactions

1. We have provided you with:
 - Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters.
 - Additional information that you have requested from us for the purpose of the audit; and
 - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
2. You have been informed of all changes to the Fund rules.
3. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
4. We have made available to you all minutes of the meetings of members of the management of the Fund and committees of members of the management of the Fund (or summaries of actions of recent meetings for which minutes have not yet been prepared) held through the period to the most recent meeting on the following date: 18 February 2025.
5. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the Fund’s related parties and all related party relationships and transactions of which we are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the period ended, as well as related balances due to or from such parties at the period end. These transactions have been appropriately accounted for and disclosed in the financial statements.

Appendix C – Management representation letter

Draft management representation letter

Management Rep Letter

6. We confirm the completeness of information provided regarding annuities held in the name of the members of management of the Fund.
7. We believe that the methods, significant assumptions and the data we used in making accounting estimates and related disclosures are appropriate and consistently applied to achieve recognition, measurement and disclosure that is in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.
8. We have disclosed to you, and the Fund has complied with, all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.
9. No transactions have been made which are not in the interests of the Fund members or the Fund during the year or subsequently.
10. From 11 December 2024 through the date of this letter we have disclosed to you, to the extent that we are aware, any (1) unauthorized access to our information technology systems that either occurred or is reasonably likely to have occurred, including of reports submitted to us by third parties (including regulatory agencies, law enforcement agencies and security consultants), to the extent that such unauthorized access to our information technology systems is reasonably likely to have a material impact to the financial statements, in each case or in the aggregate, and (2) ransomware attacks when we paid or are contemplating paying a ransom, regardless of the amount.

D. Liabilities and Contingencies

1. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the financial statements.

2. We have informed you of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.
3. We have recorded and/or disclosed, as appropriate, all liabilities related litigation and claims, both actual and contingent, and have disclosed in Note xx to the financial statements all guarantees that we have given to third parties.

E. Subsequent Events

1. Other than those described in Note xx to the financial statements, there have been no events subsequent to period end which require adjustment of or disclosure in the financial statements or notes thereto.

F. Other information

1. We acknowledge our responsibility for the preparation of the other information. The other information comprises the London Borough of Newham Statement of Accounts 2023/24 and the Pension Fund Annual Report 2023/24, other than the financial statements, the auditor's report and the statement about contributions.
2. We confirm that the content contained within the other information is consistent with the financial statements.

G. Advisory Reports

We have not commissioned any advisory reports which may affect the conduct of your work in relation to the Fund's financial statements and schedule of contributions/payment schedule.

H. Independence

As members of management of the Fund, we are not aware of any matters which would render Ernst & Young LLP ineligible to act as auditor to the Fund.

Appendix C – Management representation letter

Draft management representation letter

Management Rep Letter

I. Derivative Financial Instruments and Pooling investments, including the use of collective investment vehicles and shared services

1. We confirm that the Fund has made no direct investment in derivative financial instruments.
2. We confirm that all investments in pooling arrangements, including the use of collective investment vehicles and shared services, meet the criteria set out in the November 2015 investment reform and criteria guidance and that the requirements of the LGPS (Management and Investment of Funds) Regulations 2016 in respect of these investments has been followed.

J. Actuarial valuation

The latest report of the actuary Barnett Waddingham as at 31 March 2022 and dated 31 March 2023 has been provided to you. To the best of our knowledge and belief we confirm that the information supplied by us to the actuary was true and that no significant information was omitted which may have a bearing on his report.

K. Estimates

Investment Asset Valuation and Actuarial Present Value of Promised Retirement Benefits Estimates

1. We confirm that the significant judgments made in making the investment asset valuation and actuarial present value of promised retirement benefits estimates have taken into account all relevant information and the effects of the COVID-19 pandemic of which we are aware.
2. We believe that the selection or application of the methods, assumptions and data used by us have been consistently and appropriately applied or used in making the investment asset valuation and actuarial present value of promised retirement benefits estimates.

3. We confirm that the significant assumptions used in making the investment asset valuation and actuarial present value of promised retirement benefits estimates appropriately reflect our intent and ability to continue to hold these investments on behalf of the entity.
4. We confirm that the disclosures made in the financial statements with respect to the accounting estimates, including those describing estimation uncertainty are complete and are reasonable in the context of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.
5. We confirm that appropriate specialized skills or expertise has been applied in making the investment asset valuation and actuarial present value of promised retirement benefits estimates.
6. We confirm that no adjustments are required to the accounting estimates and disclosures in the financial statements.

L. Use of the Work of a Specialist

We agree with the findings of the specialists that we have engaged to value the actuarial present value of promised retirement benefits and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the financial statements and the underlying accounting records. We did not give or cause any instructions to be given to the specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists.

Appendix C – Management representation letter

Draft management representation letter

Management Rep Letter

M. Going Concern

1. Based on our assessment of going concern, the details of which have been shared with you, we confirm that we are not aware of any material uncertainties related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. We do not intend to wind up the Fund. We are satisfied that the use of the going concern basis of accounting is appropriate in the preparation and presentation of the financial statements.
2. Note xx to the financial statements discloses all of the matters of which we are aware that are relevant to the Fund's ability to continue as a going concern, including significant conditions and events, our plans for future action, and the feasibility of those plans.

N. Climate-Related Matters

1. Whilst recognising that the Climate Change Governance and Reporting Regulations do not cover the Local Government Pension Scheme, we confirm that to the best of our knowledge all information that is relevant to the recognition, measurement, presentation and disclosure of climate-related matters has been considered in the financial statements.
2. The key assumptions used in preparing the financial statements are, to the extent allowable under the requirements of United Kingdom Generally Accepted Accounting Practice aligned with the statements we have made in the other information or other public communications made by us.

Yours faithfully,

Name

Corporate Director of Resources

Date

Name

Chair of the Audit Committee

Date

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ED None

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Audit Committee Report			
Date of meeting	12 March 2025		
Subject Heading	Quarterly Report on the Savings Delivery Programme		
Is this Item for: Information or Discussion	Information and discussion		
Summary of issues/key points for discussion	<p>The council's budget monitoring includes a Savings Tracker reporting on the delivery of approved savings actions agreed in the annual budget setting process.</p> <p>The attached savings tracker is part of the regular internal budget monitoring conducted by the council, and is based on the position as at the end of Period 9 (December 2024). The last reporting to Cabinet was the Quarter Three budget monitoring based on the Period 8 monitoring position.</p> <p>£22m of savings actions were agreed in the 2024/25 Budget Setting report, and delivery progress is reported in the attached savings tracker alongside progress on savings not yet fully delivered from previous years' budget reports.</p> <p>Recommendations</p> <p>Audit Committee is recommended to:</p> <ul style="list-style-type: none"> • Note the report. <p>Appendix 1 Medium Term Financial Strategy Savings Tracker, Quarter Three 2024/25.</p>		
Officer preparing report	Andrew Ward	Contact Number and e-mail address	Deputy Director of Finance Andrew.Ward@newham.gov.uk
Manager's name	Conrad Hall	Manager's Title	Corporate Director of Resources

1. Savings Tracker Commentary. Extracted from Period 9 Internal Budget Monitoring Report.

1.1. Savings of £32m have been approved at Full Council for 2024/25. This includes £9.7m of savings rolled over from the 2023/24 year which were undelivered during that year. The savings tracker forecast indicates delivery (including one off savings substitution) of £27.5m savings (86%) and at this point, slippage of £3.5m (11%) and risk of non-delivery of £1m (3%).

1.2. The table below sets out the overall changes to the forecasts since the last quarter by directorate, in general ongoing or permanent savings delivery has fallen and a number of savings that were to be delivered on ongoing basis have been delivered by one-off substitution, but one-off delivery is up overall, meaning that in year there is less of a shortfall.

1.3. Table – Movements in savings fulfilment by directorate from Quarter 2 to 3

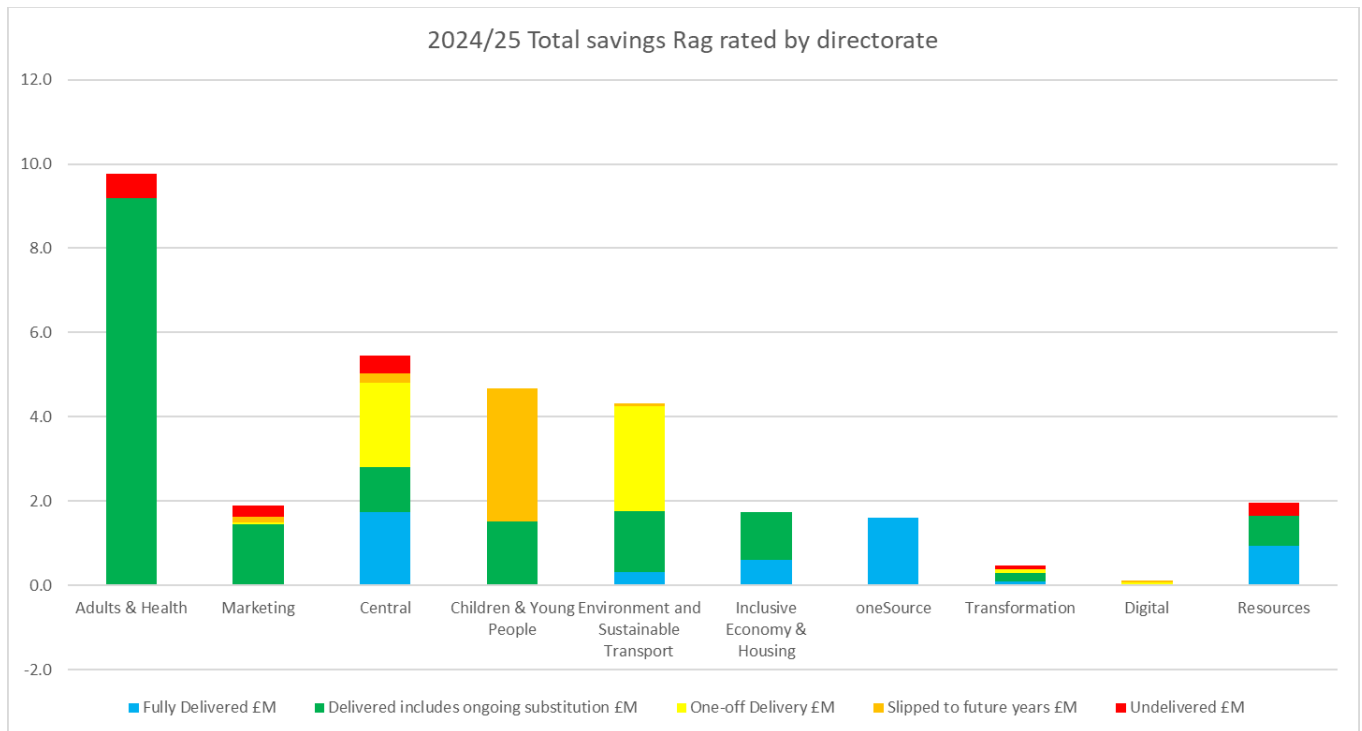
Directorate	Fully Delivered	Delivered includes ongoing substitution	One-off Delivery	Slipped to future years	Undelivered
	£M	£M	£M	£M	£M
Adults & Health	1.44	-1.89	1.02	0.00	-0.57
Marketing	0.00	-0.08	0.00	0.13	-0.05
Central	0.00	0.00	0.00	0.00	0.00
Children & Young People	0.00	0.59	0.00	-0.59	0.00
Environment and Sustainable Transport	0.00	-0.80	0.86	-0.06	-0.00
Inclusive Economy & Housing	0.00	0.00	0.00	0.00	0.00
oneSource	0.00	0.00	0.00	0.00	0.00
Transformation	0.03	0.08	0.00	0.00	-0.11
Digital	0.00	0.00	0.07	-0.07	0.05
Resources	0.00	0.00	0.00	0.00	0.00
Total 2024/25 Savings	1.46	-2.09	1.95	-0.59	-0.68

1.4. The below graph summarises savings delivery by Directorate. It can be seen that £1m non delivery is spread over Marketing, Central, Transformation and Resources Directorates. The £0.4m central savings relates to an unachieved management saving that applies to all services. CYPS is showing slippage of £3.1m. £1.4m of this is undelivered savings from 2020/21.

1.5. The below graph summarises savings delivery by Directorate. It can be seen that £1m non delivery is spread over Marketing, Central, Transformation and Resources

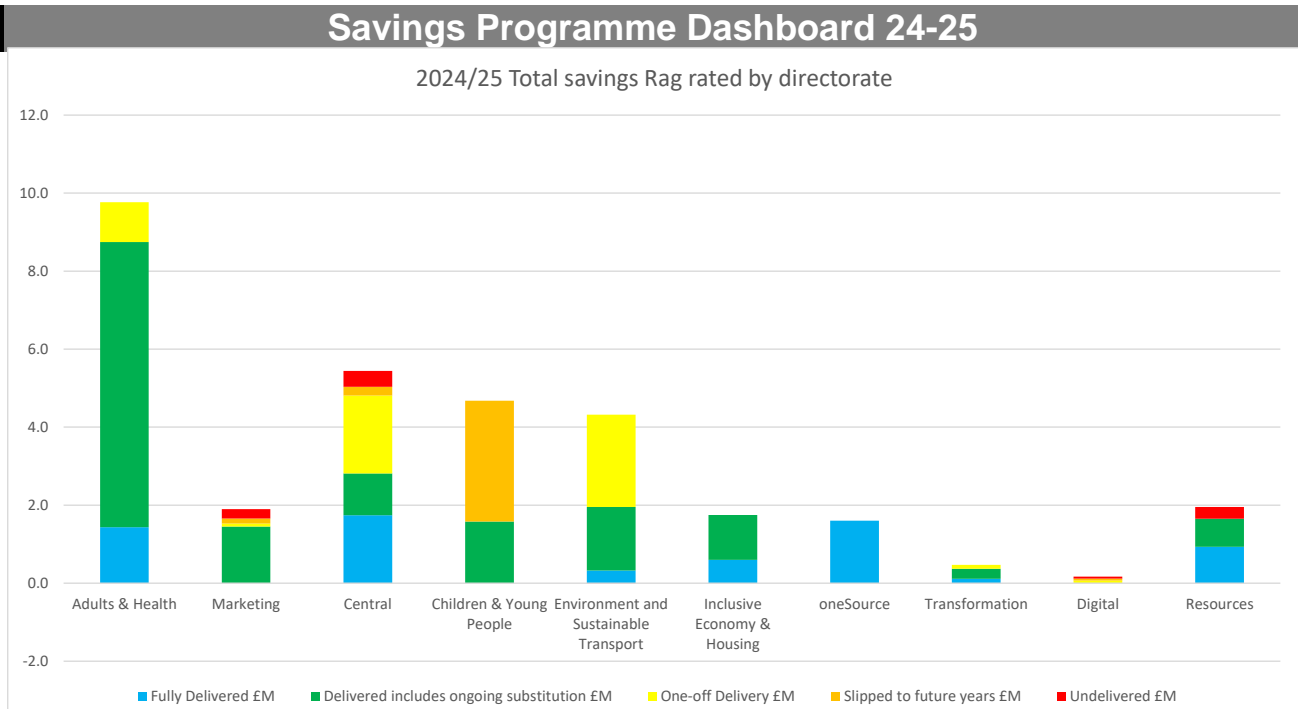
Directorates. The £0.4m central savings relates to an unachieved management saving that applies to all services. CYPs is showing slippage of £3.1m. £1.4m of this is undelivered savings from 2020/21.

1.6. Chart – MTFS tracker by Directorate



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Appendix 1: MTFS Savings Tracker



Total 2024/25 Savings						
Directorate	Cabinet Approved Savings £k 24/25	Savings 24/25 RAG BLUE £k	Savings 24/25 RAG GREEN £k	Savings 24/25 RAG Yellow £k	Savings 24/25 RAG AMBER £k	Savings 24/25 RAG RED £k
Adults & Health	9,767	1,435	7,312	1,020	0	0
Marketing	1,900	0	1,451	80	126	243
Central	5,444	1,743	1,071	2,000	221	409
Children & Young People	4,678	0	1,578	0	3,100	0
Environment and Sustainable Transport	4,323	325	1,627	2,371	0	(0)
Inclusive Economy & Housing	1,750	600	1,150	0	0	0
oneSource	1,603	1,603	0	0	0	0
Transformation	470	110	260	100	0	0
Digital	120	0	0	70	50	50
Resources	1,955	935	720	0	0	300
Total 2024/25 Savings	32,010	6,751	15,169	5,641	3,497	1,002
Total 2024/25 Savings % RAG	100%	21%	47%	18%	11%	3%

KEY	
BLACK	Savings Target
BLUE	Savings already fully delivered
GREEN	Savings on track to be fully delivered and may involve a sustainable substitution
YELLOW	Is the expected amount of savings they can fully delivered via substitution on a one off basis (non recurring)
AMBER	Is the amount of saving that has slipped for 2023/24 financial year but is expected to be fully delivered the following year
RED	Positive figures show total non delivery (negative figures represent over delivery against savings target)

Saving Summary					24/25											
Directorate	Year Savings Agreed	Project ref.	Year - Project Ref	Savings title	GF ORIGINAL PROFILED savings 2024/25 (£000s)	GF REVISED PROFILED savings 2024/25 (£000s)	Already Fully Delivered 2024/25 £'000	FORECAST SAVINGS 2024/25 £'000	PERMANENT SAVINGS SUBSTITUTION FORECAST 2024/25 £'000	ONE OFF SAVINGS SUBSTITUTION FORECAST 2024/25 £'000	FORECAST SAVINGS SLIPPAGE 2024/25 £'000	VARIANCE (TOTAL NON DELIVERY) 2024/25 £'000	Responsible Officer	Head of Service	Finance Contact	Comments/Explanation "Please Date Stamp and Initial comments"
Adults & Health	24-25	ADH 001	24-25 ADH 001	Removal of the Local Cap on Care	£700	£700	£0	£100	£0	£600	£0	£0	Charlotte Taylor		Mike Jones	The consultation regarding the removal of the care cap has concluded. The final decision will need to be made by Cabinet in order to implement the new charging policy, starting in January 2025.
Adults & Health	24-25	ADH 002	24-25 ADH 002	Promoting Independence	£5,170	£5,170	£0	£4,870	£0	£300	£0	£0	Jason Strelitz		Mike Jones	The Day Care services review project is on-going in order to fully access the options. As a result, this will not generate any substantial savings in the current financial year. A restructure to transfer agency staff to permanent may result in a small mitigation for 2024/25, with the numbers to be established
Adults & Health	24-25	ADH 003	24-25 ADH 003	Prevention and Short Term Support	£661	£661	£0	£541	£0	£120	£0	£0	Jason Strelitz		Mike Jones	Further work is required in order to quantify the impact of the reduction to the sensory service. A consultation is underway, and a review of the service will be completed
Adults & Health	24-25	ADH 004	24-25 ADH 004	A&H Capacity and Resources	£1,351	£1,351	£0	£1,351	£0	£0	£0	£0	Jason Strelitz		Mike Jones	
Adults & Health	24-25	ADH 005	24-25 ADH 005	Realignment of public health grant to focus on outcomes	£1,435	£1,435	£1,435	£0	£0	£0	£0	£0	Claire Greszczuk		Mike Jones	The virement to re-allocate the Public Health to the relevant directorates, and re-base the budget, has now been processed.
Adults & Health	24-25	ADH 006	24-25 ADH 006	Market Management / Newham Living	£450	£450	£0	£450	£0	£0	£0	£0	Simon Reid		Mike Jones	
Adults & Health Total					£9,767	£9,767	£1,435	£7,312	£0	£1,020	£0	£0				
Children & Young People	20-21	CTP1	20-21 CTP1	Capital investment and transformation programme		£1,420	£0	£420	£0	£0	£1,000	£0	Ali Omar	Ali Omar	Abdul Kayoum	Capital investment and transformation programme, savings to be identified as part of transformation work.
Children & young people	23-24	CYP 001	23-24 CYP 001	Early Intervention and front door review		£200	£0	£0	£0	£0	£200	£0	Ali Omar	Ali Omar	Abdul Kayoum	23-24 Saving target was £540k of which £300k was through CAMHS contract
Children & young people	23-24	CYP 002	23-24 CYP 002	Placements and Capital strategy		£750	£0	£0	£0	£0	£750	£0	Ali Omar / Mahfuzul Khan	Mahfuzul Khan	Abdul Kayoum	Transformation programme reviewing delivery option
Children & young people	23-24	CYP 004	23-24 CYP 004	Youth Empowerment Efficiencies		£45	£0	£45	£0	£0	£0	£0	Dave Tapsell	Lynne Crank	Abdul Kayoum	
Children & young people	23-24	CYP 006	23-24 CYP 006	Review of staffing across CYPs – additional efficiencies.		£150	£0	£0	£0	£0	£150	£0	CYPS DMT	All	Abdul Kayoum	
Children & young people	23-24	CYP 008	23-24 CYP 008	Review of Children's Centres Delivery		£300	£0	£0	£0	£0	£300	£0	Ali Omar	Ali Omar	Abdul Kayoum	Early Start Group insourcing to deliver saving in 2025-26
Children & young people	24-25	CYP 001	24-25 CYP 001	Increasing the numbers of children who are permanently placed with family and connected carers under a Special Guardianship Order / reducing placement costs	£399	£399	£0	£399	£0	£0	£0	£0	Mahfuzul Khan	Mahfuzul Khan	Abdul Kayoum	SGO (+3 to a target of 24) and Adoptions (+4 to a target of 17) compared to pre-covid levels. £160k reducing the CIC population by 5, but recent trends have indicated otherwise
Children & young people	24-25	CYP 002	24-25 CYP 002	Children's Commissioning Team Review	£95	£95	£0	£95	£0	£0	£0	£0	Ali Omar	Jason Eustice	Abdul Kayoum	
Children & young people	24-25	CYP 003	24-25 CYP 003	Education Department	£300	£300	£0	£300	£0	£0	£0	£0	Annabel Bates	Annabel Bates	Abdul Kayoum	
Children & young people	24-25	CYP 004	24-25 CYP 004	Placements and Capital Strategy MTFs Proposal	£150	£150	£0	£0	£0	£0	£150	£0	Ali Omar / Mahfuzul Khan	Mahfuzul Khan	Abdul Kayoum	Transformation programme reviewing delivery option
Children & young people	24-25	CYP 009	24-25 CYP 009	Foster Care Offer - Increasing number of foster carer offer to support recruitment	£200	£200	£0	£0	£0	£0	£200	£0	Mahfuzul Khan	Mahfuzul Khan	Abdul Kayoum	Work in progress to review in-house fostering opportunities
Children & young people	24-25	CYP 010	24-25 CYP 010	Review of Improvement Offer	£50	£50	£0	£50	£0	£0	£0	£0	Ali Omar	Ali Omar	Abdul Kayoum	
Children & young people	24-25	CYP 011	24-25 CYP 011	Early Intervention and front door review	£150	£150	£0	£0	£0	£0	£150	£0	Ali Omar	Christina Pace	Abdul Kayoum	Related to CAMHS contract, trying to identify mitigations but might need to be badged as non-delivery
Children & young people	24-25	CYP 012	24-25 CYP 012	Review the Practice Support System	£269	£269	£0	£269	£0	£0	£0	£0	Dave Tapsell / Victor Cook	Victor Cook	Abdul Kayoum	
Children & young people	24-25	CYP 015	24-25 CYP 015	CYPS management efficiency savings from back office/administrative functions	£200	£200	£0	£0	£0	£0	£200	£0	CYPS DMT	All	Abdul Kayoum	
Children & Young People Total					£1,813	£4,678	£0	£1,578	£0	£0	£3,100	£0				

Savings Tracker

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Saving Summary					24/25											Comments/Explanation "Please Date Stamp and Initial comments"
Directorate	Year Savings Agreed	Project ref.	Year - Project Ref	Savings title	GF ORIGINAL PROFILED savings 2024/25 (£'000)	GF REVISED PROFILED savings 2024/25 (£'000)	Already Fully Delivered 2024/25 £'000	FORECAST SAVINGS 2024/25 £'000	PERMANENT SAVINGS SUBSTITUTION FORECAST 2024/25 £'000	ONE OFF SAVINGS SUBSTITUTION FORECAST 2024/25 £'000	FORECAST SAVINGS SLIPPAGE 2024/25 £'000	VARIANCE (TOTAL NON DELIVERY) 2024/25 £'000	Responsible Officer	Head of Service	Finance Contact	
Central	20-21	S26	20-21 S26	Change Programme		£1,944	£1,743	£201	£0	£0	£0	£0	Nohalla Alavi	James Partis	Dawn Seers	DS 7.6.24 - residual saving £201k. Review of Dockside income and other property savings required, should be achievable based on information to hand.
Central	24-25	HOU - GRO 4	HOU - GRO 4 24-25	TA Acquisitions	0	0	0	0	0	0	0	0	0	0	0	0
Central	23-24	CORP 003	23-24 CORP 003	Increased Treasury Income		£2,000	£0	£0	£0	£2,000	£0	£0	Stephen Wild	Andrew Ward	Kieran O'Leary	Saving to be delivered from reserve in year but may not be achievable long term.
Central	24-25	CORP 001	24-25 CORP 001	Phase 1 of the Organisational Design Savings	£1,500	£1,500	£0	£870	£0	£0	£221	£409	Andrew Ward		Kieran O'Leary	Shortfall increased as of period 4; HR confirmed removal of post from scope by CYP5
Central Total					£1,500	£5,444	£1,743	£1,071	£0	£2,000	£221	£409				
Environment and Sustainable Transport	20-21	ET11	20-21 ET11	Curtilage Waste Collection		£117	£0	£0	£0	£117	£0	£(0)	Dave Adams	Louise Wilcox	Femi Ogidan	12.06.23 Saving to be delivered from October onwards (part of route optimisation work being undertaken).
Environment and Sustainable Transport	21-22	EST01	21-22 EST01	Review the impact of the low traffic neighbourhoods on pedestrian road safety measures in place.		£352	£0	£0	£0	£352	£0	£0	Jamie Cooke	Jamie Cooke (Director)	Tracy Watkins	12.12.23 This saving has not been progressed due to safety concerns with the original proposal. In 23/24 it is mitigated by the use of one-off reserves.
Environment and Sustainable Transport	21-22	EST04	21-22 EST04	Green Waste Collection Charge		£160	£0	£0	£0	£160	£0	£0	Helen Dennis	Louise Wilcox	Femi Ogidan	12.12.23. Currently mitigated by the use of one-off reserves. The collection model is being reviewed with the aim of achieving the saving. 12.06.23 Saving at risk owing to central government in their consultations for the "Resources and Waste Strategy for England" have indicated the likelihood that local authorities will no longer be able to charge for collection of garden waste.
Environment and Sustainable Transport	23-24	EST 001	23-24 EST 001	EST - Licensing and Regulatory Services		£31	£0	£0	£0	£31	£0	£0	Sheila Roberts	Sheila Roberts	Femi Ogidan	12.06.23 GREEN: Savings on track
Environment and Sustainable Transport	23-24	EST 006	23-24 EST 006	Commercial Bins Licensing		£80	£0	£0	£0	£80	£0	£0	Jim Jordan	Jim Jordan	Tracy Watkins	12.12.23 The saving is being mitigated by additional one-off income receipts. Implementation has been delayed due to concern about the impact of additional charges on small businesses, in view of the cost of living crisis.
Environment and Sustainable Transport	23-24	EST 011	23-24 EST 011	Street Lighting Adapting		£164	£0	£82	£0	£82	£0	£0	Alpekin Tanriverdi	Paul Gannon	Tracy Watkins	14.11.24. The adaptive lighting policy has been adopted and on-site implementation commenced in October 24. This involves a fixed percentage reduction in lighting levels at set times, with all lamp columns being controlled remotely. Energy pressures arising from the implementation delay are mitigated within the service.
Environment and Sustainable Transport	23-24	EST 014	23-24 EST 014	RPZ Review		£200	£0	£0	£200	£0	£0	£0	Carl Brown	Michael Benn	Tracy Watkins	12.12.23 This proposal has not been progressed. It will need to be taken forward as part of a Borough wide RPZ review (which will incur additional cost) with a view to creating more cashless parking in resident permit bays.
Environment and Sustainable Transport	24-25	EST 002	24-25 EST 002	EST Contingency Budget	£195	£195	£195	£0	£0	£0	£0	£0	Femi Ogidan		Femi Ogidan	Contingency budget has been reduced and service expects to manage within revised budgetary limits.
Environment and Sustainable Transport	24-25	EST 003	24-25 EST 003	Delete AD Waste, Recycling & Operational Infrastructure.	£75	£75	£75	£0	£0	£0	£0	£0	Helen Dennis	Louise Wilcox	Femi Ogidan	The post has been deleted and post holder has left.
Environment and Sustainable Transport	24-25	EST 004	24-25 EST 004	Delete one growth post for Environmental Health Officer / Food Safety Officer.	£60	£60	£0	£0	£0	£60	£0	£0	Sheila Roberts	Sheila Roberts	Femi Ogidan	
Environment and Sustainable Transport	24-25	EST 005	24-25 EST 005	Delete Public Realm Engagement Team and integrate activity in resident engagement service area.	£129	£129	£0	£129	£0	£0	£0	£0	Helen Dennis	Helen Dennis	Femi Ogidan	
Environment and Sustainable Transport	24-25	EST 006	24-25 EST 006	EV charging profit share	£100	£100	£0	£100	£0	£0	£0	£0	Charles Mapundu	Richard Wadey	Tracy Watkins	15.11.2024. The saving is forecast to achieve.
Environment and Sustainable Transport	24-25	EST 007	24-25 EST 007	Fixed Penalty Notices, plus licenses and permit income increases.	£300	£300	£0	£20	£0	£280	£0	£0	Jim Jordan	Jim Jordan	Tracy Watkins	15.11.2024. The saving is being mitigated within the service. The savings of £300k for FPN's are collected by CST and by PR (Kingdom). FPN's issued by Network management for failed works or deficiencies only equals around £20k each year. In addition to this the licences and permit income will be subject to activities and any seasonal variations such as weather and festive shutdowns of works.
Environment and Sustainable Transport	24-25	EST 009	24-25 EST 009	Enforcement to ensure legal and correct licensing and permits on highways and footpaths.	£15	£15	£0	£15	£0	£0	£0	£0	Jamie Cooke	Jamie Cooke (Director)	Femi Ogidan	Implemented
Environment and Sustainable Transport	24-25	EST 010	24-25 EST 010	Reduce Cover pool in cleansing by 2 posts from 20 to 18 FTE.	£63	£63	£0	£63	£0	£0	£0	£0	Tracy Scott	Tracy Scott	Femi Ogidan	Implemented

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Saving Summary					24/25											
Directorate	Year Savings Agreed	Project ref.	Year - Project Ref	Savings title	GF ORIGINAL PROFILED savings 2024/25 (£000s)	GF REVISED PROFILED savings 2024/25 (£000s)	Already Fully Delivered 2024/25 £'000	FORECAST SAVINGS 2024/25 £'000	PERMANENT SAVINGS SUBSTITUTION FORECAST 2024/25 £'000	ONE OFF SAVINGS SUBSTITUTION FORECAST 2024/25 £'000	FORECAST SAVINGS SLIPPAGE 2024/25 £'000	VARIANCE (TOTAL NON DELIVERY) 2024/25 £'000	Responsible Officer	Head of Service	Finance Contact	Comments/Explanation *Please Date Stamp and Initial comments*
Environment and Sustainable Transport	24-25	EST 012	24-25 EST 012	Adaptive Lighting	£500	£500	£0	£250	£0	£250	£0	£0	Alpekin Tanriverdi	Paul Gannon	Tracy Watkins	14.11.24. The adaptive lighting policy has been adopted and on-site implementation commenced in October 24. This involves a fixed percentage reduction in lighting levels at set times, with all lamp columns being controlled remotely. Energy pressures arising from the implementation delay are mitigated within the service.
Environment and Sustainable Transport	24-25	EST 013	24-25 EST 013	Health and Safety Enforcement 1 FTE	£60	£60	£0	£60	£0	£0	£0	£0	Sheila Roberts	Sheila Roberts	Femi Ogidan	Implemented
Environment and Sustainable Transport	24-25	EST 018	24-25 EST 018	Stratford Multi Storey Car Park charges inflation increase and PCN Policy Change to support bereaved families	£110	£110	£0	£60	£0	£50	£0	£0	Sarah Browne	Sarah Browne	Femi Ogidan	11.12.24 Delays in the sign off of new contract means that full year target will not be achieved. Contract expected to be signed by the end of Jan-25.
Environment and Sustainable Transport	24-25	EST 020	24-25 EST 020	Commercial Bins Licensing	£170	£170	£0	£0	£0	£170	£0	£0	Jim Jordan	Jim Jordan	Tracy Watkins	15.11.24 The saving has not been implemented and discussions are on-going, including establishing responsibility for the enforcement aspect. The target is being mitigated by additional one-off income receipts.
Environment and Sustainable Transport	24-25	EST 021	24-25 EST 021	Community Safety	£387	£387	£0	£387	£0	£0	£0	£0	Sean McDermid	Sean McDermid	Tracy Watkins	11.06.2024. The saving is forecast to achieve.
Environment and Sustainable Transport	24-25	EST 022 (a-d)	24-25 EST 022 (a-d)	Community Safety	£261	£261	£0	£261	£0	£0	£0	£0	Lisa Emmerson	Sean McDermid	Tracy Watkins	15.11.2024. The service is restructuring to achieve savings. The new structure will be introduced in quarter 4. Full year savings are achieved by holding vacancies.
Environment and Sustainable Transport	24-25	EST 024 (a-e)	24-25 EST 024 (a-e)	Stratford Multi-Storey Car Park & Proposal Title: PCN policy change	£314	£314	£0	£0	£0	£314	£0	£0	Michael Benn	Michael Benn	Tracy Watkins	15.11.2024. Stratford Multi-Storey car park 10% increase in P&D charges was implemented from 1st April 24. This has reduced competitiveness and has not resulted in anticipated savings of £110k. Implementation of policy changes £204k for Event and Funeral parking has been delayed.
Environment and Sustainable Transport	24-25	EST 025	24-25 EST 025	Licensing and Regulation	£55	£55	£55	£0	£0	£0	£0	£0	Sheila Roberts	Sheila Roberts	Femi Ogidan	Rationalisation of historically underspending budgets. Service expects to manage within reduced budgetary provision.
Environment and Sustainable Transport	24-25	EST 028	24-25 EST 028	Stratford Multi Storey Car Park charges inflation increase and PCN Policy Change to support bereaved families	£425	£425	£0	£0	£0	£425	£0	£0	Michael Benn	Michael Benn	Tracy Watkins	15.11.24 new policies around event and funeral parking have not yet been implemented; policy design is ongoing and implementation in 2025/26. In the meantime, PCN performance is compensating for income loss arising from the delayed implementation.
Environment and Sustainable Transport Total					£3,219	£4,323	£325	£1,427	£200	£2,371	£0	£(0)				
Inclusive Economy & Housing	24-25	IEH 001	24-25 IEH 001	Our Newham Learning (Grant Maximisation and Efficiencies)	£150	£150	£150	£0	£0	£0	£0	£0	Jaspal Dhaliwal	Darren Mackin	Hayley O'Brien	
Inclusive Economy & Housing	24-25	IEH 002	24-25 IEH 002	Community Wealth Building Our Newham Money	£100	£100	£0	£100	£0	£0	£0	£0	Burhan Uddin	Darren Mackin	Hayley O'Brien	
Inclusive Economy & Housing	24-25	IEH 003	24-25 IEH 003	Our Newham Grant Maximisation and Efficiencies	£950	£950	£0	£950	£0	£0	£0	£0	Burhan Uddin	Darren Mackin	Hayley O'Brien	
Inclusive Economy & Housing	24-25	IEH 004	24-25 IEH 004	Community Wealth Building Local Welfare Assistance	£150	£150	£150	£0	£0	£0	£0	£0	Burhan Uddin	Darren Mackin	Hayley O'Brien	
Inclusive Economy & Housing	24-25	IEH 005	24-25 IEH 005	Community Wealth Building Support Services	£100	£100	£100	£0	£0	£0	£0	£0	Darren Mackin	Darren Mackin	Hayley O'Brien	
Inclusive Economy & Housing	24-25	IEH 006	24-25 IEH 006	Our Newham Grant Maximisation and Efficiencies	£100	£100	£0	£100	£0	£0	£0	£0	Darren Mackin	Darren Mackin	Hayley O'Brien	
Inclusive Economy & Housing	24-25	IEH 007	24-25 IEH 007	Regeneration Savings	£200	£200	£200	£0	£0	£0	£0	£0	Darren Mackin	Darren Mackin	Hayley O'Brien	
Inclusive Economy & Housing Total					£1,750	£1,750	£600	£1,150	£0	£0	£0	£0				
oneSource	20-21	S21	20-21 S21	Process Reviews		£186	£186	£0	£0	£0	£0	£0	Satish Mistry	Satish Mistry	Natalie Bowie	Premise of saving revisited
oneSource	20-21	OS7	20-21 OS7	Operation of the corporate centre model		£200	£200	£0	£0	£0	£0	£0	Glyn Peach	Glyn Peach	Natalie Bowie	Premise of saving revisited

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Saving Summary					24/25											
Directorate	Year Savings Agreed	Project ref.	Year - Project Ref	Savings title	GF ORIGINAL PROFILED savings 2024/25 (£'000s)	GF REVISED PROFILED savings 2024/25 (£'000s)	Already Fully Delivered 2024/25 £'000	FORECAST SAVINGS 2024/25 £'000	PERMANENT SAVINGS SUBSTITUTION FORECAST 2024/25 £'000	ONE OFF SAVINGS SUBSTITUTION FORECAST 2024/25 £'000	FORECAST SAVINGS SLIPPAGE 2024/25 £'000	VARIANCE (TOTAL NON DELIVERY) 2024/25 £'000	Responsible Officer	Head of Service	Finance Contact	Comments/Explanation "Please Date Stamp and Initial comments"
oneSource	20-21	OS5	20-21 OS5	Further Alignment of Newham & Havering		£151	£151	£0	£0	£0	£0	£0	Conrad Hall	Conrad Hall	Natalie Bowie	Premise of saving revisited
oneSource	20-21	OS4	20-21 OS4	Process efficiencies - Robotics		£93	£93	£0	£0	£0	£0	£0	Conrad Hall	Conrad Hall	Natalie Bowie	Premise of saving revisited
oneSource	21-22	os05	21-22 os05	ICT efficiencies		£50	£50	£0	£0	£0	£0	£0	Glyn Peach	Glyn Peach	Natalie Bowie	Premise of saving revisited
oneSource	21-22	os04	21-22 os04	Legal & Democratic		£50	£50	£0	£0	£0	£0	£0	Satish Mistry	Satish Mistry	Natalie Bowie	Delivered in 23/24 via vacancy management
oneSource	21-22	os01	21-22 os01	Exchequer & Transactional Services - increased enforcement income and services restructure		£400	£400	£0	£0	£0	£0	£0	Sarah Bryant	Sarah Bryant	Natalie Bowie	Income delivered in 23/24
oneSource	21-22	os02	21-22 os02	ICT Efficiencies and Restructure		£473	£473	£0	£0	£0	£0	£0	Glyn Peach	Glyn Peach	Natalie Bowie	Premise of saving revisited
oneSource Total					£0	£1,603	£1,603	£0	£0	£0	£0	£0				
Marketing	24-25	MAR 002	24-25 MAR 002	Events	£167	£167	£0	£167	£0	£0	£0	£0	Mohamed Hammoudan	Mohamed Hammoudan	Dawn Seers	
Marketing	24-25	MAR 003	24-25 MAR 003	Citizen's Assembly - Disability Friendly Borough (Adult Social Care Collaboration)	£55	£55	£0	£55	£0	£0	£0	£0	Adrian Thomas	Adrian Thomas	Dawn Seers	
Marketing	24-25	MAR 004	24-25 MAR 004	Review of Communications Structure	£240	£240	£0	£220	£0	£0	£0	£20	Adrian Thomas	Adrian Thomas	Dawn Seers	DS 7.6.24. Restructure proposals in progress. Timing of restructures will be key to savings delivery.
Marketing	24-25	MAR 005	24-25 MAR 005	Council marketing assets	£50	£50	£0	£0	£0	£50	£0	£0	Adrian Thomas	Adrian Thomas	Dawn Seers	
Marketing	24-25	MAR 006	24-25 MAR 006	Citizens Panel (Pilot) (adapting Residents Survey)	£20	£20	£0	£20	£0	£0	£0	£0	Adrian Thomas	Adrian Thomas	Dawn Seers	
Marketing	24-25	MAR 007	24-25 MAR 007	Marketing Newham Magazine Reduced Provision	£25	£25	£0	£25	£0	£0	£0	£0	Adrian Thomas	Adrian Thomas	Dawn Seers	
Marketing	24-25	MAR 008	24-25 MAR 008	Increase in Room Hire Income	£40	£40	£0	£40	£0	£0	£0	£0	Mohamed Hammoudan	Mohamed Hammoudan	Dawn Seers	
Marketing	24-25	MAR 010	24-25 MAR 010	Theatre Royal Grant	£250	£250	£0	£0	£124	£0	£126	£0	Mohamed Hammoudan	Mohamed Hammoudan	Dawn Seers	Inadequate stakeholder consultation took place creating a six month delay
Marketing	24-25	MAR 011	24-25 MAR 011	VCFS Infrastructure and Capacity Building	£100	£100	£0	£100	£0	£0	£0	£0	Mohamed Hammoudan	Mohamed Hammoudan	Dawn Seers	
Marketing	24-25	MAR 012	24-25 MAR 012	Events Programme/ Team	£50	£50	£0	£50	£0	£0	£0	£0	Mohamed Hammoudan	Mohamed Hammoudan	Dawn Seers	
Marketing	24-25	MAR 013	24-25 MAR 013	Review of Policy, Communications & Mayor's Office	£903	£903	£0	£650	£0	£30	£0	£223	Adrian Thomas	Adrian Thomas	Dawn Seers	DS 7.6.24. Restructure proposals in progress. Timing of restructures will be key to savings delivery. Includes saving for Mayors' office in Resources.
Marketing Total					£1,900	£1,900	£0	£1,327	£124	£80	£126	£243				

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Saving Summary				24/25												Comments/Explanation "Please Date Stamp and Initial comments"
Directorate	Year Savings Agreed	Project ref.	Year - Project Ref	Savings title	GF ORIGINAL PROFILED savings 2024/25 (£000s)	GF REVISED PROFILED savings 2024/25 (£000s)	Already Fully Delivered 2024/25 £'000	FORECAST SAVINGS 2024/25 £'000	PERMANENT SAVINGS SUBSTITUTION FORECAST 2024/25 £'000	ONE OFF SAVINGS SUBSTITUTION FORECAST 2024/25 £'000	FORECAST SAVINGS SLIPPAGE 2024/25 £'000	VARIANCE (TOTAL NON DELIVERY) 2024/25 £'000	Responsible Officer	Head of Service	Finance Contact	
Digital	20-21	RSB02	20-21 RSB02	Complaints and Member Services Efficiency Savings		£120	£0	£0	£0	£70	£50	£50	Olivia Shaw	Olivia Shaw	Dawn Seers	DS 08.06.23 Service have progressed a restructure to partially deliver. Presently there is uncertainty around impact of savings delivery on quality of service which is high profile within the Council. Overspend on complaints currently offset with underspend elsewhere in service
Digital Total					£0	£120	£0	£0	£0	£70	£50	£50				
Transformation	23-24	TRAN 003	23-24 TRAN 003	Consult to see if anyone wants to move to 4-day week or part time		£10	£10	£0	£0	£0	£0	£0	James Partis	James Partis	Dawn Seers	HC 09.05.24 - Delivered in 23/24 due to recruitment freeze. A structural review will be carried out to identify savings on a more permanent basis for 24/25 and onwards.
Transformation	24-25	TRAN 002	24-25 TRAN 002	BSMI staffing reductions in year 2/3	£100	£100	£0	£100	£0	£0	£0	£0	Nohalla Alavi	Nohalla Alavi	Dawn Seers	DS 07.06.24 - Likely to be achieved via holding vacancies pending a more permanent solution
Transformation	24-25	TRAN 003	24-25 TRAN 003	Digital – Resident Experience Savings MTFs 2023/24 onwards	£50	£50	£50	£0	£0	£0	£0	£0	Olivia Shaw	Olivia Shaw	Dawn Seers	One scale 6 made vacant in March 24 won't be recruited to - (38123)
Transformation	24-25	TRAN 004	24-25 TRAN 004	Digital – Savings from Review of Resident Experience	£50	£50	£50	£0	£0	£0	£0	£0	Olivia Shaw	Olivia Shaw	Dawn Seers	One scale 6 made vacant in March 24 won't be recruited to - (38941)
Transformation	24-25	TRAN 005	24-25 TRAN 005	Review of BSMI systems and look for rationalisation opportunities.	£100	£100	£0	£0	£0	£100	£0	£0	Nohalla Alavi	Nohalla Alavi	Dawn Seers	DS 07.06.24 - Likely to be achieved via holding vacancies pending a more permanent solution
Transformation	24-25	TRAN 008	24-25 TRAN 008	Budget Review of Policy Research and Partnership Teams	£160	£160	£0	£160	£0	£0	£0	£0	Adrian Thomas	Adrian Thomas	Dawn Seers	DS 7.6.24. Restructure proposals in progress. Timing of restructures will be key to savings delivery. - also links to MAR013
Transformation Total					£460	£470	£110	£260	£0	£100	£0	£0				

Savings Tracker

27/02/2025 00:00

Saving Summary					24/25											
Directorate	Year Savings Agreed	Project ref.	Year - Project Ref	Savings title	GF ORIGINAL PROFILED savings 2024/25 (£'000s)	GF REVISED PROFILED savings 2024/25 (£'000s)	Already Fully Delivered 2024/25 £'000	FORECAST SAVINGS 2024/25 £'000	PERMANENT SAVINGS SUBSTITUTION FORECAST 2024/25 £'000	ONE OFF SAVINGS SUBSTITUTION FORECAST 2024/25 £'000	FORECAST SAVINGS SLIPPAGE 2024/25 £'000	VARIANCE (TOTAL NON DELIVERY) 2024/25 £'000	Responsible Officer	Head of Service	Finance Contact	Comments/Explanation "Please Date Stamp and Initial comments"
Resources	23-24		23-24	Capitalisation of Property Team		£100	£100	£0	£0	£0	£0	£0	Giles Clarke	Giles Clarke	Dawn Seers	Achieved in 23/24.
Resources	24-25	RES 001	24-25 RES 001	Reduce Feasibility Budgets	£400	£400	£400	£0	£0	£0	£0	£0	Conrad Hall	Conrad Hall	Dawn Seers	Achieved. Ad hoc work will need to secure funding in advance
Resources	24-25	RES 002	24-25 RES 002	Ongoing Efficiencies	£195	£195	£35	£160	£0	£0	£0	£0	Andrew Ward	Andrew Ward	Dawn Seers	£35k H&S achieved through deleting vacancy. £160k finance forecast to be achieved.
Resources	24-25	RES 003	24-25 RES 003	Savings in Executive and Business Support	£200	£200	£100	£100	£0	£0	£0	£0	Kirk Dede	Kirk Dede	Dawn Seers	DS 7.6.24, 1 x SMR post deleted to save £100k, remainder will be achieved through reorganisation proposals
Resources	24-25	RES 004	24-25 RES 004	Counter Fraud Work	£160	£160	£0	£160	£0	£0	£0	£0	Nick Sharp	Nick Sharp	Dawn Seers	Saving will be made by identifying fraud and increasing collection fund revenue. Will need to be a year end adjustment from Coll fund reserve based on achievement but early signs are very positive
Resources	24-25	RES 005	24-25 RES 005	oneSource Dividend	£200	£200	£0	£200	£0	£0	£0	£0	Giles Clarke	Giles Clarke	Dawn Seers	£75k Procurement, £125k Prop/AM
Resources	24-25	RES 006	24-25 RES 006	Reduce Apprentice & NMT programme	£500	£500	£300	£0	£0	£0	£0	£200	Gordon McFarlane	Gordon McFarlane	Dawn Seers	DS 15.11.24 - turnover of staff lower than usual
Resources	24-25	RES 007	24-25 RES 007	HR Staffing Reductions	£100	£100	£0	£100	£0	£0	£0	£0	Gordon McFarlane	Gordon McFarlane	Dawn Seers	
Resources	24-25	RES 008	24-25 RES 008	Mayor's Office Staffing Savings	£100	£100	£0	£0	£0	£0	£0	£100	Sarah Sturrock	Sarah Sturrock	Dawn Seers	DS 7.6.24. Restructure proposals in progress. Timing of restructures will be key to savings delivery. - also links to MAR013
Resources Total					£1,855	£1,955	£935	£720	£0	£0	£0	£300				
Grand Total					£22,264	£32,010	£6,751	£14,645	£324	£5,641	£3,497	£1,002				

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Audit Committee Report			
Date of meeting	12 March 2025		
Subject Heading	Financing the 2025/26 Capital Programme		
Is this Item for: Information or Discussion	Information and Discussion		
Summary of issues/key points for discussion	<p>Purpose of Report</p> <p>This report is brought to committee for scrutiny and discussion ahead of the report being presented to Cabinet in April 2025.</p> <p>Cabinet will be asked to authorise the Corporate Director of Resources to enter into new long-term borrowing of up to £454m that will fund the capital programme in 2025/26.</p> <p>Committee are asked to raise questions and comment on the report, and this feedback may be used to amend the report before it is presented to Cabinet in April.</p> <p>Recommendations</p> <p>Members are recommended to:</p> <ol style="list-style-type: none"> 1. Note the findings from the EY annual reports. <p style="text-align: center;">Appendix A&B - External Audit Reports to Audit Committee</p>		
Officer preparing report	Andrew Ward	Contact Number and e-mail address	(020) 3373 1363 Andrew.ward@newham.gov.uk
Manager's name	Conrad Hall	Manager's Title	Corporate Director of Resources

LONDON BOROUGH OF NEWHAM

CABINET

Report title	Financing the 2025/26 Capital Programme	
Date of Meeting	1 April 2025	
Lead Officer	Andrew Ward Deputy Director of Finance andrew.ward@newham.gov.uk	
Corporate Director	Conrad Hall Corporate Director of Resources conrad.hall@newham.gov.uk	
Lead Member	Cllr Zulfiqar Ali - Cabinet Member for Finance and Resources	
Key Decision?	Yes	Reasons: Financial regulations C15 require that new long term borrowing must be agreed by Cabinet. This report recommends long term borrowing of up to £454m to finance the capital programme to 31 March 2026, replace internal borrowing, and re-finance existing temporary debt that will mature before 31 March 2026.
Exempt Information & Grounds	No	Grounds:
Wards Affected	All	
Appendices	1. Treasury Loans and Investments 2. Prudential Indicators 3. 2025/26 borrowing requirement	

1. Executive Summary

- 1.1 This report authorises officers to borrow to finance the 2025/26 capital programme which was approved by Full Council on 27 February 2025. Additionally, it authorises borrowing to replace existing internal and temporary borrowing that has been used to fund historic capital expenditure. All proposals in this report support the capital programme and its contribution towards the Council's investment plans, aligning with the priorities outlined in the Council's Strategic Framework.

- 1.2 **£278m** of the £454m is allocated to providing additional housing within the borough and maintaining and improving existing housing stock. Major capital programmes such as Acquisitions, Populo, Pier Road and The Rex directly address the housing and homelessness crisis, delivering long-term savings to support the revenue budget. Other capital projects that will be supported by this borrowing include business critical and service improvement schemes such as Keep Newham Moving, Active and Sustainable Travel, the Health Venture Investment, Leisure Services, and support for young people in our care.
- 1.3 Of the **£278m** above: £115m relates to the Acquisitions programme that will deliver a combination of rental income and savings against the Temporary Accommodation budget, £121m relates to the HRA which is self-financing, and 157m relates to Populo and Regeneration schemes. A large part of the revenue interest cost of the regeneration schemes can be capitalised so that the burden will not impact on revenue until the schemes are complete and begin to deliver either capital receipts or an income stream.
- 1.4 A further £51m of the £454 relates to the replacement of already existing external temporary borrowing and there will be no additional revenue burden attached to this.
- 1.5 However, the sums are substantial, approximately £0.5bn. This reflects the scale of the Council's capital programme and its focus on housing delivery, which requires substantial long-term financing if it is to be achieved at any scale. In line with good governance and in the interests of transparency the Council's policy is to request separate approval from Cabinet for actual borrowing transactions. Prior to Cabinet approval, this report will be reviewed by the Audit Committee. As the exact date and timing of borrowing cannot practically be specified in advance the authority to undertake transactions is delegated to the Corporate Director of Resources.

2. Recommendations

For the reasons set out in the report and its appendices, Cabinet is recommended to agree:

- 2.1 To authorise the Corporate Director of Resources to enter into new long-term borrowing of up to £454m that will fund the estimated borrowing requirement in 2025/26.

3. Background

- 3.1 The Cabinet, at its meeting held on 6 August 2024, approved up to £390m additional long term borrowing toward the 2024/25 Capital Programme which expired at the end of February 2025. Cabinet noted in the Mid-Year Treasury Management report at its meeting on 4 December 2024 that £243m in PWLB loans had been drawn down from the £390m. The remaining £147m was drawn down in February 2025 under delegated authority.

- 3.2 The Council's Budget approved on 27 February 2025 outlined the framework and strategic direction of its financing plans for funding the schemes set out within the Capital Strategy (Appendix C of that report). The Treasury Management Strategy Statement (TMSS Appendix K of that report) provides the link between the Budget and the capital programme within a statutory framework which provides assurance that the capital programme is both affordable and sustainable.
- 3.3 These financing plans are crucial to the delivery of key priorities, including: new and affordable housing to combat the housing crisis on Local Housing Allowance (LHA) rent tenures and avoid the Council having to spend substantially more on alternative expensive accommodation; 'greening' of the Borough's infrastructure to progress towards climate emergency targets; and transformation of the Council's internal operations to provide ongoing revenue savings.
- 3.4 This report demonstrates how the TMSS will be implemented over 2025/26. It provides detail on the capital borrowing over 2025/26 as identified in the Capital Strategy & TMSS included in the Budget 2025/26 report, approved by Council on the 27 February 2025.
- 3.5 The capital programme and its financing are closely monitored. A report will be presented to Cabinet in July setting out the outcome of that process and it will also be included in the mid-year Capital report and mid-year 2025/26 TMSS to inform any further borrowing decisions, if required.

4 Proposals

4.1 Borrowing Amount

The borrowing requirements for 2025/26 have been calculated as follows:

- **£357m:** Forecast borrowing requirement for capital schemes included in the £527m 2025/26 capital budget approved on 27 February 2025.
- **£97m:** To replace existing internal borrowing of £46m, and temporary external borrowing of £51m that will mature before 31 March 2026 and is not covered by existing permissions. These technical adjustments are important, but will not increase the Council's overall Capital Financing Requirement (CFR). However, replacing internal borrowing will lead to an increase in external borrowing. In contrast, replacing temporary borrowing will not raise external borrowing levels, as it merely involves substituting short-term external loans (with durations of less than 12 months) with longer-term external loans.

Where practical the Council does sometimes borrow externally on a temporary basis for cash flow purposes, particularly where favourable temporary interest rates are available. On maturity, such loans are often converted to longer-term loans in order to minimise the interest rate risk. As the replacement of the £51m of temporary borrowing will not increase our external borrowing level, the total increase in external borrowing from these permissions will be **£403m**.

Appendix 2 to this report provides detailed information on the expected £492m Capital Financing Requirement (CFR) growth over 2025/26 based on anticipated spending and in part informed by outline business cases of schemes. It is crucial to have robust spending and delivery projections in business cases and forecasts to avoid unnecessary borrowing.

As an illustrative example, borrowing £100m over 50 years at an interest rate of 5.5% results in an annual revenue impact of £7.5m, broken down into £2m Minimum Revenue Provision (MRP) or, for practical purposes, repayment of the principal on the borrowing and £5.5m for interest. If borrowing is underutilised due to delayed delivery the Council incurs unnecessary and premature revenue costs. This can be partially mitigated through treasury management activities, including short-term investment of cash balances, but there will still be a real cost, known as the 'cost of carry'.

Most of the borrowing in this report, as set out in the financial implications, is for housing purposes. This means that the Council will receive rental income from completed units and a reduction in the temporary accommodation costs it would otherwise have incurred, which would offset the costs illustrated above.

4.2 Who we will borrow from

As outlined in the approved 2025/26 TMSS, the preferred strategy, is to borrow for fixed term loan durations from the PWLB or equivalent Government finance. This approach prioritises the use of the PWLB above borrowing from Banks or other financial institutions that are unlikely to offer such favourable rates as the PWLB, or entering into complex instruments such as LOBOs. Given operational uncertainties, it is impractical for Cabinet to decide on executing the actual transaction to borrow a precise sum on an exact date at a specified interest rate. By the time the relevant report is published the circumstances necessitating the borrowing need would likely have changed. Under this delegation a single transaction may be entered into or, alternatively, a small number of smaller transactions, for example to spread interest rate risk. PWLB interest rates change daily, so the duration of the fixed rate loan will be decided by the Corporate Director of Resources, taking into consideration prevailing market circumstances, the budget strategy and the debt maturity profile.

Other borrowing arrangements: such as the use of leasing, specialist 'green' funding that may be more cost efficient for some types of capital expenditure such as for vehicles, equipment and decarbonisation schemes will be considered.

4.3 Delegated Approval

What is being delegated is the execution of the borrowing transaction, specifically: the type, period, rate and timing of new borrowing. These will be determined by the Corporate Director of Resources officer under delegated powers, taking into account the following factors:

- Expected movements in interest rates as outlined above
- Maturity profile of the debt portfolio show little new borrowing will be required to replace maturing long term debt
- The impact on the Budget strategy; and
- Prudential Indicators and limits.

5 Delivering Council Policy and Corporate Priorities

- 5.1 The capital programme contributes and supports the delivery of a number of corporate priorities as per the February 2025 budget report.

6 Alternatives Considered

- 6.1 Not to agree a long term borrowing mandate will mean reliance on temporary borrowing to finance the approved capital programme. As set out in the financial implications, the bank rate level, is currently higher than the loan rate for longer durations (up to 5 years) which have already discounted a falling bank rate. This would potentially increase the amount of interest payable in 2025/26. However, long-term borrowing spreads and hence reduces risk as placing too much reliance on temporary borrowing exposes the Council to market interest rate and liquidity volatility when there is no PWLB back stop available for temporary borrowing. It also imposes pressure on staff resources having to turnover large volumes of temporary debt.

7 Consultation

- 7.1 Councillor Ali, Lead Member for Finance & Resources was consulted on 26 February 2025.

8 Financial Implications

- 8.1 The annual revenue budget includes MRP and interest cost budgets, with performance depending on the delivery of the capital programme within the year

and the rates at which borrowing is secured. These budgets are monitored and reported on as part of the quarterly budget monitoring.

- 8.2 For future years, budget growth will be required and supported by:
- Revenue savings on operational costs and income generation from delivery of projects
 - Growth budget savings
 - The use of the treasury reserve
 - Generation and application of capital receipts to either reduce the need for borrowing to fund investment or to reduce the Capital Financing Requirement and thereby the MRP on asset sales, subject to best considerations at the time.
- 8.3 Several key risks also need consideration:
- **Inflation:** Drives direct costs within project business cases on which the borrowing requirement is based and influences Monetary Policy, affecting the Bank of England Rate and the cost of borrowing available to the Council.
 - **Interest Rates:** Fluctuations in interest rates are a key risk. The Council must consider in determining the source and length of borrowing, balancing the certainty of long term fixed rates with the risk of locking in rates that may prove more expensive vs the potential benefits of short term fixed rates where there is potential that rates at maturity/re-financing prove more expensive.
 - **Government policy:** Can impact the availability and cost of PWLB borrowing, with examples including uncertain availability of limited concessionary rates and the increases in PWLB rates 2019-2021.
- 8.4 The Council's retained treasury advisor (MUG) assist the Council to form a view on interest rates. MUG regularly provide their latest outlook on PWLB

Table 1: Interest rate outlook*

MUG Group Interest Rate View					
	Mar-25	Jun-25	Dec-25	Jun-26	Dec-26
Bank Rate	4.50	4.25	4.00	3.75	3.50
5year PWLB	5.00	4.90	4.70	4.50	4.40
10year PWLB	5.30	5.20	5.00	4.80	4.70
25year PWLB	5.60	5.70	5.50	5.30	5.10
50year PWLB	5.50	5.40	5.20	5.00	4.80

* Source MUG 17 February 2025

- 8.5 UK inflation hit its highest level in 10 months in January, continuing a resurgence in price pressures that has made the Bank of England (BoE) wary over rushing into further interest-rate cuts. Additionally, higher energy bills are

expected to lift consumer-price growth to a peak of 3.7% later this year. However, although the economy remains weak, economists do not think that this will stop the BOE from providing some further interest rate cuts, with the expectation that there will be two more 25 basis-point rate reductions in 2025.

- 8.6 Although BoE interest rates have recently started to come down, and are set to reduce further, PWLB borrowing rates are linked to gilt prices which continue to rise. The recent increase in gilts results from investors lowering their expectations of the level and timing of BoE interest-rate cuts following stronger-than-expected labour-market data. Average wage growth excluding bonuses in the three months to December 2024 accelerated to 5.9% from 5.5% previously. The 10-year gilt yield has climbed steadily since the start of February and currently sits at a high of 4.56%. PWLB certainty rates are updated twice daily, at 0.8% and 0.4% above the prevailing UK Government bond (gilt) yield for GF and HRA borrowing respectively. The actual available rates vary dependant on the maturity period of the loan and the method of repayment.

9 Legal Implications

- 9.1 Local Authorities are required by regulation to have regard to the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management and the CIPFA Prudential Code for Capital Finance in Local Authorities when carrying out their duties in England and Wales under Part 1 of the Local Government Act 2003. This report has been produced in accordance with both codes.
- 9.2 Decisions on treasury management, investment, and borrowing are made frequently and this report seeks a delegation to the Corporate Director of Resources (s151 Officer) to enter into new long term borrowing. Once a delegation is approved borrowing decisions can be made up to the limits set, but a record of the decisions must be maintained with proper arrangements in place for reporting to Cabinet. All decisions must be made in accordance with the Treasury Management Strategy and capital programme approved by Council. Once approval is granted, the execution of the transactions is not itself a key decision and will be authorised by the Section 151 officer in accordance with Financial Regulation C.15 and the protocol set out in part 5.5 of the Constitution.
- 9.3 The Audit Committee has responsibility for scrutinising treasury management decisions and to carefully consider the mid-year and outturn reports on treasury management activities to ensure these align with corporate objectives.

10 Equalities Implications

10.1 The report has no specific impact on Equalities/Diversity other than the achievement of financial savings that will help to maximise resources available for Council services.

11 Background Information Used in the Preparation of this Report

11.1 This report references the following

<https://mgov.newham.gov.uk/documents/s178479/Final%20Budget%20Setting%20Report%201final.pdf>

<https://mgov.newham.gov.uk/documents/s178460/Appendix%20C%20-%20Capital%20Strategy%20Development%202025-26.pdf>

<https://mgov.newham.gov.uk/documents/s178461/Appendix%20C1%20-%20Annex%201%20Capital%20Programme.pdf>

<https://mgov.newham.gov.uk/documents/s178469/Appendix%20K%20-%20TMSS%20AIS%202025-26.pdf>

<https://mgov.newham.gov.uk/documents/s178470/Appendix%20K%20-%20Annex%201%20TMSS%20Prudential%20Indicators%20and%20Treasury%20Limits.pdf>

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Appendix 1: Current Treasury Position

Table 1: Treasury loans and investments (as at 18 February 2025)

LOANS AND INVESTMENTS	Balance at 31st March 2024	Raised 2024/25	Repaid 2024/25	Balance at 18 February 2025	Ave Rate
	£000	£000	£000	£000	%
Loans					
PWLB	561,116	266,000	(9,200)	817,916	3.81
Money Market (LOBO)	125,000			125,000	4.36
Long Term Market Debt	258,500	10,000		268,500	5.55
Mortgages	2			2	
Temporary Borrowing	151,500	287,000	(339,500)	99,000	5.02
TOTAL Loans	1,096,118	563,000	(348,700)	1,310,418	4.3
Investments					
Cash deposits	(53,400)	(14,094,200)	14,079,900	(67,700)	4.45
TOTAL Investments	(53,400)	(14,094,200)	14,079,900	(67,700)	4.45
NET	1,042,718	(13,531,200)	13,731,200	1,242,718	

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Appendix 2

Prudential Indicators TMSS 2024/25 & Estimated 2024/25 and 2025/2 as at January 2025

Capital Expenditure

Table's **1a and 2a** summarise the capital expenditure plans and how these plans are being financed by capital or revenue resources. Any shortfall of resources results in a borrowing need. Note that these indicators are based on projects currently in the approved capital programme and do not include major self-financing projects that could be incorporated into the programme during 2025/26.

Table's **1b and 2b** include major self-financing projects that could be incorporated during 2025/26. These include Acquisitions, Carpenters, Canning Town and Custom House and a number of other schemes in the Populo business plan. It is difficult to quantify the amount and timing of their approval and spend but current models indicate that there could be an additional external borrowing requirement of up to £73m in 2025/26 if these schemes are approved. Note that there are new finance leases of £117m included in the 2025/26 net financing requirement of £524m in Table 2b which are financed outside of the external borrowing requirement in this report.

The figures for **Other self-financing Regeneration Schemes** in Table 1b are presented net of the capital receipts expected to be generated directly by those schemes. These receipts are intended to offset the associated costs and reduce the borrowing requirement.

For **Acquisitions, Populo, and Other self-financing Regeneration Schemes**, the figures in Table 1b are currently assumed to be funded through borrowing, as outlined in Table 2b. However, this assumption may be revised as projections for future capital receipts and grant income related to these schemes become more certain.

Table 1a: Capital Expenditure - Current Approved Programme

£m	2024/25 TMSS Estimate	2024/25 Forecast	2025/26 Forecast
General Fund	507	177	284
Housing Revenue Account	304	310	243
TOTAL	811	487	527

Table 1: Capital Expenditure - Current Approved Programme plus Major Self Financing Projects and new Acquisition Finance Leases.

£m	2024/25 TMSS Estimate	2024/25 Forecast	2025/26 Forecast
General Fund	355	39	225
Acquisitions	111	111	100
Populo	4	30	34
Other Regeneration Schemes	37	45	45
Finance Leases	0	80	118
Housing Revenue Account	304	310	243
TOTAL	811	615	765

Table 2a: Capital Financing - Approved Capital Programme

£m	2024/25 TMSS Estimate	2024/25 Forecast	2025/26 Forecast
Capital Receipts	12	14	14
Capital Grants	199	192	179
Revenue & Reserves	22	2	0
Net Financing need for the year	578	280	334
Total Financing	811	487	527

Table 2b: Capital Financing - Approved Capital Programme plus Major Self Financing Projects and new Acquisition Finance Leases.

£m	2024/25 TMSS Estimate	2024/25 Forecast	2025/26 Forecast
Capital Receipts	12	14	14
Capital Grants	199	192	227
Revenue & Reserves	22	2	0
Net Financing need for the year	578	407	524
Total Financing	811	615	765

The second prudential indicator is the Council's Capital Financing Requirement (CFR) shown in table's 3a/3b below. The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the council's indebtedness and its underlying borrowing need. Any capital expenditure which is not immediately paid for through a revenue or capital resource, will increase the CFR.

The CFR includes any other long term liabilities e.g. PFI schemes, finance leases etc. Whilst these increase the CFR, these types of schemes include a borrowing facility by the PFI, PPP lease provider and so the council is not required to separately borrow for these schemes.

Table 3a: Capital Financing Requirement - Approved Capital Programme

£m	2024/25 TMSS Estimate	2024/25 Forecast	2025/26 Forecast
Capital Financing Requirement			
General Fund	1705	1636	1817
Housing Revenue Account	659	386	508
Total CFR	2364	2022	2324
Movement in CFR	547	250	302
Movement in CFR is represented by			
Net financing need for the year (above)	578	280	334
Less MRP/VRP and other financing movements	-31	-30	-32
Movement in CFR	547	250	302

Table 3b: Capital Financing Requirement - Approved Capital Programme plus Major Self Financing Projects

£m	2024/25 TMSS Estimate	2024/25 Forecast	2025/26 Forecast
Capital Financing Requirement			
General Fund	1,705	1,763	2,133
Housing Revenue Account	659	386	508
Total CFR	2,364	2,149	2,641
Movement in CFR	547	377	492
Movement in CFR is represented by			
Net financing need for the year (above)	578	407	524
Less MRP/VRP and other financing movements	-31	-30	-32
Movement in CFR	547	377	492

Forward Borrowing Projections

The council's forward projections for borrowing are summarised in table's 4a/4b below. The table shows the actual external debt, against the underlying capital borrowing need: the CFR highlighting any over or under borrowing.

Table 4a: Forward Borrowing Projections - Approved Capital Programme

£m	2024/25 TMSS Estimate	2024/25 Forecast	2025/26 Forecast
External Debt			
Debt at 1 April	1155	1096	1397
Expected change in debt	475	301	334
Loans at 31 March	1630	1397	1730
Other long term liabilities (OTL)	257	245	234
Expected change in OTL	72	-11	-12
OTL at 31 March	329	234	223
Actual gross debt at 31 March	1959	1631	1953
CFR	2364	2022	2324
Under/(over) borrowing	405	391	371

Table 4b: Forward Borrowing Projections - Approved Capital Programme plus Major Self Financing Projects

£m	2024/25 TMSS Estimate	2024/25 Forecast	2025/26 Forecast
External Debt			
Debt at 1 April	1155	1096	1444
Expected change in debt	475	348	406
Loans at 31 March	1630	1444	1850
Other long term liabilities (OTL)	257	245	314
Expected change in OTL	72	69	106
OTL at 31 March	329	314	421
Actual gross debt at 31 March	1959	1759	2271
CFR	2364	2149	2641
Under/(over) borrowing	405	390	370

Within the range of prudential indicators there are several key indicators to ensure the council operates its activities within well-defined limits. One of these is that the council must ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus estimates for any additional CFR for 2025/26 and the following 2 financial years. This allows some flexibility for limited early borrowing for future years but ensures that borrowing is not undertaken for revenue or speculative purposes.

The Authorised Limit for external debt is a key prudential indicator and represents a control on the maximum level of borrowing. This represents a legal limit beyond which external debt is prohibited, and this limit is set or revised by Full Council. It reflects the level of external debt, while not desired, could be accorded in the short term, but is not sustainable in the longer term.

Table 5: Authorised limit

£m	2024/25 (TMSS Limit)	2024/25 (Limit)	2025/26 (Limit)
Debt	2,200	1,850	2,400
Other long term liabilities	400	400	350
Total	2,600	2,250	2,750

The Operational Boundary is the limit beyond which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt and the ability to fund under borrowing by other cash resources

Table 6: Operational Boundary

£m	2024/25 (TMSS Limit)	2024/25 (Limit)	2025/26 (Limit)
Debt	2,050	1,874	2,350
Other long term liabilities	350	326	350
Total	2,400	2,200	2,700

Affordability

Within the prudential framework indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Council's finances.

Table 7 Ratio of Gross Financing Costs

	2024/25 (TMSS Estimate)	2024/25 (Forecast)	2025/26 (Forecast)
General Fund	24.79%	23.77%	25.32%
Housing Revenue Account	22.97%	12.82%	19.07%

- Table 8: Ratio of General Fund net income from service investments to net revenue stream

	2024/25 (TMSS Estimate)	2024/25 (Forecast)	2025/26 (Forecast)
Service Investments	5.33%	5.15%	6.05%

- Table 9: Ratio of General Fund Financing Costs minus Net Income from Service Investments

	2024/25 (TMSS Estimate)	2024/25 (Forecast)	2025/26 (Forecast)
Service Investments	19.46%	18.62%	19.27%

Treasury Limits

1. Liability Benchmark

The Council is required to estimate and measure its **liability benchmark**, which represents the optimal level of borrowing over time. This analysis ensures the Council aligns its financing strategies with prudential borrowing requirements while maintaining adequate liquidity to meet short-term obligations.

The **liability benchmark** includes four components:

1. **Existing Loan Debt Outstanding:** Reflects the Council's current loans still outstanding in future years.
2. **Loans CFR (Capital Financing Requirement):** Calculated based on approved prudential borrowing and planned Minimum Revenue Provision (MRP).
3. **Net Loans Requirement:** Represents gross loan debt less treasury management investments, projected into the future.
4. **Liability Benchmark:** The sum of the net loans requirement and a short-term liquidity allowance, indicating the gross loans requirement.

2. Liability Benchmark Graphs

The following graphs provide a visual representation of the liability benchmark for the Council, General Fund, and Housing Revenue Account (HRA):

Graph 1: Council Liability Benchmark

- Illustrates the aggregate liability benchmark for the entire Council, showing the projected loans CFR, net loans requirement, and liquidity allowance.

Graph 2: General Fund Liability Benchmark

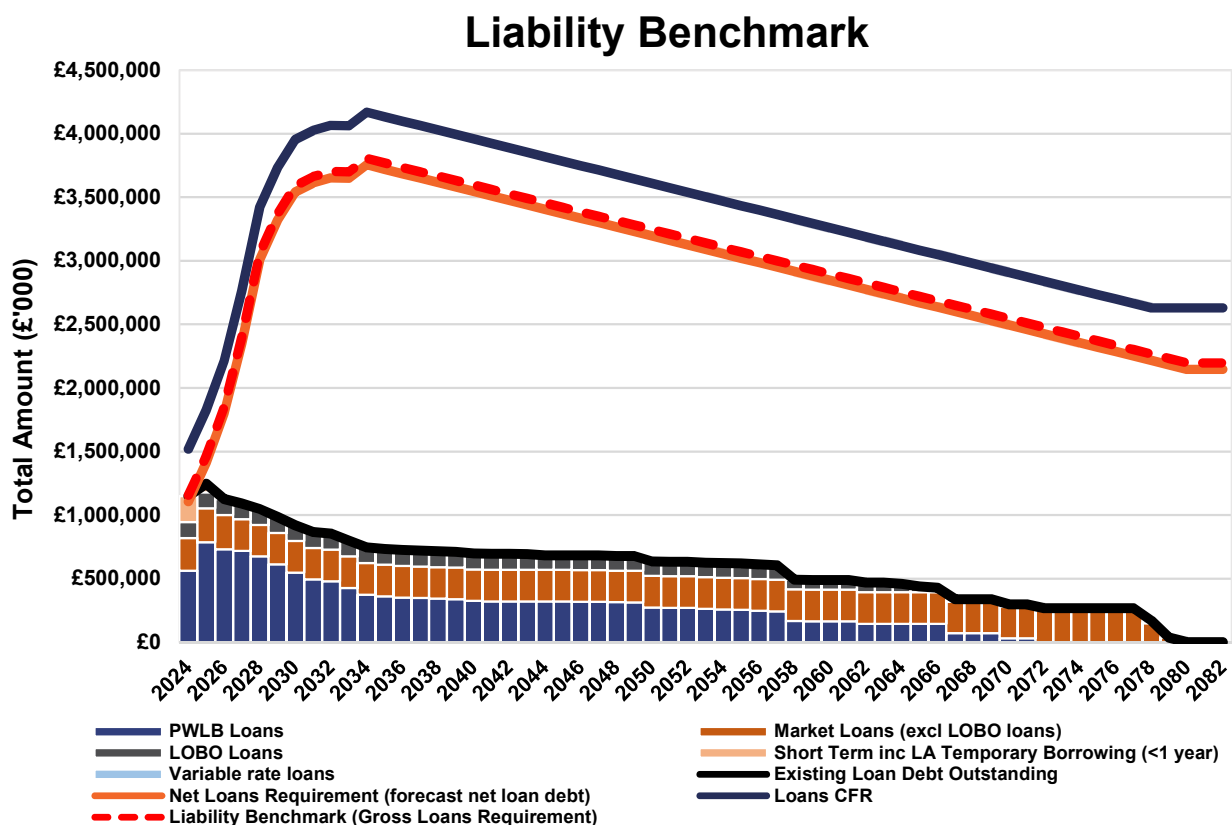
- Focuses on the General Fund, highlighting the borrowing required for service investments and self-financing projects.

Graph 3: Housing Revenue Account Liability Benchmark

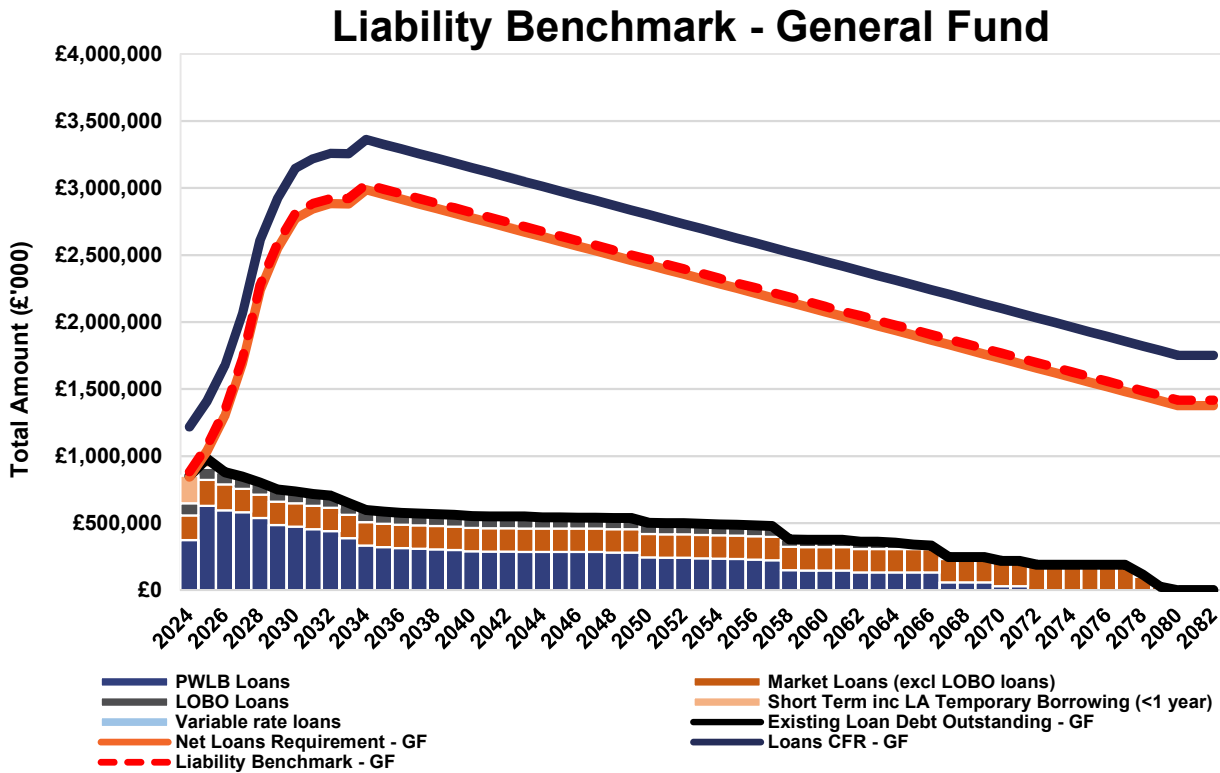
- Captures the borrowing requirements and funding strategies specific to the HRA, reflecting its role in financing housing projects and regeneration schemes.

These graphs will help Members understand borrowing trends, optimise financing strategies, and ensure alignment with the Council's long-term financial plans.

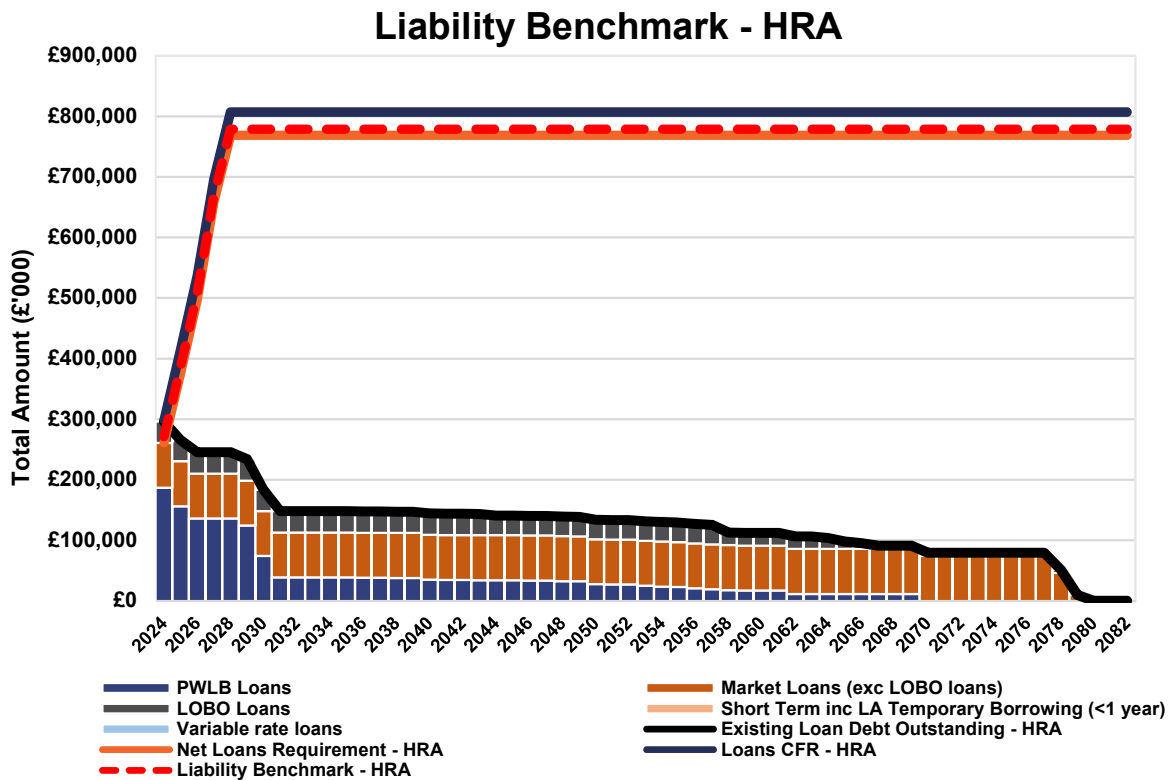
Graph 1: Council Liability Benchmark



Graph 2: General Fund Liability Benchmark



Graph 3: Housing Revenue Account Liability Benchmark



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Appendix 3.

Existing Capital Budget approved as part of the Budget Report

44-46 Balaam Street	45,848
Acquisition Budget approved Feb 2024	70,400,000
Acquisitions and Buybacks	8,000,000
Atherton Leisure Centre	207,114
Building Renewals & Improvement Programme	3,950,000
Canning Town -Area 7 Develop	100,000
Carpenters Primary School	175,005
Carpenter's Total Programme costs	1,650,000
CH - Commercial Transactions	123,575
CH - Phase 1 Masterplan Design and PCSA	550,000
CH - Project Management and Professional Fees	500,000
CH- Phase 1 Acquisitions and Buybacks	1,450,000
Charlie Court Beckton Road	5,498,757
CT - Acquisitions and Buybacks	2,500,000
CT - Design and project management costs	2,000,000
CT - Housing Offer and Vacant Possession	1,000,000
CT - Vincent Street Stage 1 PCSA contract	1,300,000
Custom House Estates Regen Ph 1 Plot H&K	17,664,577
Custom House Meanwhile	2,252
Donald Hunter House	1,631,583
East Ham Town Hall refurb	500,000
Good Growth Programme	1,755,765
Health Venture Investment	15,500,000
KNM - Planned Maintenance	3,600,331
Leisure Capital Investment – Prudential Borrowing	2,734,000
Leisure Centre 10 Yr Cap Programme	3,395,416
Library self service equipment	361,974
Local Space Disrepair (Damp & Mould)	600,000
Local Space Growth Conversion	1,320,000
Meanwhile Projects	597,738
New Shipman Youth Zone Building	358,908
New Shipman Youth Zone FF&E	48,889
OneSource Split and Modernisation	4,545,396
OneSource Stabilisation & Network Upgrade	1,800,000
Phase 2 Lund Quarter	1,313,582
Phase 3 Station Quarter	3,381,689
Physical Activity and Play Infrastructure	726,880
Plaistow Library Investment	2,500,000
Populo - DMS	2,122,137
Preventative Eviction Acquisitions	17,034,421
Public Sector Decarbonisation Scheme	100,000
Purchase of Lady Helen Seymour House	1,526,000
Queens Market Investment Works	434,649
Residential, Semi independent and Care Leavers schemes	8,493,774
River Lea Service Bridge	30,000
Shape Newham	14,410
Small Sites and Modular Construction	333,333

Stratford City Commuted Sum	150,000
Stratford Community Wealth Building Programme: Active Indoor Spaces	21,669
Street Acquisitions	5,398,336
Structural Replacement of Failed Lamp Columns	1,400,000
Unallocated Funds	10,000,000
Victoria Street Demolition & Rebuild	1,424,275
Youth Zones - Development	263,196
Housing Revenue Account (HRA)	121,600,000
Internal Day Centre - infrastructure improvements	130,000
Manor Park Gym Fit Out	1,600,000
Technology Enabled Care (Devices)	200,000
Residential Children's Home	1,500,000
CCTV	250,000
Keeping Newham Moving - year 11	5,250,000
Modular Housing Development	5,000,000
Queens Market & Hamara Ghar Strategic Site	300,000
Libraries ICT (PCS)	350,000
The Rex Site	5,860,000
Commercial Property Improvements	1,000,000
East Ham Town Hall	500,000
Former West Ham Courthouse Refurbishment	400,000
Old Town Hall Stratford	500,000
	<hr/>
	356,975,479
Replace internal borrowing	46,000,000
Replace temporary borrowing	51,000,000
	<hr/>
	97,000,000
Total long term borrowing requirement	<hr/>
	453,975,479 <hr/>

LONDON BOROUGH OF NEWHAM

AUDIT COMMITTEE

Report title	Quarterly Report of Contract Waivers	
Date of Meeting	12th March 2025	
Lead Officer and contact details	Alison Chessell Procurement Data & Quality Manager Alison.chessell@newham.gov.uk 0203 373 4593	
Director, Job title	Conrad Hall, Director of Resources	
Lead Member	Councillor Zulfiqar Ali Cabinet Member for Finance and Resources	
Exempt information & Grounds	No	Grounds:
Appendices (if any)	1. Appendix 1 - Waivers Record Period Oct 1 st 2024 to 28 th of Feb 2025	

1 Purpose of Report

- 1.1 Under the Council's Scheme of Delegation, decision function 34, all contract waivers must be reported to the next meeting of the committee responsible for audit functions. This reporting period Quarter 11 covers Oct 1st 2024 until Feb 28th 2025.

2 Recommendations

- 2.1 For the reasons set out in the report, the Committee is asked to:
 Note the summary of waivers for the period Oct 1st 2024 until Feb 28th 2025.

3 Background

- 3.1 The Council, as a public authority when undertaking procurement exercises and awarding contracts, must comply with the public procurement law and the Council's Contract Standing Orders (CSOs). These provide the legal framework for the award of public contracts. The basic principle is of course that contracts should be procured competitively, but there are occasions when exceptions to this rule are justified and the waiver process allows these to be considered.

- 3.2 Under the Council's Scheme of Delegation, approval for a requested waiver to the CSOs up to a value of £500,000 can be delegated to the relevant Level 1 or Level 2 officer in consultation with the Section 151 officer or their Deputy. Waivers to the CSOs £500,000 or above are required to be approved by Cabinet.
- 3.3 Prior to the approval or rejection by the designated officers under the Scheme of Delegation, waivers are initially submitted to the Procurement Team for review by Head of Procurement. This provides an extra level of assurance to identify risks, planned long term requirements and ensure all other routes to procurement and options in the CSOs have been exhausted prior to the waiver being considered for approval.

4 Key Considerations & Proposals

Waivers

- 4.1 CSO Rule 8 states the requirement to obtain the minimum quotes or tenders using the Council e-tendering system Fusion as per below;

Supplies/Services including Light Touch	
£0-£9,999	Purchase Order
£10,000-£99,999	3 Request for Quotation
£100,000 < public procurement threshold	Tender – 5 minimum sought
> public procurement threshold	Full Market Tender/Competition (Led by Procurement Team)

Works	
£0-£9,999	Purchase Order
£10,000-£99,999	3 Request for Quotation using construction line
£100,000 < £500,000	Tender – 5 minimum sought using construction line
> £500,000	Full Market Tender/Competition (Led by Procurement Team)

4.2 Any procurement or contractual action which is non-compliant with the CSOs, is defined as a waiver. This includes but is not limited to:

- Any extension to a contract which does not contain any further options to extend;
- direct award of a contract without following the relevant competitive process as set out in these CSO;
- Modification of a contract (such as increased volume or value, additional services or goods) which did not allow for the modification within the original scope advertised.

4.3 Service areas/directorates must complete a written waiver request for approval to waive internal rules. A waiver is only granted in exceptional circumstances and cannot be given if they would contravene public procurement law or other applicable law. A waiver may only be granted where it is deemed to be in the Council's best interest and permissible under law.

4.4 Evidence to prove how value for money can be achieved or how the waiver will present best value to the council is required within the written waiver. The only exception to the above is in circumstances where an emergency situation exists which puts people at serious risk and/or damage to property or to urgently meet a function the Council has to carry out under statute or pursuant to a court order.

Waiver summary Oct 1st 2024 to Feb 28th 2025

4.5 Directorate summary of Waivers received

Directorate	No of Waivers	Approx. Total Value
Adults & Health	2	£ 719,295
Children & Young People	1	£ 38,664
Environment & Sustainable Transport	0	£ Nil
Inclusive Economy & Housing	0	£ Nil
One Source	1	£ 37,615
Resources	2	£ 224,211
Total	6	£ 1,019,765

4.6 Below is a summary of waiver status from the 6 waivers received for this period;

Status Summary for Waiver		
Status	Number	Value
Rejected	0	£ Nil
Approved	6	£1,019,765
Total Number Waivers	6	£1,019,765

4.8 Of the waivers approved, all were approved in accordance with the council Scheme of Delegation and CSOs.

4.9 Single Suppliers: Three waivers have been received, citing that a competitive process is not feasible because the goods, works, or services are proprietary and only available from a single supplier. While this situation is sometimes unavoidable, directorates have been advised that best practice is to test the market well before the contracts expire. This helps to provide stronger evidence of the proprietary nature of the product.

4.10 Emergency: One waiver was received because a competitive process was not possible due to an unforeseen emergency that posed an immediate risk to people, property, or caused serious disruption to Council service.

4.11 Contract Extension: Two waivers were received to extend the current contract arrangements while a larger procurement activity is conducted. Therefore, it is necessary to continue the provision. The procurement process for these contracts, which need to be re-procured, is already underway and in the market.

4.12 Appendix 1 attached summarises the six waivers received.

5 Implications

5.1 Financial Implications

This report is for information, and there are no financial implications arising from the Audit Committee reviewing it. Clearly, the individual procurements referred each had their own financial implications which were taken into account at the appropriate time.

5.2 Legal Implications

5.2.1 This report highlights the waivers sought by services relating to external expenditure. There are no legal implications to this report.

5.3 Equalities Implications

5.3.1 Under section 149 of the Equality Act 2010, the Council has a duty when exercising its functions to have “due regard” to the need to eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act and advance equality of opportunity and foster good relations between persons who share a protected characteristic and persons who do not. This is the public sector equality duty. The protected characteristics are age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

5.3.2 “Due regard” is the regard that is appropriate in all the circumstances. The weight to be attached to each need is a matter for the Council. As long as the Council is properly aware of the effects and has taken them into account, the duty is discharged. There are no equalities implications arising from the content of this report.

5.4 Other Implications relevant to this report:

5.4.1 **None**

6 Background Information used in the preparation of this report

6.1 None

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NO.	WAIVER REFERENCE	CORPORATE DIRECTOR	STATUS	TITLE	VALUE £	WAIVER RECEIVE	PROPOSED COI	REASON FOR WAIVER	BEST VALUE TO THE COUNCIL	FUTURE PREVENTION OF WAIVER	MONTH	QTR	FY
1	4421	LBN - Adults & Health	Approved	Care and support in Extra Care Housing scheme at Amber Court.	£ 479,295	17/10/2024	29/10/2024	An Extension	Extension of current contract by 6 months to incumbent provider 'Care-Away trading as Care Support' to provide Extra Care Services to residents living in Amber Court Extra Care Housing Scheme from the 29th October 2024 to the 28th April 2025.	One-off	October	Q3	24/25
2	4618	LBN - oneSource	Approved	Oracle Software Update License & Support	£ 37,615	26/11/2024	16/11/2024	Single Supplier	A contract award is required and a competition process is not possible because the goods, works or services are of a proprietary nature and are only available from a single supplier.	Re-Procure	November	Q3	24/25
3	4656	LBN - Resources	Approved	Security Bridge Road Depot	£ 181,633	4/12/2024	14/10/2024	An Extension	A wider corporate procurement exercise is underway seeking to award a single contract via an existing framework to meet the varied security requirements across Council services. The programme for this wider exercise extends into 2025, requiring the approval of this waiver to ensure continuity of security provision to this site (October 2024 - August 2025).	N/A	December	Q3	24/25
4	4669	LBN - Resources	Approved	Star School Ground Floor Hall Ceiling Works 202	£ 42,578	12/12/2024	13/12/2024	Emergency	A contract award is required and a competition process is not possible due to an unforeseen emergency involving immediate risk to persons, property of serious disruption to Council services.	One-off	December	Q3	24/25
5	4741	LBN - Adults & Health	Approved	Summer Reading Challenge	£ 240,000	10/1/2025	02/01/25	Single Supplier	A contract award is required and a competition process is not possible because the goods, works or services are of a proprietary nature and are only available from a single supplier. A notice was published to gain an understanding of the market and whether there were other suppliers capable of providing the service. This was undertaken in December 2024 and only The Reading Agency were able to meet the specification.	Re-Procure	January	Q4	24/25

6	4791	LBN - Children & You	Approved	School Screener Software	£ 38,664	27/01/2025	01/09/24	Single Supplier	A contract award is required and a competition process is not possible because the goods, works or services are of a proprietary nature and are only available from a single supplier	Re-Procure	January	Q4	24/25
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AUDIT COMMITTEE REPORT			
Date of meeting	12 March 2025		
Subject Heading	Internal Audit Progress report to 19 February 2025.		
Is this Item for: Information or Discussion	Information and Discussion		
Summary of issues/key points for discussion	<p>This report advises Members of the Audit Committee of the work undertaken by the Audit Team since the previous meeting and up to 19 February 2025, and the level of assurance on that work. This report includes:</p> <ul style="list-style-type: none"> • An overview of the audits reports issued since the last meeting. • A summary of the other audit work carried out. • A summary of the implementation of recommendations. <p>Members are asked to note the content of this report and to ask specific questions of officers where required.</p>		
Officer preparing report	Nicole Metivier	Contact Number and e-mail address	020 3373 9783 nicole.metivier@newham.gov.uk
Manager's name	Nick Sharp	Manager's Title	Head of Counter Fraud
Exempt Information	No		

Internal Audit Progress Report

1 Introduction and Background

1.1 This report brings together all aspects of Internal Audit's work between October 2024 and February 2025. A summary of work undertaken and significant issues are noted in the narrative below.

2 Overview of Internal Audit activity

2.1 Since the last Audit Committee in October, the following audits have been finalised. Progress against the annual plan is included in Appendix A.

Audit Name	Grading/ Status
Purchase Cards	Reasonable Assurance
Complaints	Reasonable Assurance
Plasbet School	Limited Assurance
Sheringham Nursery	Reasonable Assurance
Recruitment follow up (Adults)	Completed
Car Pound follow up (E&ST)	Completed

2.2 For context, the external audit provider, SWAP, provides four audit assurance opinions. They are:

No Assurance	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.
Limited Assurance	Significant gaps, weaknesses or non-compliance identified. Improvement is required to the system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.
Reasonable Assurance	There is generally a sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Substantial Assurance	A sound system of governance, risk management and control exist with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.

- 2.3 Details of the audit results are as follows.
- 2.4 **Purchase Cards** received a **Reasonable Assurance** audit opinion and included three recommendations, two priority 2 and one priority 3. The findings in relation to the priority 2 recommendations were:
- Whilst the P-Card Manual (policy) was intended to provide guidance to purchase card users on how they expect to use their purchase cards and the rules and governance, we found that it did not include the process for amending purchase card limits and approval levels. Also, there was no separate internal procedure or work instruction to document the process for governing and administering the purchase cards that included the initial set-up of a new purchase card user, the documentation of eligibility and the associated forms and how they should be completed.
 - Examination of a small sample of statements identified inappropriate purchases. These cases are being reviewed by the Counter Fraud Team.
- 2.5 The **Complaints** report also received a **Reasonable Assurance** opinion. Effective complaints management is fundamental to improving the resident experience. Consequently, the Council introduced a new hub and spoke model in November 2023 to help achieve this objective. The audit identified three priority 2 and four priority 3 findings. The priority 2 findings are:
- The Quarterly Building a Fairer Newham report to Cabinet is quantitative, while the annual report includes qualitative information such as outcomes, learning opportunities and planned improvement activity. To ensure a regular rhythm of qualitative reporting, the opportunity should be taken to provide a mid-year report of complaints performance including outcomes and learning and how they have led to improved working practices and service improvements to Cabinet or Overview & Scrutiny Committee.
 - Quality Assurance is still developing, with corporate resources initially concentrated on supporting directorates in meeting demand. The intention is to introduce a more systematic approach to Quality Assurance. The Complaints and Enquiries Assurance and Lessons Learned Framework, devised as part of the Complaints re-structure, provides a base for developing a Quality Assurance programme, to ensure response compliance, quality, and timeliness.
 - It is not obligatory for the Council to undertake a self-assessment against LGSCO Complaint Handling Code (the Code) and include it in the Annual Complaints Report until 2025-26. However, there may be value in adopting the Code and conducting a self-assessment for 2024-25 as a key learning and development opportunity.
- 2.6 **Plasnet School** received a **Limited Assurance** opinion. The report included one priority 1 and ten priority 2 findings. The priority 1 finding was that there was no functioning local authority governor on the Governing Board, which is a statutory requirement. The full report is included as Appendix B.
- 2.7 **Sheringham Primary** received a **Reasonable Assurance** opinion and included eight priority 2 and four priority 3 findings.

Follow up audits

- 2.8 An audit of **Recruitment** in Adults and Health was completed in July 2023, which received a limited assurance opinion. A follow up of nine agreed actions was carried out. Their status is set out below:

Implementation status	High	Medium	Low	Total
Full	0	6	0	6
Partial	0	1	0	1
Not	0	0	0	0
Total	0	7	0	7
Withdrawn	0	0	2	2

- 2.9 The details of the partially implemented recommendation are as follows:

- The Recruitment and Employment Team must send a notification to remind hiring managers of the updated Recruitment Policy requirements at the start of each recruitment exercise. However, sample testing found that this notification had not always been sent by the team to the hiring managers. The Assistant Director of People Transactional Services will remind the Recruitment and Employment Team that, upon submission of a job request, they must email the notification to the hiring manager to remind them of the policy requirements.

- 2.10 An audit of the **Car Pound** in Environment and Sustainable Transport was carried out in June 2024, which received a limited assurance opinion. The nine agreed actions have been followed up and their status is set out below:

Implementation status	High	Medium	Low	Total
Full	0	3	3	6
Partial	0	1	0	1
Not	0	2	0	2
Total	0	6	3	9

- 2.11 Two of the medium priority actions had not been implemented at the time of the follow up. Their details are:

- A digital solution allowing customers to submit their documentation online, to enable it to be verified prior to collecting their vehicle, has been programmed for April 2025.
- An IT Specialist has been requested, to determine whether an improved car pound charges cancellation report, including the reason for cancellation, can be made available from Chipside.

Supporting Families

- 2.12 Internal Audit has certified three monthly grant returns in respect of the **Supporting Families** programme, up to the end of December. Up until then, the Council received additional funding if the Council was able to demonstrate

improvement against a set of criteria included in the Supporting Families Programme Outcomes Plan. A total of 231 families were claimed for this quarter.

- 2.13 Following the new government last year, the Supporting Families programme changed in December. All local areas funded via this scheme received the remainder of their full funding allocation for the year on 12 December. The Department for Education expects councils to continue to submit family data until the end of March, which will be subject to an internal audit examination to verify successful family outcomes and to ensure they meet the eligibility criteria.

Grant returns

- 2.14 Internal Audit was asked by Finance to examine a grant return for the Family Hubs programme during this period (£801,092). It did not require formal certification, however, we were required to countersign expenditure statements in support of the s151 officer. Sample expenditure and other checks were carried out. The outcome of the examination was reported to the Deputy Director of Finance for his sign off and submission to the Department for Education.

Outstanding Audit Recommendations Update

- 3.1 The status of the outstanding audit recommendations for quarter 3 is set out in the table below.

Status of recommendations

Status	Q3		Q2		Q1	
	No.	%	No.	%	No.	%
Fully	118	64%	98	63%	53	59%
Partially	36	19%	28	18%	11	12%
Not	31	17%	29	19%	26	29%
Total due and audited	174		155		90	
Not yet due	20		22		20	
Withdrawn	7		7		1	
Follow up started	35		38		78	

- 3.2 Of the 31 not implemented recommendations, 15 are high priority. These can be broken down into:
- Cyber Security (7). A follow up is currently underway and the results will be reported to the next Audit Committee meeting.
 - Contract Waivers (1). This was reported in the last quarter's report and will be followed up in quarter four;
 - GDPR (7). ICT has been asked to report back to the March Committee meeting on the status of the GDPR recommendations (AC245). This is included in a separate report. Of the seven recommendations included above, five have been reported as fully implemented and two are partially

implemented or are a work in progress. An audit follow up to confirm the updated figures will be carried out.

Changes to Internal Audit Standards

4.1 In the last quarterly update, we reported on the introduction of the new Global Internal Audit Standards (GIAS) on 1 April 2025. These are accompanied by two other sets of guidance that need to be implemented alongside. Further details of each are as follows.

Global Internal Audit Standards

4.2 The new standards represent an evolution from those issued in 2017. The standards are set out in five domains:

- Purpose of internal audit
- Ethics and professionalism
- Governing the audit function
- Managing the audit function
- Performing Internal Audit standards.

4.3 Within those domains are 15 principles and 52 standards. Organisations will be expected to demonstrate conformance with the principles and standards from 2025. Tools to enable a self-assessment of conformance will be made available in due course. Once available, the results of the self-assessment will be reported.

UK Public Sector Internal Auditing Standards Advisory Board (IASAB) application note

4.4 The IASAB was asked to carry out a review of the global standards with a view to identifying and producing any sector specific interpretations or other materials needed to make them suitable for UK public sector use. The Board has produced an application note. The effective date of the new material developed by IASAB will be 1 April 2025, to align with requirements for annual opinions and other relevant aspects of UK public sector governance, which line up with the financial year.

4.5 The note sets out interpretations and requirements which need to be applied to the GIAS requirements, in order that these form a suitable basis for internal audit practice in the UK public sector.

Code of Practice for the Governance of Internal Audit in UK Local Government (the Code)

4.6 CIPFA has developed the Code to support authorities in establishing their internal audit arrangements and providing oversight and support for internal audit. The Code is designed to work alongside new internal audit standards and replaces the organisational responsibilities set out in the Statement on the role of the head of internal audit (CIPFA, 2019).

- 4.7 GIAS (UK public sector) do not add any UK public sector requirements in relation to governance but to achieve conformance the internal audit function must demonstrate that there are adequate and appropriate arrangements for its governance. Domain III of the GIAS sets out baseline 'essential conditions' for governance, but these require adjustment to reflect the operation of governance within the UK local government sector. The CIPFA code sets out the basis for suitably adjusted essential conditions, and when the code is applied, the objectives of the GIAS conditions will be achieved.
- 4.8 A Circular from CIPFA has been, or is about to be, sent out to members of the Audit Committee with more details about the impact of these changes. Further updates will be provided at future meetings.

5 Procurement of new audit supplier

- 5.1 The existing contract with the Council's current supplier is due to end in March 2025. A procurement exercise to appoint a supplier for two years from 2025/26 (with a one year extension) has been started. This will be via an open tender and the approach has been agreed with the Procurement Service. The closure date for the tender is 6 March 2025.

Audit progress against the annual audit plan

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Name	Status	Opinion	Audit Committee
Council Audits			
Purchase cards	Final	Reasonable	March 2025
Complaints	Final	Reasonable	March 2025
Development Management (IE&H) (previously Planning Applications)	Draft		July 2025
Client Affairs (Adults)	Draft		July 2025
Commercial investments income (Resources)	WIP		July 2025
Rental Income and Collection (HRA) (IE&H)	WIP		July 2025
Parks and Open Spaces Maintenance (E&ST)	WIP		July 2025
Housing Voids (IE&H)	WIP		July 2025
Alternative Provision (Children's)	WIP		July 2025
Commercial Waste Income (E&ST) (replaces Procurement)	WIP		July 2025
Gas Servicing (IE&H)	WIP		July 2025
Rental Income and Collection (General Fund) (IE&H)	WIP		July 2025
School Audits			
Ronald Openshaw nursery	WIP		
Plasbet secondary	Final	Limited	March 2025
Sheringham nursery	Final	Reasonable	March 2025
Kay Rowe nursery	Draft		July 2025
Oliver Thomas nursery	WIP		July 2025
Plaistow primary	WIP		July 2025
St James' CoE junior	WIP		July 2025
Southern primary	WIP		July 2025
Follow Ups			
Contract waivers and extensions follow up (Resources)		Complete	October 2024
Recruitment (Adults)		Complete	March 2025
Car Pound (ES&T)		Complete	March 2025
Cyber security (Resources)	WIP		July 2025
Additional Payments (Resources)	Postponed to 2025/26		
LATCo Governance – Populo (Resources) (replaces Additional Payments)	WIP		July 2025

WIP = work in progress

Plashet School

Audit Objective

To provide assurance that Plashet school's systems and processes are operating effectively over 12 key areas including governance, finance and IT controls.

Executive Summary



Assurance Opinion

Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.

Management Actions

Priority 1	1
Priority 2	10
Priority 3	4
Total	15

Organisational Risk Assessment

MEDIUM

Our audit work includes areas that we consider have a medium organisational risk and potential impact. The key audit conclusions and resulting outcomes warrant further discussion and attention at senior management level.

Key Conclusions



Overall, a 'Limited' audit opinion has been provided. The one priority one finding that contributed to this opinion was that there was no functioning local authority governor on the Governing Board, which is a statutory requirement. The school will liaise with the council to address this.



- The priority 2 findings that contributed to the opinion include:
- There was no anti-fraud procedures or anti-fraud training for staff.
 - There was no formal recovery plan to mitigate the financial stress in the three-year budget.
 - Two invoices were paid past the deadline set by the supplier.
 - The asset register requires review to ensure information is complete and recorded consistently.
 - Twelve staff and Governor DBS checks should be renewed within three years, however, they were overdue (by a maximum of four months). The details of lettings tenants are included in the Single Central Record unnecessarily.
 - With the exception of Safeguarding training for Governors, mandatory training was not identified in Governors' training records.
 - Three Governors' declarations of interest forms had not been completed. The Pecuniary Interest Register did not include the role of each individual.
 - Weaknesses were identified in the content and method of review and approval of the school's policies and procedures and there is currently no formal confirmation from staff that they have read and agreed to abide by policies.
 - Not all agency payments were approved by the authorised approver and invoices were paid past the deadline set by the supplier.
 - Management do not record when payroll reconciliation checks have occurred between Plashet and NPW payroll records.

Audit Scope

We considered the following scope areas as part of this audit:

- Governance arrangements including Governing Body (GB) and other Committees
- Financial transactions, budget setting and monitoring and governance
- Declaration of interests
- DBS checks
- Procurement, including tendering, contracts and leasing arrangements
- Payroll controls and HR arrangements
- IR35 arrangements
- Agency payments
- Sundry income (including nursery income if applicable)
- Voluntary Funds
- IT controls
- Inventory

Children's Centres were considered out of scope for these audits.



The priority 3 findings and strengths are detailed below:

- One of the sample of three showed that the IT Technician had not logged that they had removed a leaver from the IT system in a timely manner.
- The sample IR35 contract would create an 'inside IR35' relationship.
- The Finance, Staff and Premises Committee is not listed in the Governing Body Terms of Reference in Other Committees.
- The Governing Board minutes do not always accurately reflect the dates or attendee roles.



The Pecuniary Interest Form provides a comprehensive explanation of Plashet's expectations regarding declarations of interest, and provides advice as to how governors should consider these declarations and who to ask for advice if they have questions.

The Finance Assistant will negotiate a more favourable price / discount and reflect the saving in the invoice PO request. She has been given approval to do this by the Business Manager as it creates savings for the school, and has been given a stamp to demonstrate the savings achieved.

Audit Findings & Management Action Plan – February 2025

Finding 1 Local Authority Governor	Actions			
<p>A Local Authority Governor was appointed to the Governing Board but has not attended meetings for the past two years. A Local Authority Governor is a statutory requirement for the Governing Board. The Head Teacher made several requests for the Governor to attend meetings but has yet to receive a response.</p>	<p>The Director of Education has stated that this is a known issue in several Newham schools and they are actively taking steps to resolve the issue by improving the quality of Governor services.</p>			
	<p>Priority</p>	<p>1</p>	<p>SWAP Reference</p>	<p>AP#5417</p>
	<p>Responsible Officer</p>		<p>Director of Education</p>	
	<p>Timescale</p>		<p>April 2025</p>	
Finding 2 Anti-Fraud Procedures/Training	Actions			
<p>The audit did not find anti-fraud procedures or delivery of anti-fraud training for staff. The Finance policy states that the Governing Board shall maintain a sound system of internal control including safeguards against fraud. Without anti-fraud procedures and specific training, staff will not be able to effectively implement the required safeguards against fraud.</p>	<p>We will:</p> <ul style="list-style-type: none"> a) Develop and implement anti-fraud-specific procedures/guidance. b) Provide anti-fraud-specific training to staff. 			
	<p>Priority</p>	<p>2</p>	<p>SWAP Reference</p>	<p>AP#5620</p>
	<p>Responsible Officer</p>		<p>Rachel McGowan, Headteacher</p>	
	<p>Timescale</p>		<p>July 2025</p>	
Finding 3 Budget Monitoring	Actions			
<p>A monthly budget monitoring report was prepared and was regularly discussed at the Governing Board meetings. A £1m deficit was noted in the three-year budget in 2023/24. This allowed for significant capital spend and estimated payroll costs but these costs did not come entirely to fruition. The teachers' pay award was overestimated and the mid-year change in Business Manager paused the spend on capital projects, which led to an end of year deficit of ~£50k. The predicted in-year deficit for 2024/25 is ~£650k. Whilst actions to address the deficit were discussed and recorded in the Governing Board meeting minutes, there was no formal debt recovery plan to mitigate the financial stress. It is noted that Plashet retains ample reserves in the bank.</p>	<p>We will:</p> <ul style="list-style-type: none"> a) Develop a Debt Recovery Plan that reflects the approach and actions to mitigate the deficit in the three-year budget. This was developed by the Business Manager in January 2025 and a revised budget predicts a surplus in 2025/26 and 2026/27. b) Regularly report on progress against the in-year deficit recovery plan to the Governing Board. 			
	<p>Priority</p>	<p>2</p>	<p>SWAP Reference</p>	<p>AP#5620</p>
	<p>Responsible Officer</p>		<p>Damian Osman, School Business Manager</p>	
	<p>Timescale</p>		<ul style="list-style-type: none"> a) Complete as of January 2025 b) The year end deficit position will be presented to the FGB at the final FGB meeting of this financial year on 27th March 2025. 	

Finding 4 Procurement

Sample testing of three purchases found that two invoices were paid six and 22 working days past the payment target of 30 days. Late payment of suppliers could damage the reputation of the school and lead to the supplier being unwilling to provide goods to the school. The Head Teacher stated that supplier timeframes make no allowances for school holidays.

There was no list of authorised signatories for approving payments. The audit found that budget holders authorised payments with signatures only, and the signatures were not held on file. This could be improved by holding a log with the budget holder's name next to their signature to enable independent verification and both being noted on the payment. A list of authorised signatories is important because it helps ensure accountability and transparency and reduces the risk of unauthorised and fraudulent payments.

Service Level Agreements (SLA) are logged in a monitoring spreadsheet. Sample testing of the Joskos, Konica and The Education Space SLAs found that there was no evidence that the contracts had been approved by the Governing Board in line with the Procurement policy. While it was clear that updates on the progress of tender processes with two of the contracts had been provided, and the Konica contract had been approved by the Finance, Staffing and Premises Committee, the Procurement policy requires that the Governing Board approves these contracts. Furthermore, the timing of the renewal and Governing Board approval of the Joskos contract appeared to be undertaken closer to the contract deadline than would usually be expected. It is necessary to start the renewal process in advance of the contract end date to ensure all available options are appropriately considered and the school receives value for money.

The Business Manager advised that all SLA's were reviewed annually by the Governing Board, but evidence of this was not provided during the audit.

There was no requirement in the Procurement policy for the Governing Board to delegate the approval of contracts to the relevant sub-committees. If this practice is to continue, the Procurement policy should be updated to reflect it and thereafter be approved by the Governing Board.

Actions

We will:

- a) Review payment processes to ensure invoices are paid within the deadline set by the supplier. Where payments are made past the agreed deadline due to school holidays, a note of this will be made on the file.
- b) Develop a list of authorised signatories with a record of the budget holder names and signatures.
- c) Ensure all contracts requiring approval from the full Governing Board are appropriately reviewed and approved in a timely manner by the full Governing Board.
- d) Establish an effective method of monitoring Service Level Agreements. For example, include the following columns in the SLA monitoring spreadsheet:
 - Date that management should begin researching new suppliers and negotiating the current contract.
 - Which member of staff will be responsible for undertaking this negotiation.
 - Which level of tender and approval the contract will require, including which Governing Board meeting the corresponding report will need to be ready for.
 - Date of last review of the SLA by the Governing Board with a link to the corresponding meeting minutes.

Priority

2

SWAP Reference

AP#5637

Responsible Officer

Damian Osman, School Business Manager

Timescale

March 2026

Finding 5 Inventory

The school's Asset Register did not include a record of key information about how each asset was managed. In particular, it did not include the asset's procurement date or current value. An asset register helps the school track and manage school assets, including budgeting for replacements, informs decision-making and supports financial statements, therefore, it is important that it is a complete record.

Review of the Asset Register found that asset information recorded in the register was not always consistent. For example, we found that:

- A BodyMax B2 Exercise Bike was recorded individually but other items, such as the New Janome Sewing Machines, were recorded as a batch (e.g. x4) on the Asset Register. For the batch items, the price of the individual unit was not recorded on the Asset Register.
- The asset 'MS Surface Pro Chromebook' was recorded as a single type of product on the Asset Register, however, these are two separate products and should be recorded as such on the register.
- A communication aid, purchased with a specific type of funding for a pupil, is included in the register, however, it does not belong to Plashet so should be removed from the register.

Actions

We will:

- Review and update the Asset Register to record the procurement date and current value of each asset.
- Review the approach to completing the Asset Register to have a consistent method of logging assets.
- Review and update the 'MS Surface Pro Chromebook' asset entry to the Asset Register to record it as two separate products.
- Create a separate tab for the communication aid within the asset register as it was not purchased with Plashet resources and is not a school asset.

Priority	2	SWAP Reference	AP#5623
Responsible Officer	Damian Osman, School Business Manager		
Timescale	March 2026		

Finding 6 Disclosure Barring Service (DBS) checks

Review of the Single Central Record found that 12 out of 232 staff and Governors had not had a DBS check renewed within the school set three years target. Although it was noted that the longest DBS check renewal was four months overdue and the majority were one-two months overdue. The HR Officer is responsible for oversight and review of DBS checks, however, no record of this review was provided at the time of the audit.

DBS information relating to people who hire the school premises are currently held in the Single Central Record (SCR). The school's Lettings policy states that DBS information of hirers must be held by Plashet school where the activities of the hirer are aimed at children. However, this DBS information is not required to be held in the SCR, as the SCR is only for specific individuals who are employed by the school.

Actions

We will:

- Renew the 12 outstanding staff and Governors DBS checks, outside the school set 3-year target review window, and update the Single Central Record.
- Document the oversight and review of DBS checks by the HR Officer on the SCR.
- Remove the Lettings DBS information from the Single Central Record and retain it in a separate Lettings document.

Priority	2	SWAP Reference	AP#5630
Responsible Officer	Noreen Malik, Admin & HR Manager		
Timescale	July 2025		

Finding 7 Governor Training	Actions		
<p>Safeguarding training was identified as mandatory and provided in-person annually. No other topics are deemed to be mandatory. The Governing Board is responsible for ensuring the provision of continuing professional development to Governors by organising support and training. However, we found there was no list of mandatory training requirements or a defined skills matrix to support the Governing Board to have the appropriate mix of skills to fulfil their responsibilities defined in their Terms of Reference. Without a list of mandatory Governors' training, the Governors may not effectively fulfil and discharge their responsibilities.</p> <p>A review of Governor training records found that:</p> <ul style="list-style-type: none"> • One Governor out of 16 has not undertaken any training in addition to the in-person Safeguarding training • 14 out of 16 Governors have not completed the training regarding the latest governance guidance. <p>No finance training was identified in the training records provided and as there is no skills matrix we could not confirm evidence of financial expertise within the Governing Board during the audit. Finance training is necessary for Governors to be able to appropriately review and challenge budget monitoring information provided by management.</p>	<p>We will:</p> <ol style="list-style-type: none"> Develop a skills matrix for the Board of Governors and identify training needs. This training will include finance specific training were relevant. Develop a mandatory training schedule and all completed training will be documented in the Governors' training records. Ensure the Chair of Governors regularly monitors Governors' training completion. Ensure Governors who have not yet received training complete the required training including mandatory training and latest governance guidance. 		
	Priority	2	SWAP Reference AP#5414
	Responsible Officer		Rachel McGowan, Headteacher
	Timescale		November 2025

Finding 8 Governors/Staff Business Interests Register	Actions		
<p>We found that the Pecuniary Interest Form provides a comprehensive explanation of Plashet's expectations regarding declarations of interest. However, audit testing of the Pecuniary Interests Register found that three had not completed the relevant forms.</p> <p>The school's Pecuniary Interests Register does not include the role of each individual, so it was unclear as to whether they were a Governor or staff member.</p> <p>The Pecuniary Interests Register is a key governance requirement that protects the reputation of the school.</p>	<p>We will:</p> <ol style="list-style-type: none"> Ensure the three Governors complete their declaration of interests' forms. Review and update the Pecuniary Interests Register to include the role of the Governor or staff member. 		
	Priority	2	SWAP Reference AP#5621
	Responsible Officer		Rachel McGowan, Headteacher
	Timescale		March 2026

Finding 9 Policies and Procedures

We identified weaknesses in the content of policy and procedures as well as the process for review and approval. Findings include:

Content: Policies and procedures are not always consistent with current working practices.

For example:

- a) Finance policy:
 - i. It refers to the Finance Committee instead of the correct title of Finance, Staffing and Premises Committee.
 - ii. The formatting of the table of contents on the policy requires review because there are page numbers but no indication of the content these pages refer to.
 - iii. The version published on the school website is from 2020 but the latest version is from 2024.
- b) The Whistleblowing policy has not been updated to reflect the LBN Speak Up policy and the contact details for the Director of Children's Services were not for the current director and require updating.
- c) There was no agency payments procedure in place that guides staff on the agency payments process and approval arrangements.
- d) The Procurement policy:
 - i. Was last updated in October 2024. However, Section 11 has a conflicting date of last review as June 2023.
 - ii. Does not include Plashet's approach to leasing.
 - iii. Does not include a link or cross reference to the two different procedures for general and training procurement. Also, procurement guidance that staff must follow in terms of which forms to fill out was not reflected in the Procurement policy.

Up-to-date policies and procedures are necessary to ensure all staff are aware of their responsibilities as per the expectations of the school and statutory requirements.

Review and approving policies and procedures

The arrangements for regularly reviewing and approving policies and procedures are not always documented. For example:

- The Whistleblowing policy was last reviewed in February 2018 and there was no next review date.
- Staff Code of Conduct was last reviewed in December 2021, however, it should be reviewed every three years.
- The Online Safety policy was last reviewed in March 2022. However, it should be reviewed annually.

Actions

We will:

- a) Finance policy:
 - i. Review and update the Finance policy to reflect the current name of the Finance, Staffing and Premises Committee.
 - ii. The table of contents will be updated to reflect the content of the policy.
 - iii. Review the school website to ensure the latest Finance policy is uploaded.
- b) Review and update the Whistleblowing policy to align it with the LBN Speak Up policy. It will include up-to-date contact details for both the Chair of Governors and the council's Director of Children's Services.
- c) Develop and implement an agency payments procedure/ guidance to inform staff of the agency payments process and approval arrangements.
- d) Review and update the Procurement policy to include the last review date, the school's approach to leasing, cross-reference to the general and training procurement procedures and required guidance to complete forms.
- e) Create and implement a schedule of the school's statutory and non-statutory policies and procedures, including the frequency of review and delegation of approval. It should include:
 - i. The Speak Up policy is reviewed annually.
 - ii. Staff Code of Conduct is reviewed in line with its next review date.
 - iii. The Online Safety policy is reviewed annually.
 - iv. Who is responsible for reviewing and approving each policy and procedure.
- f) Regularly review the schedule of the statutory and non-statutory policies and procedures and have them approved by the Governing Board.
- g) Once the Google Drive has been implemented, monitor its effectiveness and the acknowledgement of policies to determine what improvement could be made to this approach.

The Governing Board’s Terms of Reference states that they will review and approve all statutory school policies, but a list of these policies was not provided at the time of the audit. Regular review of policies is necessary to ensure that these are fit for purpose and all information, such as contact details, is up-to-date.

At the time of the audit, the school did not log which members of staff have read the policies, but it is in the process of creating an online system that will enable this. Policies are currently made available to the workforce via printing and putting them in staff pigeonholes, which consumes resources, so management are planning to move to a digital solution (Google Drive) where they can track who has read the policies. If the school cannot demonstrate that their staff have read the policies and procedures they will not be able to take action against staff members who behave in violation of the policies because they can claim they were not made aware of them.

Priority	2	SWAP Reference	AP#5619
Responsible Officer		Rachel McGowan, Headteacher	
Timescale		July 2025	

Finding 10 Agency Payments

Sample testing of three agency payments found that:

- One payment was not approved by the Assistant Head Teacher for Cover and Exams. It was approved by the Curriculum Leader for Science. We were advised that the Assistant Head Teacher for Cover and Exams approves all agency payments and there was no evidence that the Curriculum Leader for Science had delegated authority to approve this payment.
- Changes were made to two of the internal purchase order request forms, however, the changes were not authorised by the budget holder.
- One invoice was paid 24 working days after the deadline set by the supplier. While it is accepted as prudent to pay invoices as late as possible within the permitted deadlines, late payments could damage relations with suppliers and reduce the available pool of supply teachers.

Actions			
We will:			
<ul style="list-style-type: none"> a) Ensure all agency payments are approved by the Assistant Head Teacher for Cover and Exams or provide an explanation in the records as to why another staff member has authorised the payment. b) Ensure amendments to internal purchase order requests are authorised by the budget holder. c) Review payment processes to ensure invoices are paid within the invoice deadline. 			
Priority	2	SWAP Reference	AP#5660
Responsible Officer		Damian Osman, School Business Manager	
Timescale		March 2026	

Finding 11 Payroll	Actions		
<p>Reconciliation activity between Plashet and Newham Partnership Working (NPW) payroll records occurs but the 'verified by' column in the pre-pay reports spreadsheet is not completed to demonstrate that these checks have occurred. This is important because it is necessary to demonstrate that reconciliation activity occurs. The Head Teacher stated that the current payroll process does not require verification of the pre-pay report.</p> <p>Two payroll controls documents that set out the controls for payroll were provided but these do not have a creation date, author or approver and they contain out of date information relating to the former name of the payroll provider. It is important to record these details and ensure that information is up to date so that staff are aware of their responsibilities and the current expectations of school management.</p> <p>Segregation of duties is described in brief in the Finance policy, but a detailed schema of segregation of duties was not provided during the audit. Segregation of duties is necessary to mitigate the opportunity for fraudulent or erroneous transactions to occur.</p> <p>The Head Teacher highlighted that there is no formal leavers' checklist. Leavers' checklists are necessary to ensure the leavers process is appropriately completed, such as ensuring all physical and intellectual property is returned to the school. The full suite of starters' and leavers' documentation was not reviewed due to time constraints within the audit, therefore, our audit testing was limited.</p>	<p>We will:</p> <ol style="list-style-type: none"> Review the payroll process to include verification that Plashet management have verified the pre-pay report. For example, populating the 'verified by' columns in the pre-pay report will document that variation checks have occurred. Create a detailed segregation of duties schema to show that tasks are appropriately allocated to mitigate the opportunity for fraudulent or erroneous transactions. Review the Payroll controls documents to record a date of creation, author, approver, and current name of the HR and Payroll provider. Develop a leavers' checklist for the leavers' process, ensure that it is appropriately completed and that all physical and intellectual property is returned to the school. 		
Priority	2	SWAP Reference	AP#5658
Responsible Officer	Damian Osman, School Business Manager		
Timescale	a)-c) March 2026 d) April 2025		

Finding 12 IT Controls for Leavers	Actions		
<p>Sample testing of three recent leavers found that all had been successfully removed from the IT system. However, for one out of three leavers the IT Technician had not logged that they had removed the leaver in a timely manner, as the staff member had left one year before the request was logged in the system.</p>	<p>We will ensure that all leavers IT accounts are accurately recorded at the time of suspension.</p>		
Priority	3	SWAP Reference	AP#5564
Responsible Officer	Mohammed Mangerah, Assistant Head Teacher		
Timescale	July 2025		

Finding 13 IR35	Actions
The template IR35 contract provided to Plashet by their payroll provider, NPW, is not fit for purpose because it would create an unnecessary employment relationship inside IR35 with a contractor and expose Plashet to tax liability. This not currently an issue as it has not been used by the school.	We will liaise with NPW to revise the IR35 contract template to reflect an 'outside IR35' relationship, including the removal of references to employment and redundancy.
Priority	3
SWAP Reference	AP#5337
Responsible Officer	Damian Osman, School Business Manager
Timescale	July 2025

Finding 14 Committee's Terms of Reference	Actions
The Full Governing Board (FGB) Terms of Reference is currently in draft format and is yet to be finalised. It also lists Other Committees, but does not include the Finance, Staff and Premises Committee (FSP). There was no meeting frequency stated in the FSP's Terms of Reference. It is necessary to clarify the school's expectations for the Committees, within their respective Terms of Reference, to ensure the Governors are aware of what is expected of them.	We will: <ul style="list-style-type: none"> a) Review and finalise the FGB Terms of Reference and have it approved by the FGB. b) Review the FBG Terms of Reference to include the FSP. c) Clarify and record the frequency of the FSP meetings in the FSP's Terms of Reference.
Priority	3
SWAP Reference	AP#5464
Responsible Officer	Rachel McGowan, Headteacher
Timescale	July 2025

Finding 15 Governing Board Meeting Minutes	Actions
The Governing Board minutes do not always accurately reflect the dates or attendee roles. For example: <ul style="list-style-type: none"> • The date on the March 2024 meeting minutes heading was 16th May 2024, but the actual date of the meeting was 21st March 2024. The Head Teacher stated that the May date indicates that the minutes were reviewed at the May meeting, but this is not clear from the document. • The 21st March 2024 minutes indicate the role of each attendee at the meeting and it is clear which attendees are Governors. However, the May and July 2024 minutes reflect the names and not role of each attendee. 	We will review the recording of the Governing Board meeting minutes to ensure they accurately indicate: <ul style="list-style-type: none"> • the date of the meeting • the date of minutes review • the role of each attendee.
Priority	3
SWAP Reference	AP#5417
Responsible Officer	Rachel McGowan, Headteacher
Timescale	July 2025

Work Programme Conclusions

1. Governance arrangements including Governing Body and other Committees

1.1. Meeting Minutes

There has been no functioning local authority Governor for two years, which is a statutory requirement. The full name of the Finance, Staffing and Premises Committee was not reflected in the Finance policy. The accuracy of the minutes could be improved, as an incorrect date was reflected and the minutes inconsistent, as the role of each Governor was stated on one set of minutes but not others. The minutes did not record which Governor asked which question, or who responded.

1.2. Induction and Training Records

Governors were provided with mandatory Safeguarding training but no other courses were mandatory. One Governor did not receive any training. No finance training was identified in the list of courses undertaken. Only two Governors completed the training regarding the latest governance guidance.

1.3. Terms of Reference

The Finance, Staff and Premises Committee was not referred to in the Governing Board (FGB), and responsibilities were duplicated in the Governing Board and Finance, Staffing and Premises Committee (FSP) Terms of Reference (ToR). The FSP was not mentioned in the FGB ToR. The membership and meeting frequency of the FSP was not recorded in the ToR.

1.4. Whistleblowing

The Whistleblowing policy was last approved by the Governors in 2018. The policy was informed by a code of practice that was withdrawn in 2018. Also the policy shows the reporting details for the Director of Children's Services at LBN however did not reflect the current Director. The Whistleblowing policy has not been updated to reflect the LBN Speak Up policy and the contact details for the Director of Children Services were not for the current director and require updating.

2. Financial transactions, budget setting and monitoring and governance

2.1. Finance policy

The Finance policy was last revised in October 2024 and approved by the Governing Board. The policy refers to the Finance Committee instead of the correct title of Finance, Staffing and Premises Committee. The formatting of the table of contents requires review. Policies are currently made available to the workforce via printing, which consumes resources, so management are planning to move to a digital solution where they can track who has read the policies. A budget monitoring report was prepared on a monthly basis and finances were regularly discussed with the Governing Board. A deficit was noted in the three-year budget, but there was no formal recovery plan to mitigate the financial stress. There was no anti-fraud-specific procedures or anti-fraud-specific training for staff.

3. Declaration of interests

3.1. Business Interests Register

The Pecuniary Interest Form provided a comprehensive explanation of Plashet's expectations regarding declarations of interest. Three declarations of interest forms were not completed. The register of pecuniary interests did not include the role of each individual, so it was unclear as to whether they were a Governor or staff member.

4. DBS Checks

4.1. DBS

The HR Officer had oversight of the central DBS record for Governors, staff and volunteers and was responsible for initially undertaking the DBS checks. They run DBS checks through a company called Protocol. Their aim was to undertake the checks every 3 years. The Head Teachers Report to Governors Summer 2024 provided an update on DBS compliance. Review of the Single Central Record showed that 12 of the staff, support and Governors did not have their DBS renewed within three years, although it was noted that the longest was 4 months overdue and the majority are one-two months overdue. All individuals in the Lettings tab did not have their DBS renewed within three years, but they do not need to be included in the SCR so they should be removed as there is no requirement for Plashet to update their DBS.

5. Procurement, including tendering, contracts and leasing arrangements

5.1. Procurement policy

The Procurement policy was approved in October 2024 and approved by the Chair of Governors, but there was a conflicting date of last review as June 2023 in Section 11. The Procurement thresholds listed on p3-4 was in line with the new thresholds per the Procurement policy note 11/23. The Procurement policy details the tendering process and refers to contracts, and it is clear that they intend to review this in line with the new Procurement Act 2023. Leasing was not mentioned in the Procurement policy. Sample testing of purchases showed that two invoices were paid six and 22 working days past their deadline respectively. Budget holders authorised payments with signatures only, and the signatures were not held on file, so an improvement could be made by writing the budget holder name next to their signature to enable independent verification. Training was provided by the Finance Manager for budget holders to induct them to their role. The Finance Assistant identifies savings in purchasing. The procurement procedure that staff must follow in terms of which forms to fill out is not reflected in the Procurement policy.

6. Payroll controls and HR arrangements

6.1. Payroll

The payroll procedure was described in the Finance policy. Payroll services were outsourced to NPW / The Education Space. Reconciliation activity occurs but the 'verified by' column was not completed in the pre-pay reports to demonstrate that these checks have occurred. Two payroll controls documents were provided, but these do not have a date, author or approver, and they contain out of date information relating to the former name of the payroll provider. Segregation of duties was described in the Finance policy, but a detailed schema of segregation of duties was not provided during the audit. There was no formal leavers checklist. SWAP was unable to review the full suite of starter and leaver paperwork during the audit.

6.2. Staffing structure

There were no staff vacancies.

7. IR35 arrangements

7.1. IR35 policy

The Business Manager acts as the Engaging Manager and there was a process for reviewing IR35 contracts. The sample IR35 contract provided was not effective or appropriate because it would create an 'inside IR35' relationship, but this was currently an issue as it had not been used.

8. Agency payments

8.1. Agency payment approval procedure

There was no written agency approval procedure. The process described was that the Assistant Head Teacher for Cover and Exams approves all agency payments. One payment in the sample was not approved by the Assistant Head Teacher for Cover and Exams. One invoice in the sample was paid 24 working days after the deadline. While it is accepted as prudent to pay invoices as late as possible within the permitted deadlines, late payments could damage relations with suppliers and reduce the available pool of supply teachers. Changes were made to two of the internal purchase order request forms however these were not authorised by the budget holder.

9. Sundry income

9.1. Sundry income

No formally approved policy or procedure for the collection of sundry income and lettings was provided during the audit. Testing of sundry income and lettings showed that all payments were reflected in the bank statement.

10. Voluntary funds

10.1. Voluntary funds

The Head Teacher and Business Manager confirmed in the Scoping Meeting that Plashet did not have voluntary funds.

11. IT controls

11.1. IT policy

IT was covered in the Staff Code of Conduct, Online Safety policy, Finance policy and Filtering and Monitoring document. The Staff Code of Conduct and Online Safety policy need to be reviewed as they were not reviewed in the past year. The school did not currently log which members of staff have read the policies but are in the process of creating an online system that will enable this. Sample testing showed that all leavers were successfully removed from the IT system, but that for one, the IT Technician recorded that the leaver had been removed one year after they were actually removed.

12. Inventory

12.1. Inventory

There was an Assets and Inventory policy within the Finance policy. An annual inventory check was undertaken by a member of site staff and verified by the Business Manager. The asset register check was presented to the Board annually and signed by a Governor. The asset register did not contain the procurement date, depreciation or current value of the items. Testing identified assets information was recorded inconsistently in the Asset Register. For example, an entry lists 'MS Surface Pro Chromebook' was recorded as a single type of product but they were two separate products. A communication aid purchased with a specific type of funding was included in the asset register but did not belong to Plashet.

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AUDIT COMMITTEE REPORT			
Date of meeting	12 March 2025		
Subject Heading	GDPR Audit Update		
Is this Item for: Information or Discussion	Information and Discussion		
Summary of issues/key points for discussion	<p>This report provides Members of the Audit Committee of an overview of the current status of the GDPR Audit actions, as of 1 March 2025:</p> <p>Members are asked to note the content of this report and to ask specific questions of officers where required.</p>		
Officer preparing report	Lauren White	Contact Number and e-mail address	02033736527 Lauren.White@newham.gov.uk
Manager's name	Conrad Hall	Manager's Title	Corporate Director of Resources
Exempt Information	No		

1. Background

In March 2023, a report was issued that provided the Council with limited assurance against GDPR Compliance. This identified:

- 9 Priority 1 actions
- 23 Priority 2 actions
- 16 Priority 3 actions

Progress on the outstanding actions has been reviewed by Newham's Corporate Leadership Board on two separate occasions; July 2024 and October 2024.

Audit Committee were presented with an update on completion of actions in July 2024 as part of the annual GDPR update for the Council.

The following table provides an overview of the current status of the GDPR Audit Actions, as of 24th June 2024 and shows significant progress has been made against outstanding actions:

Priority	Total	Open	Closed
Priority 1	9	6	3
Priority 2	23	8	15
Priority 3	16	3	13
Total	48	17	31

Audit Committee requested an update specifically around the outstanding GDPR Audit actions (AC245), which is the basis of this report.

2. Progress

The following table provides an overview of the current status of the GDPR Audit actions, as of 1st March 2025:

Priority	Total	Open	Completed
Priority 1	9	2	7
Priority 2	23	4	19
Priority 3	16	0	16
Total	48	6	42

Since the report provided to Audit Committee in July 2024, significant progress has been made against all actions. This includes:

- 4 x Priority 1 Actions being completed
- 4 x Priority 2 Actions being completed
- 3 x Priority 3 Actions being completed – meaning no P3 actions remain open

All outstanding actions are in progress but have been subject to delays. The outstanding actions are noted in the appendices of this report.

Delays have been due to a number of reasons

1. Requests to stop or review approaches to specific items – specifically Information Assurance restructure and offsite paper records storage. New approaches were reviewed to ensure the audit actions could still be completed to meet the Council's compliance requirements whilst also considering longer term service improvements which need to be made in this space.
2. Long term sickness of Data Protection Officer in late 2024
3. Priority of internal staff supporting split and return activities of the current oneSource IT shared service.

3. Appendix

Outstanding GDPR P1 and P2 Actions

No.	Orig. report ref.	Issue	Recommendation	Agreed action	Priority	Responsible Officer	Original timescale	Initial Status (Nov 23)	Updated Status (Jun 24)	Update Status (Oct 24)	Update Status (Mar 25)
8	33	The UK GDPR principle of storage limitation is not met.	Implement a project to assess the age of personal data held electronically across the council. Securely destroy any data identified as being outside of its retention period and record this erasure on formal destruction logs.	Accepted. Formalisation of a project to address electronic data storage including systems managed internally by the council and partner organisation to be completed.	1	SIRO	6 months	Delayed due to funding restraints and the recruitment of a Corporate Records Manager.	In progress - Capital funding bid submitted to July Cabinet for consideration	In progress. Retention policies to be refined within M365 environment. IAOs to assess risk of retention within Line of Business applications	In progress. Retention policies agreed at IG board and to be applied to existing and new MS tenancy. IG Board service leads to discuss approaches to review data held in case management systems
10	40	Ownership of information held in shared systems is not established and there is a risk of inadequate support for the IAO.	Consider the implementation of Information Asset Managers for assets that are held in one system, but which span multiple Directorates.	Accepted. This is included in the Information Risk and Asset project and will be addressed as part of that project delivery.	2	SIRO	6 months	Delayed SIRO has prepared a business case for this project, but further discussions are required regarding funding.	In progress - Project to be started to complete this by Apr 2024. Funding approved as part of IT stabilisation programme	In progress. IAOs identified and training to be provided to complete appropriate risk assessments	In progress. CLB & IG board agreed roles within org. to be IAOs and IAMs. DPO to send follow up communications and arrange appropriate training and support to fulfill role

No.	Orig. report ref.	Issue	Recommendation	Agreed action	Priority	Responsible Officer	Original timescale	Initial Status (Nov 23)	Updated Status (Jun 24)	Update Status (Oct 24)	Update Status (Mar 25)
13	40, 58, 95	SIRO does not have the appropriate support to deliver their obligations through lack of ownership for data assets.	The role of the Information Asset Owners to be escalated and implemented; ensuring those appointed are appropriately trained.	Accepted. This has already been identified as an action as part of the Information Risk and Asset Project. Formal approval for additional resource will be sought for this.	1	SIRO	6 months	Delayed SIRO has prepared a business case for this project, but further discussions are required regarding funding.	In progress - agreed at IG Board and to be presented to CLB July 24. to confirm roles	In progress. IAOs identified and training to be provided	In progress. Delays due to lack of resources. Training to be arranged and provided to staff
27	61	LBN are completing full risk assessments on low risk processing.	Review the requirement for a DPIA for all processing of personal data and consider an alternative for low risk processing.	Accepted. This has already been identified as an action as part of the Information Risk and Asset Project. Formal approval for additional resource will be sought for this.	2	Chief Information Officer (Interim) & SIRO	April 2023	Work in progress. Review of DPIA process has begun. The intention is to split into high and low risk processing, with provision of security reviews in all cases.	In progress - Low risk DPIA template created. Work to progress further process review to be completed by Sept. 24	In progress. New DPIA process to go live by December 2024	In progress. New process launch delayed due to further technical testing. New go live May 2025

No.	Orig. report ref.	Issue	Recommendation	Agreed action	Priority	Responsible Officer	Original timescale	Initial Status (Nov 23)	Updated Status (Jun 24)	Update Status (Oct 24)	Update Status (Mar 25)
33	84	SARs are processed both within the Information Rights team and the service areas. The DPO does not have oversight of those being processed in the service areas.	Implement central logging for all requests received by the council, irrelevant of which team undertakes and completes the work. The DPO should have an overview of all disclosures of personal data, to ensure these are appropriately managed without breaching the legislation.	Accepted. This has already been identified as an action as part of the Information Risk and Asset Project. Formal approval for additional resource will be sought for this.	2	Chief Digital Officer	April 2023	Work in progress. The SAR officers in the Information Rights team have been given an objective of identifying all places within the Council that may process SARs themselves. This can then be fed into the project to replace iCasework so that all areas are required to input into the new system.	In progress - agreement with CYPS to fund a post to assist. Process review completed to identify additional improvements to help central logging of SARs	On hold. IT Split programme decision to cease restructure and will be completed as part of IG return to Newham	In progress. New system go live 1st April 2025 for all SARS logging. Recruitment of agency staff to complete CYPS SARS within team whilst sovereign structure is finalised
44	82, 83	Response times for both Individual Rights requests and FOIs fail to meet the ICO target of 95%.	Implement necessary steps and resources to improve response times for requests received.	Accepted. This has already been identified as an action as part of the Information Risk and Asset Project.	2	Chief Information Officer (Interim) & SIRO	April 2023	Work in progress. Additional resources are being provided as part of the IA restructure.	In progress - part of IA review	In progress. Local initiatives being used to raise awareness of these tasks across the council and focus at	In progress. Continuous improvements made to response times but still issues with demand against team size. Continue to review

No.	Orig. report ref.	Issue	Recommendation	Agreed action	Priority	Responsible Officer	Original timescale	Initial Status (Nov 23)	Updated Status (Jun 24)	Update Status (Oct 24)	Update Status (Mar 25)
				Formal approval for additional resource will be sought for this.						Directorate management team meetings	alongside new sovereign structure

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AUDIT COMMITTEE REPORT			
Date of meeting	12 th March 2025		
Subject Heading	Quarterly Counter Fraud Update		
Is this Item for: Information or Discussion	Information and Discussion		
Summary of issues/key points for discussion	<p>This report provides the Audit Committee with an update on Counter Fraud activity and results to date.</p> <p>Members are asked to note the content of this report, discuss next steps and to ask specific questions of officers where required.</p>		
Officer preparing report	Nick Sharp	Contact Number and e-mail address	02033733305 Nick.Sharp@newham.gov.uk
Manager's name	Conrad Hall	Manager's Title	Corporate Director of Resources
Exempt Information	No		

Introduction

1.1 The Council has a zero tolerance approach to fraud and the work of the Counter Fraud Team supports this priority. The team offers both a criminal, proactive and reactive support. The team has a role in preventing, detecting and deterring fraud, both internal and external as well as responsibility for receiving and managing all whistleblowing reports.

Outcomes (Housing)

1.2 Between 1 April 2024 and 19 February 2025, the team have successfully recovered **24 properties** as a result of unlawful subletting which now can be used for onward allocation to our most vulnerable residents. This amounts to **£1,008,000** of notional savings.

1.3 The Team is currently working on 142 housing investigations.

- 24 of those are waiting to be heard at civil court where we hope to gain possession of the properties;
- 5 cases are with our legal team to proceed with potential criminal prosecutions

1.4 A further break down of our results is in the following table. 'Notional' savings, using standard figures of average cost nationally, or average rates of support in London (as used by all Counter Fraud Teams), are as follows:

Fraud Team - Housing Performance

	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025
Properties Recovered (unlawful subletting/fraud)	18	10	8	27	32	24
Notional Saving	£324,000	£180,000	£144,000	£486,000	£576,000	£1,008,000
Right to Buy Applications Stopped	8	6	6	7	8	7
Notional Saving	£864,000	£673,800	£676,800	£813,400	£1,023,200	£895,300
Removal from Housing List	4	16	10	7	3	3
Notional Saving	£12,960	£51,840	£32,400	£22,680	£9,720	£9,720
Successions/Assignments Stopped	2	3	2	7	2	3
Notional Saving	n/a	n/a	£36,000	£126,000	£36,000	£54,000
Total Notional Saving	£1,200,960	£905,640	£889,200	£1,448,080	£1,644,920	£1,967,020

1.5 A further 19 right to buy (RTB) applications have been stopped where a CCJ/IVA was identified from our checks although not declared by the applicant. (This represents **£2,430,100** of notional savings).

1.6 Total notional savings for 2024/2025 currently stand at **£3,709,320**

1.7 As detailed below in point 1.12 we have also recovered a further 24 properties to date as a result of the TA project.

Whistleblowing & Workplace Investigations

- 1.8 The Counter Fraud team are responsible for investigating whistleblowing allegations against Newham officers and carrying out Workplace Investigations where a specialist investigator is required. These can result in disciplinary action or where we have sufficient evidence of a criminal offence being committed, and when it is in the public interest to do so, we would consider criminal prosecution for any staff member found to have committed fraud.

Temporary Accommodation Project

- 1.9 Newham is facing an unprecedented homelessness challenge, with rising numbers of residents experiencing homelessness and an increase in the use of temporary accommodation
- 1.10 The Counter Fraud Team have started a project to tackle this problem and hopefully reduce Temporary Accommodation cost and ensure that the right people are in the right homes.
- 1.11 We have reviewed 534 applications from three separate data matches as part of this project. These matches include where the tenant has no financial link at the TA property, where they have ongoing financial links at other addresses and when Housing Benefit was ended but the TA tenancy has continued.
- 1.12 From these 534 cases, 24 cases have resulted in the tenancy being terminated and/or the housing application being closed. A further 16 have been passed to housing to take action on. 69 remain under investigation and 425 have been closed with no further action required.
- 1.13 This “project” will be concluded at the end of the financial year and we will move into looking at TA as part of business as usual with further details to be provided with the end of year report at the next Audit Committee.

Council Tax Investigations

- 1.14 Our dedicated Council Tax Investigation Officer had investigated 2,057 matches up until the end of January, resulting in the identification of £971,005 of underpaid council tax due to discounts being applied inappropriately
- 1.15 For ongoing council tax accounts, this will result in the issue of an amended bill and an instalment plan put in place to recover the amount owed during the 24/25 tax year and where the account has ended, the council tax team will follow their usual process to recover the amount owed.
- 1.16 As a result of the removal of the discounts, an increased total of £408,739 in council tax will be billed for this financial year.
- 1.17 The matches are broken down as follows:

Match Type	Total underpaid council tax	Total added to bills 24/25
Rising 18s	£4,838	£7,979
Deceased	£777,938	£265,337
HMRC	£20,172	£27,597
Electoral Register	£70,933	£51,296
Payroll	£63,692	£28,421
Council Tax Reduction Scheme	£3,595	£1724
Housing Benefit	£2,842	£1,389
Housing Tenants	£0	£766
Resident Parking Permits	£14,743	£13,499
Housing Waiting List	£3,810	£3,017
Blue Badges	£4,066	£3,446
State Benefits	£3,026	£2,394

Rising 18s matches relate to instances where Single Person Discount was applied but data showed that a member of the household had turned 18 but the discount remained applied.

Deceased matches reviewed were instances when LBN had been informed the resident had died and a 100% council tax exemption had been applied. These exemptions were not reviewed, resulting in the exemptions remaining in place for long periods often after a new occupant took residence.

HMRC data matches have been reviewed when Single Person Discount has been applied but HMRC have more than one individual registered for tax purposes.

Electoral Register matches are where more than one person has registered on the electoral roll but Single Person Discount has been applied.

Payroll matches are instances when an employee of a public body participating in the National Fraud Initiative, including LBN, have given their home address as one where another individual is claiming Single Person Discount.

Council Tax Reduction Scheme and Housing Benefit matches are where more than one individual has been named on a CTRS/HB claim but Single Person Discount has also been applied.

Housing Tenants matches are where housing records show that someone other than the person liable for council tax is residing at the property and Single Person Discount has been applied

Resident Parking Permit matches are where a permit has been issued to someone other than the person liable for council tax and Single Person Discount has been applied

Housing Waiting List matches are where someone other than the person liable for council tax has made a housing application and Single Person Discount has been applied

Blue Badge matches are when a blue badge has been issued to someone who is not the liable party for council tax and Single Person Discount has been applied

State Benefits matches are where an individual other than the person liable for council tax is receiving a benefit from the Department for Work and Pensions at the address and Single Person Discount has been applied

AUDIT COMMITTEE REPORT			
Date of meeting	12 March 2025		
Subject Heading	Risk management update		
Is this Item for: Information or Discussion	Information and Discussion		
Summary of issues/key points for discussion	<p>CIPFA guidance states that the Audit Committee should:</p> <ul style="list-style-type: none"> • Review the risk profile of the organisation • Keep up to date with significant areas of strategic, major operational and project risks • Seek assurance that these risks are managed effectively and owned appropriately. <p>This report provides the Audit Committee with:</p> <ul style="list-style-type: none"> • The Corporate Risk Register. • The Inherent Risk Register • Risk Registers for Adults and Health and ICT. <p>Members are asked to note the content of this report and to ask specific questions of officers where required.</p>		
Officer preparing report	Nicole Metivier	Contact Number and e-mail address	020 3373 9783 nicole.metivier@newham.gov.uk
Manager's name	Nick Sharp	Manager's Title	Head of Counter Fraud
Exempt Information	No		

1. Introduction

1.1 CIPFA guidance states that the Audit Committee should regularly:

- Review the risk profile of the organisation.
- Keep up to date with significant areas of strategic, major operational and project risks.
- Seek assurance that these risks are managed effectively and owned appropriately.

1.2 As a reminder, the Council uses the following standard classifications of risk:

		Remote	Unlikely	Likely	Very Likely
Impact	Major	4 (Medium Risk)	8 (High Risk)	12 (Very High Risk)	16
	Serious	3 (Low Risk)	6	9	12
	Significant	2	4	6	8
	Minor	1 (Very Low Risk)	2	3	4
		Likelihood			

2. Corporate Risk Register and Inherent Risk Register

- 2.1 The Corporate Risk Register reflects those risks which the CLB considers they should be actively managing and these are presented in Appendix A. Existing risks have been updated on the dates included in the register. In addition, two new risks have been added, Housing Legal and Statutory Compliance (ref. 1001) and Health and Safety (ref. 1101).
- 2.2 Those risks that are inherent to the running of a local authority have been included in a separate Inherent Risk Register, which is included in Appendix B. The active risk management of inherent risks takes place within the department concerned, where more detailed risk registers are held. Where circumstances warrant, an inherent risk may be moved back to the active part of the corporate risk register. There have been updates to the Inherent Risk Register on the dates included in the register. One new risk has been added in regard to Adult Social Care (ref. 2070).

3. Directorate, programme and project risk registers

- 3.1 As part of the Audit Committee's cyclical oversight of directorate level operational and strategic risks, the risk registers for the following are due for consideration:
- Adults and Health (Appendix C).
 - ICT (Appendix D).

4. Service development

- 4.1 An advert for a Corporate Risk Manager has been published, with a deadline of 31 January 2025. The Corporate Risk Manager will work alongside key stakeholders to support the ongoing maintenance of the Corporate Risk Register and directorate, service and project-level risk registers; facilitate the Council's Corporate Risk Group; and develop and deliver training, advice and support to officers engaging in risk management processes. This will enable the Council to manage its risks more pro-actively.

London Borough of Newham
Corporate Risk Register

Risk ref	Risk category	Description Risk owner	Current controls	Proposed actions to mitigate risk exposure	Update provided	Residual risk rating	Risk appetite
101	Technology Cyber Security – Technical Controls & Platforms	The council falls victim to a major cyber security incident/breach, resulting in major service disruption across the council and resident facing services lasting several days. Assistant Chief Executive – Chief Digital Officer	Key mitigations in place to protect entry points to our network (MFA, SOC etc.). Backups to enable the council to recover its data in the event of a cybersecurity incident. This reduces the likelihood of an attack being successful. 24/7 monitoring via Security Operations Centre (SOC) contract. Regular scanning and patching of IT vulnerabilities. Regular mandatory training on cyber security for all staff.	Work is underway to further mitigate as part of future 3 rd party partner contractual arrangements and plans to move on premise infrastructure to the cloud. Continued regular vulnerability scanning of the network and remediation as needed on all high/critical risks. Staff and councillor training and awareness activities around cyber security best practices continue on an ongoing basis to strengthen our posture. Services to have specific Business Continuity Plans detailing how they would approach service delivery when facing continued lack of IT. Regular testing of Disaster Recovery processes.	Assistant Director: Information Assurance & Contracts 15/01/2025	8	Moderate
201	Information risks - non-compliance with General Data Protection	The Council as a Data Controller currently has limited assurance for compliance with all the data protection principles, including accountability, UK	Annual data protection training provided to all staff. Up to date data policies and procedures, mandatory policies agreed by staff (monitored at IG Board). Standard contract T&Cs	Improved alignment with Procurement processes to ensure third party suppliers are assessed and local service risks understood	Assistant Director: Information Assurance & Contracts and	9	Moderate

Risk ref	Risk category	Description Risk owner	Current controls	Proposed actions to mitigate risk exposure	Update provided	Residual risk rating	Risk appetite
	Regulation requirements	GDPR requirements and ensuring compliance of our data processor(s) and third party suppliers. Senior Information Risk Manager	confirm supplier requirements if controller or processor. Continued work to address GDPR Audit findings. Third party risks assessments completed	Directorate specific IG related matters discussed with Corporate Directors to closely monitor operational issues. Continued work to address outstanding GDPR Audit actions.	Asst Chief Exec - Chief Digital Officer 15/01/2025		
401	People Culture	The risk that the behaviours, values and performance expected of Newham employees are not demonstrated and embedded resulting in a culture which does not enable the authority's ambitions to be delivered. Director of HR & OD	People processes have values and behaviours included that enable prospective and current employees to understand and demonstrate the values and behaviours we expect. Processes noted relate to recruitment, development and promotion, performance review discussions for all staff and performance reward for SMR grades. Resolution hub is part of the new HR&OD structure and we have recently (4th December) launched an anti-bullying, harassment helpline. Both actions enable us to understand any non-desired behaviours and to address these, to understand any particular areas of concern or departments where there are issues and to address with action Our Tell Jane anonymous helpline has received 24 calls since it was launched, noting that only 6 of these have been willing to	Staff engagement survey responses and feedback from all staff conferences has informed our workforce strategy and HRBPs are supporting action planning with each Directorate Performance criteria continues to be applied for SMR grades around the completion of performance reviews and robust financial management. Mandatory objectives for all staff are included in performance reviews around resident experience and EDI. A leadership and management development offer, underpinned by further work on organisational values, has been agreed by and will be launched in early 2025/26. The workforce and culture board ensures strong governance and challenge around the activity, delivery and implementation of the workforce strategy and peer review action plan,	Director of HR/OD 17/2/25	12	Moderate

Risk ref	Risk category	Description Risk owner	Current controls	Proposed actions to mitigate risk exposure	Update provided	Residual risk rating	Risk appetite
			subsequently go on record. Where this has happened, they are being signposted to the resolution team who are managing these. We have mandatory training for all on unconscious bias and for managers and for leaders we have development programmes from entry to executive level which include a focus on the values and behaviours we want to see and to be developed and coached in others.	Regular CLB and Union partner's meetings in the diary. An EDI Strategy is under development and will be in place by the end of Q4 24/25. A review of the appraisal process has been carried out – with plans to make the performance management process more meaningful and also streamlined underway for launch in April 2025.			
501	Operational Supporting our young people	The risk of not responding to and delivering the improvements outlined across the four service areas that inspection (Children's Social Care, SEND, Youth Justice and Children's Health). This could result in children not achieving their potential and following upcoming inspections result in serious reputational damage to the Council with adverse judgements. Director CYPS	1) Ensure there is a robust communications and engagement plan for professionals, the multi-agency partnership and families. 2) SEND Executive Board continues to provide governance to the implementation of SEND and Inclusion Strategy. SEND and AP Development Board oversees the programme of improvement and the delivery of the strategy. 3) Inspection preparation meetings for upcoming inspections are in place. 4) Regular practice audits and practice audit weeks	Practice and outcomes boards take place monthly across all statutory services. Children's DMT meet to oversee improvements across all areas and provide management and leadership oversight.	Corporate Director of Children and Young People (DCS) 06/01/2025	9	Low

Risk ref	Risk category	Description Risk owner	Current controls	Proposed actions to mitigate risk exposure	Update provided	Residual risk rating	Risk appetite
			support the collation of good practice to learn from and areas to strengthen.				
601	Programme	<p>Due to inherent financial risks in large, complex and high-profile regeneration programmes, which cannot always be mitigated internally (e.g. adverse interest rate movements or external economic factors) as well as risks that the council can to some extent mitigate, such as planning or construction cost there are risks to the delivery of Newham's ambitious strategic regeneration programme.</p> <p>Corporate Director IE&H</p>	<p>Large scale regeneration schemes are very sensitive to interest rates, inflation and other external factors. A portfolio of risks for our largest CWB (and transformation) projects was presented to the Audit Committee in April and will be brought back to the Audit Committee for their consideration in 2024.</p>	<p>A review is of the budgets for the AHFN projects has taken place and a Cabinet paper is being prepared for late Autumn to update Cabinet on the programme and reset the budgets for the schemes still to complete, this will be within the overall approved programme budget. Viability of the estate regeneration programmes is currently under review. Each stage of delivery is subject to cabinet decisions which are based on financial assessment at that point in time.</p> <p>For Custom House Subphase 02. Countryside were procured and awarded a PCSA Contract in December 2023. A Reserved Matters Planning Application is anticipated Autumn 2024. Cost and value data is regularly updated and a Cabinet Report is being prepared for later this year. This will provide an update on viability and seek approval to commence construction in 2025.</p>	Director of CWB 04/09/24	9	High

Risk ref	Risk category	Description Risk owner	Current controls	Proposed actions to mitigate risk exposure	Update provided	Residual risk rating	Risk appetite
				<p>At Canning Town, the council was successful in balloting residents on the regeneration programme and a hybrid planning application (Masterplan and Phase 2) will be progressed through the remainder of 2024 and submission in Spring 2025.</p> <p>Cabinet have agreed a delivery strategy for phase 2 and 3 at Carpenters and Populo have been awarded DMS contracts to progress the detailed design work for these phases.</p> <p>Viability of the masterplan is reviewed regularly to provide assurance of overall viability and this will be reported to Cabinet Autumn 2024.</p>			
701	LLDC transition	LLDC Transition (Asset Transfer): The programme includes the transfer of extensive highways and infrastructure assets from LLDC to the Council which will carry ongoing liabilities for maintenance and associated costs and resourcing requirements.	A draft Memorandum of Understanding (MoU) has been issued by LLDC which includes an undertaking for it to pay LBN compensation for future maintenance liabilities on the transfer of assets. This will be shared with the Corporate Director for approval prior to agreement.	Compensation will take the form of a lump sum based on sums normally payable upon the adoption of new infrastructure. Escalation and dispute resolution process will be included in the MoU.	Draft MoU is in circulation. Highways have provided comments. All core principles are covered. Updated by Director of	4	Low

Risk ref	Risk category	Description Risk owner	Current controls	Proposed actions to mitigate risk exposure	Update provided	Residual risk rating	Risk appetite
		Director of Property/Director of Highways			Property 11/12/2024		
801	Strategic, Legal, Financial Procurement	<p>Failure to implement the Procurement Act 2023 (PA2023). These risks include non-compliance with legal requirements, potential financial penalties, and reputational damage.</p> <p>1. Legal and Financial Penalties: Non-compliance with PA2023 could result in legal actions and financial penalties imposed by regulatory bodies.</p> <p>2. Reputational Damage: Failure to adhere to the new procurement regulations could damage the local authority's reputation, leading to a loss of public trust and confidence.</p> <p>Director of Corporate and Business Support</p>	<p>Plan, overseen by Procurement Programme Board, in place for:</p> <ul style="list-style-type: none"> ○ Policy and Procedure Updates: CSO and manual; all procedures ○ New Procurement (PA23 compliant) system implementation ○ Training and Awareness: targeted communications and training across council ○ Supplier Engagement ○ Monitoring and compliance framework <p>Collaboration and support internally and externally</p>	The procurement programme plan provides the actions to mitigate risk exposure (as shown in current controls), and will be closely monitored and reported on.	<p>Director of Corporate and Business Support</p> <p>13/01/2025</p>	6	Moderate
1001	Legal and Statutory Compliance	Inadequate service planning results in a failure to implement	<ul style="list-style-type: none"> • Maintain an ongoing gap analysis against the Consumer Standards 	1. Oversee the delivery of remedial actions from fire risk assessments	Director of Housing 27/02/2025	12	Low

Risk ref	Risk category	Description Risk owner	Current controls	Proposed actions to mitigate risk exposure	Update provided	Residual risk rating	Risk appetite
	Decent Homes	the necessary service changes required by the Regulatory Consumer Standards for social housing	<p>and implement a work programme* to address any gaps</p> <ul style="list-style-type: none"> • The submission of quarterly Housing Regulation Assurance Reports to the Corporate Leadership Board from March 2024 • Development and delivery of a Decency Programme which involves the renewal/reconditioning of kitchens, bathrooms, heating and electrical systems to tenanted properties. Renewal of windows to blocks requiring replacement • Review the current handover process to check that the necessary information is handed over to Housing to allow the above risks to be managed adequately for new build properties • Appoint consultants to act as: <ul style="list-style-type: none"> ○ Strategic Partner to 	<p>undertaken in 2021 and 2023. Updates are to be provided on a monthly basis to the Building Safety Board.</p> <p>2. Oversee the completion of the electrical safety tests referenced in the self-referral to the Regulator of Social Housing.</p>			

Risk ref	Risk category	Description Risk owner	Current controls	Proposed actions to mitigate risk exposure	Update provided	Residual risk rating	Risk appetite
			<p>review the Housing Improvement Plan</p> <ul style="list-style-type: none"> To conduct a review of the Housing landlord health & safety compliance functions, processes and key performance indicators. 				
1101	Operational Health and Safety	Newham Council faces a broad variety of Health and Safety (H&S) risks based on the services it delivers, ranging from community medical practitioners meeting the public, maintenance staff/contractors engaging with tenants and the day to day activities of staff in office premises and at home. The Council must manage and mitigate the risks from its own activities (front line workers, building portfolio (housing and	<ul style="list-style-type: none"> The Chief Executive is responsible for the strategic aspects of the Council's safety policies and procedures. A Corporate H&S Management Board is in place, responsible for producing a strategic plan and ensuring its implementation across all Directorates. Safety Liaison Officers (SLOs) are required in each Directorate and are responsible to Executive Directors 	A restructure of the internal Corporate H&S team is under way and will be in place by Summer 2025, with a substantially reduced headcount. This will include a new role of H&S Manager to oversee the contract with Juniper and to provide assurance the Council's obligations are being met across all service areas. The manager role will also be responsible for the required internal reporting and governance to ensure there is sufficient H&S support for each Directorate.	Head of H&S (EBU) and Assistant Director Asset Strategy 27/02/2025		

Risk ref	Risk category	Description Risk owner	Current controls	Proposed actions to mitigate risk exposure	Update provided	Residual risk rating	Risk appetite
		<p>corporate) maintenance and construction, provision of office space, etc), whilst also addressing 'stakeholder' risks (public using parks and library facilities, residents and tenants). The council have legal requirements and standard that if not met will create material breaches in legislation and potential harm to employees/others Corporate Director of Resources</p>	<p>for the communication of Health and Safety matters between the Corporate and Local Safety Committees and their Management Teams. They also attend the Corporate H&S Management Board and convene Directorate H&S committees.</p> <ul style="list-style-type: none"> • The Corporate H&S Management Board Terms of Reference refer to a Strategic Corporate Health and Safety Management plan which should be agreed every April. • The Corporate H&S Team undertake periodic audits and inspections of Directorate H&S performance. • Juniper's Head of Health and Safety has been appointed in December to assist with health and safety management. 	<p>Where not already in place, each Directorate is being asked to identify an officer who can be an H&S co-ordinator for the Directorate.</p> <p>The Corporate H&S Board will be split into two; a working group to bring together operational issues and solutions from across the Council, and a steering group concentrating on strategy, policy and resourcing. The H&S Manager, when appointed, will be tasked with preparing a 3-5 year H&S strategy, including performance targets, annual objectives, strategy and an appropriate approach to managing and mitigating risks. This will be overseen by the Steering Group An operational health and safety risk profiling and action plan will be completed for each directorate from March 2025.</p>			

London Borough of Newham
Inherent Risk Register

Risk ref	Risk category	Description Risk owner	Current controls	Proposed actions to mitigate risk exposure	Residual risk rating	Risk appetite
2010	Strategic Climate change	Due to a lack of clarity and understanding of our adaption and mitigation risks; accountability and coordination risks; and by not embedding climate risks in our strategic decision-making process, Newham may not deliver on our net zero targets by 2030 and crucially, fail to deliver adequate climate resilience for our residents. Director of Climate Action	The Council agreed a “Just Transition Plan” at its Cabinet meeting of December 2023. This sets out a clear and comprehensive approach to the approach to achieving net zero, across Scope I, II and III emissions. The approach agreed explicitly focused not just on carbon reduction targets but also on resilience measures for residents. The plan explicitly acknowledges that its success will depend, inter alia, on receipt of sufficient funding from external sources. There are therefore obvious risks to its delivery, but these are common across the sector and indeed the country yet being mitigated internally via cross-council delivery groups, extensive fund raising work and growing the climate action directorate and broader network of actors in and out of the council. Updated by Director of Climate Change 12/12/2024	See current controls. Updated by Director of Climate Change 12/12/2024.	6	Moderate
2020	Operational	The risk of not having effective, robust, timely and high quality response to children and young	Controls in place: To ensure ongoing improvement and consistency the CYPS	See current controls. Updated by Corporate Director of Children and Young People	6	Low

Risk ref	Risk category	Description Risk owner	Current controls	Proposed actions to mitigate risk exposure	Residual risk rating	Risk appetite
	Supporting our young people	<p>people when they meet the threshold for statutory services. Through not acting on best safeguarding practice, this could result in these children and young people being at risk of or suffering significant harm, leading to poorer outcomes. This would also result in reputational damage to the Council</p> <p>Director CYPS / AD CYPS</p>	<p>Directorate will continue to ensure;</p> <ol style="list-style-type: none"> 1) Continue to monitor the effectiveness of targeted Early Help social work and youth justice practice through a wide range of strategic and operational quality assurance activity 2) Ensure leaders continue to have effective oversight of casework and can challenge in a supportive and impactful manner 3) Provide robust development, clinical offer whilst maintaining manageable caseloads to enable practitioners to intervene in children's lives in an evidenced based impactful way. 4) Engage with children and young people to ensure that their needs are understood and that we have the most appropriate offers in place to support. 5) Ensure that the partnership is engaged to support our approach in ensuring effective multi-agency collaboration for safeguarding children 6) Ensure that where children cannot be safely cared for by their families robust alternative care plans are in place which supports children to be within their family network and/or local community where possible. 	06/01/2025		

Risk ref	Risk category	Description Risk owner	Current controls	Proposed actions to mitigate risk exposure	Residual risk rating	Risk appetite
2030	Financial	<p>Like all large unitary local authorities, Newham faces an inherent risk that its budget will be overspent. The most significant areas, are in temporary accommodation and other housing costs and children's social care, but several other budgets are inherently volatile and hence also are at risk of overspending.</p> <p>Corporate Director of Resources</p>	<p>The budget being set for 2025/26 includes substantial allowances against budgets that are overspending in 2024/25. The financial monitoring processes are highlighting and analysing these pressures.</p> <p>Enhanced spending controls have also been implemented in 2025/26.</p> <p>The demand led spend is not containable within the revenue budget being set. MHCLG have agreed a bespoke council tax referendum limit of 9% but, at the time of drafting, the outcome of the £50m request for a capitalisation direction is not yet known</p>	<p>Continue with existing financial controls and monitoring processes.</p> <p>Seek Exceptional Financial Support from MHCLG.</p> <p>Updated by Deputy Director of Finance 07/01/2025</p>	12	Moderate
2040	Commercial	<p>The risk that poor VFM is obtained from our partnerships/critical suppliers due to poor contract management/ ownership resulting in contractual service levels not being met, predicted savings not being attained and budget overspend.</p> <p>Corporate Director of Resources</p>	<p>Competitive procurement is used to secure competitive pricing. Contract managers are required to oversee those contracts they are responsible for and review mechanisms exist to learn lessons from instances where this has not operated as effectively as it should have.</p>	<p>Ongoing monitoring. Current risk is in line with appetite.</p>	6	Moderate
2050	Strategic Economic implications	<p>The risk that the cost of living crisis impacts our residents resulting in a higher demand for Council services and a decreased ability to pay for services including Council Tax and Rent.</p>	<p>Current risk level is low as inflationary and interest rate trends are tending downwards.</p>	<p>See current controls.</p>	6	Moderate

Risk ref	Risk category	Description Risk owner	Current controls	Proposed actions to mitigate risk exposure	Residual risk rating	Risk appetite
		Corporate Director of Resources				
2060	Financial Commercial investments	<p>The Council faces two principal categories of commercial risks, outside the ordinary range of activity that any unitary authority would face.</p> <p>Firstly, the Council holds a portfolio of out of borough commercial assets, acquired c10 years ago when the legislative framework permitted and perhaps even encouraged this. In consequence the Council is exposed to the commercial risk of changes to rental values and that vacancy levels may exceed those assumed.</p> <p>Secondly, the Council undertakes a high degree of major regeneration activity in order to facilitate its housing delivery plans. This activity necessarily includes significant degrees of commercial risk, such as major construction contracts, sales and rental growth risk in respect of the housing built and other associated matters.</p> <p>Corporate Director of Resources</p>	<p>The commercial assets are relatively low risk as rents are secured at 5 year intervals on a rolling basis, with contractual requirements they cannot decrease. The only downside risk is therefore widespread tenant failure. Even then, the impact would be low within the wider financial context of the Council.</p> <p>Updated by Director of Property 11/12/2024</p> <p>All significant decisions in respect of the regeneration programme are made by Cabinet and reviewed, where appropriate, by Scrutiny. Significant legal, commercial and other professional advice is taken in respect of them and an internal officer review group (chaired by the Corporate Director of Inclusive Economy & Housing) oversees the schemes.</p>	See current controls. Updated by Director of Property 11/12/2024	8	High

Risk ref	Risk category	Description Risk owner	Current controls	Proposed actions to mitigate risk exposure	Residual risk rating	Risk appetite
2070	Adult Social Care	<p>In the current landscape of increasing demand, complexity, and financial challenges, there is a significant risk of not fully meeting our statutory duties under the Care Act (2014). This could have serious consequences, impacting both Residents and Carers, and potentially leading to an unfavourable CQC Inspection rating under the new CQC Assurance Framework.</p>	<p>Monthly performance monitoring is conducted to ensure we meet our statutory responsibilities and to track the increase in demand. We have established a new Practice Improvement Board, chaired by an Independent Chair, to provide independent advice, governance, and scrutiny over the delivery of a significant improvement plan. This plan focuses on enhancing the ASC Practice Framework, reviewing the operational practice model, and strengthening management and leadership. By increasing skills, knowledge, and capacity, we aim to ultimately improve outcomes for residents and carers.</p> <p>Additionally, detailed CQC preparation plans have been developed, with the ASC DMT overseeing their implementation. 'Test runs' of elements of the inspection process are scheduled to take place in the Spring.</p>	<p>Corporate Director of Adults, Health and Communities (DASS) 27/02/2025</p>	6	Moderate

Adults & Health Directorate Risk Register

Risk ID	Date raised	Risk Owner	Risk Description	Probability	Impact	Risk Score	Risk Response	Further action	Residual Risk score
A&H19	14-Jan-25	Alexander Chidgey / Sissi Mylona	Risk that individuals without capacity to consent are being unlawfully deprived of their liberty due to LBN ASC care and support arrangements, lacking Court of Protection authorisation. Insufficient resources, skills, and knowledge to address the issue may lead to legal challenges, resulting in significant reputational damage or financial penalties for the Council.	Likely	Significant	6	Ongoing awareness raising and development of skills and knowledge across frontline teams, and Azeus system developments to improve identification and tracking.	Monitoring through ASC Quality and Governance Board and Safeguarding Adults Board	4
A&H18	07-Jan-25	Jason Strelitz	Not fully meeting our statutory safeguarding duties under the Care Act 2014 and working in accordance with statutory and best practice guidance	Likely	Serious	9	Strengthened scrutiny and governance of safeguarding adult activity through quality assurance framework in the new strategic safeguarding team. Review and updating of Safeguarding Adult end to end process, supported by local evidence (data and views of residents/partners), statutory guidance, regional guidance (PAN London), local, /national/regional learning and best practice to take place	Ongoing monitoring by Strategic Safeguarding Team, to report to DMT. Subject to SAB governance and ASC Scrutiny Committee also.	6

Risk ID	Date raised	Risk Owner	Risk Description	Probability	Impact	Risk Score	Risk Response	Further action	Residual Risk score
A&H17	10-Sep-24	Sissi Mylona	Learning Disabilities (25+): Not fully meeting our statutory duties with regard to completing reviews within the set timeframes. Subsequently, commissioned services might not meet the increasing needs of residents and opportunities are missed to avoid increase in need and for residents to have improved outcomes. Limited staff	Very Likely	Significant	8	Our Practice Improvement Board has a dedicated work plan to increase permanent high quality practitioners and additional resources have been agreed	Ongoing Monitoring through the Practice Improvement Board and external chair	
A&H16	10- Sep-24	Claire Solley	National and local challenges to recruit and retain permanent, high quality, professionally qualified staff; Social Workers and Occupational Therapists	Very Likely	Significant	8	Our Practice Improvement Board, chaired by an external expert, has a dedicated workstream to support the recruitment and retention of critical operational roles. PHC and LGA are supporting development of our Workforce Strategy, addressing integration across the ICS, and projected increases in population, complexity, and service demand. This will expand in stage 2 to include our Provider market in the borough and across the NEL footprint. Since the last report, several key frontline positions have been permanently filled. LD and OT services remain under pressure to recruit permanent roles. Additionally, 15 new SW students will start placements, creating a pipeline for ASYE and permanent Social Worker roles	Operating a duty system in LD 25+ for any urgent requests/issues. Management maintain oversight of outstanding work. LD recruitment is one of the key areas that the Practice Improvement Board oversees.	6

Risk ID	Date raised	Risk Owner	Risk Description	Probability	Impact	Risk Score	Risk Response	Further action	Residual Risk score
A&H15	07-Apr- 24	Jason Strelitz	Not fully meeting statutory duties under the Care Act 2014 e.g. Care Act assessments, Carer assessments and reviews	Likely	Serious	9	Monthly performance monitoring ensuring that we meet statutory responsibilities and monitor increase in demand. Establishment of a new Practice Improvement Board, chaired by an Independent Chair, to enable independent advise, governance and scrutiny of the delivery of a significant improvement plan focused on the improvement of ASC Social Work Practice, a review of the operational practice model and management and leadership, increasing skills, knowledge and capacity ultimately improving outcomes for residents and carers	Control operating as intended no further action required.	4
A&H14	07/09/2024	Jason Strelitz	Receiving an unfavourable inspection outcome following inspection by CQC	Unlikely	Serious	6	A Practice Improvement Board has been established, chaired by an Independent External Chair, which oversees and scrutinises the delivery of a significant programme focused on the improvement of Social Work Practice, a review of the operational practice model and management and leadership. Good progress has been made re practice improvements and in focusing on/ addressing key areas related to CQC assessment framework.	Monitoring through Practice Improvement Board, independent chair meeting Chief Executive and updates to CLB	4
A&H13	2023?	Alexander Chidgey	National Medical and Healthcare Regulatory Alert (MHRA) issued - Medical beds, trolleys, bed rails, bariatric beds, bed grab handles	Unlikely	Major	8	Action plan in place, overseen by Principal Occupational Therapist with quarterly updates to DMT.	Ongoing work against activities in action plan and monitoring through DMT	6

Risk ID	Date raised	Risk Owner	Risk Description	Probability	Impact	Risk Score	Risk Response	Further action	Residual Risk score
			and lateral turning devices: continued reports of risk of death and serious injuries from entrapment or falls. MHRA details number of deaths and serious injuries in recent years.						

Risk ID	Date raised	Risk Owner	Risk Description	Probability	Impact	Risk Score	Risk Response	Further action	Residual Risk score
A&H12	01-Apr-23	Jason Strelitz	Financial challenges for adult social care, including inflationary and demographic pressures and the risk to external funding grants.	Very Likely	Major	16	Clear MTFS Programme in place, with assigned leads and timescales. Additional mitigations identified and accelerated. Programme management of MTFS savings ensures an ongoing focus across the department on delivery of savings programmes and targets. DMT Programme Board meets 6 weekly to oversee savings delivery and planned activity. Continued close budget monitoring takes place monthly and is reported via IPR. Managers have clear objectives in place around their budgets. DMT has a continued focus on identifying opportunities to deliver savings and value for money in all activity across the department. Work to model future demand and budgetary requirements to ensure high quality services and feed into future budget processes has taken place. Work with Corporate Finance is underway to re-base the ASC Budget.	Ongoing monitoring - monthly budget monitoring and six weekly review of MTFS savings projects.	9
A&H11	30-Mar-22	Charlotte Taylor	Lack of service wide capacity/ resources to deliver transformation in order to deliver MTFS savings and future demand management.	Very Likely	Significant	8	Continue to take a programme approach to MTFS, with clear plans in place for delivery and resourcing. Programme management of MTFS savings ensures an ongoing focus across the department on delivery of savings programmes and targets. DMT Programme Board meets 6 weekly to oversee savings delivery and planned activity, and provides a strategic opportunity to discuss risks. DMT to retain an overview and prioritisation of transformation resource.	Ongoing monitoring of resources required for implementation of MTFS and transformation.	4
A&H10	30-Mar-22	Charlotte Taylor	System failure/Cyber attack leading to challenges in delivering core functions Staff unable to access social care database, leading to challenges assessing and reviewing residents, and making payments to providers.	Likely	Serious	9	Each service area to regularly review and update BCP. Each manager to ensure a contact tree in place, in case systems are unavailable Each Team manager to ensure all staff aware of process for how to work if unable to access IT system All staff across A&H to have completed H&S Cyber awareness training. Corporate ICT leading on work to ensure that wider Council is prepared and all staff work to proactively reduce likelihood	Ongoing monitoring - Corporate ICT leading, and regular review of BCP's across Adults and Health	4

Risk ID	Date raised	Risk Owner	Risk Description	Probability	Impact	Risk Score	Risk Response	Further action	Residual Risk score
							of a Cyber Attack.		
A&H09	01-Apr-21	Simon Reid	Insufficient service provision within the Borough, due to fragility of the market and increased pressure on existing providers due to current financial pressures, and potential new pressures - notably the increase in employers national insurance and the financial pressures that this places, combined with the interrelationship with London Living Wage. May lead to providers needing to hand back contracts to the Council. May lead to increase in people being placed in care homes out of borough at potentially higher cost. May lead to reduced choice in care and support provided to residents of Newham.	Very likely	Significant	8	New market position statements and market sustainability plan has been completed - which provides an overarching framework and plan for how LBN will support, develop and engage with the market and ensure that high quality provision is available for our residents. Co designed with providers – a provider handbook, quality assurance and contract monitoring activity in place, to prevent poor quality in care and ensure timely coordinated response as required. Financial checks on providers to be continued to ensure Council is paying a fair cost of care. Review training and support offer for provider staff and overall Workforce Development Strategy. Commissioning using LLW, working closely with the NEL Group to influence wider market shaping using collective buying power and influence. Work with the NEL group to understand the impact of the NI increases. We are concluding the new uplifts process until the Council budget is set.	Ongoing monitoring by Director of Commissioning and Assistant Directors of Commissioning. Quality Assurance led by Director of Quality Assurance, Safeguarding and Workforce Development.	6
A&H08	01-04-21	Jason Strelitz	Major Public Health incident resulting failure to deliver services e.g.Covid-19 leads to increase in need of vulnerable people	Unlikely	Major	8	Each service area regularly reviews and updates BCP	Control operating as intended. No further action required	4

Risk ID	Date raised	Risk Owner	Risk Description	Probability	Impact	Risk Score	Risk Response	Further action	Residual Risk score
			decrease in staffing both to assess and deliver services						

ICT risks

Last Review Date	Risk ID	Category *	Risk description (Threat + Vulnerability)	Consequences	Risk Treatment (avoid/reduce/transfer/accept)	Corporate risk Y/N	Risk score	Mitigating Actions & Controls	Status *	Residual risk
21/01/2025	ITR-0002	Finance	IF suppliers increase costs in year/next financial year with inflation THEN the cost centre budgets will overspend	Increased further overspend	Accept	N	12	Regular supplier review meetings. Agree fixed pricing deals where possible. Agree where possible budget increase 24/25 via Finance Business Partner	in progress	9
21/01/2025	ITR-0006	Finance	IF the boroughs enforce removal of agency staff THEN key stabilisation and modernisation projects will be delayed	Decrease in service delivery. Key staff lost	Accept	N	15	Capitalise agency staff where possible.	to commence	10
21/01/2025	ITR-0007	Governance	IF boroughs enforce rule on no new contracts THEN more exceptions will need to be approved by S151s	Harder governance process to overcome. Time to award contracts increases	Accept	N	6	Continue monthly contract review. IT Client leads sign off new contracts as needed by boroughs.	to commence	6

Last Review Date	Risk ID ITR-0000	Category *	Risk description (Threat + Vulnerability)	Consequences	Risk Treatment (avoid/ reduce/ transfer/ accept)	Corporate risk Y/N	Risk score	Mitigating Actions & Controls	Status *	Residual risk
								Work with S151s to seek approval		
21/01/2025	ITR-0008	Technical	IF the equipment fails THEN we may not be able to implement a direct replacement	Services without resilience will become unavailable, while services with resilience will become non-resilient.	Reduce	Y	16	Review maintenance agreements and ensure we have appropriate levels of support for critical equipment. Implement project to remove end of life network equipment as network refresh.	to commence	8
21/01/2025	ITR-0009	Technical	IF there's a power issue at Bridge Road depot THEN the UPS that protects the data centre may not function correctly	ICT services based at Bridge Road depot will become unavailable and/or equipment at	Reduce	Y	20	Refurb UPS's via best option	in progress	10

Last Review Date	Risk ID ITR-0000	Category *	Risk description (Threat + Vulnerability)	Consequences	Risk Treatment (avoid/ reduce/ transfer/ accept)	Corporate risk Y/N	Risk score	Mitigating Actions & Controls	Status *	Residual risk
				that site may be damaged						
21/01/2025	ITR-0010	Technical	IF there's a fire in the Town Hall data centre THEN the fire suppression system may not function correctly	ICT services based at the Town Hall will become unavailable and/or equipment at that site may be damaged	Reduce	Y	15	Decommission all redundant equipment and manage the environment to reduce risk of fire Migrate all workloads to Azure.	in progress	10
21/01/2025	ITR-0011	Technical	IF cyber attackers use the vulnerabilities to breach our security THEN they can cause damage to our systems and data	ICT service outages and potential data breaches	Reduce	Y	15	Upgrade Live services to a supported version Improve patching and maintenance of ICT services Protect exceptions with NCSC assured protection	in progress	10

Last Review Date	Risk ID ITR-0000	Category *	Risk description (Threat + Vulnerability)	Consequences	Risk Treatment (avoid/ reduce/ transfer/ accept)	Corporate risk Y/N	Risk score	Mitigating Actions & Controls	Status *	Residual risk
21/01/2025	ITR-0014	Staffing	IF an insider uses elevated admin privileges for malice THEN they can cause major damage to our systems and data	Major service disruption	Reduce	N	15	Closer monitoring via SOC partner of unexpected activity. Review of all admin accounts	in progress	10
21/01/2025	ITR-0015	Staffing	IF the vacant posts following restructure across the service are not filled THEN there will be an impact to IT delivery due to lack of capacity	Agency staff filling posts will result in overspend. Reduction in service delivery being completed	Accept	N	12	Progress recruitment where necessary	in progress	8
21/01/2025	ITR-0016	Staffing	Staff wellbeing/levels of stress	Poor service delivery. More mistakes made.	Reduce	N	9	Continued wellbeing discussions in 121 and part of wider service meetings	in progress	6
21/01/2025	ITR-0017	onesource split programme	IF boroughs do not share vision around the programme THEN staff morale will decrease	Poor service delivery. Staff could leave creating more vacant posts	Reduce	N	16	Request regular staff briefings from IT Client leads at appropriate intervals	in progress	8

Last Review Date	Risk ID ITR-0000	Category *	Risk description (Threat + Vulnerability)	Consequences	Risk Treatment (avoid/ reduce/ transfer/ accept)	Corporate risk Y/N	Risk score	Mitigating Actions & Controls	Status *	Residual risk
21/01/2025	ITR-0018	Technical	IF a borough chooses to remain on legacy equipment THEN it will cause increase in reliance on specialist staff	Disproportionate efforts to support legacy environments	Reduce	N	8	Continued conversations with system owners	in progress	8
21/01/2025	ITR-0019	Technical	IF someone connects an unauthorised device to our corporate network THEN they could cause disruption and/or damage to IT Services.	An unauthorised user could gain access to our network for malicious purposes, e.g: Denial of service / data theft	Reduce	N	8	Currently Physical access is required to connect to the network which requires a pass/fob. Long term, no corporate LAN will exist in the council buildings	In progress	5
21/01/2025	ITR-0020	Staffing	IF staff complete industrial action THEN key IT service functions will not be operational e.g. ServiceDesk	Unable to provide IT operational functions for at least one borough	Avoid	Y	12	Continued discussions with staff around issues. PWC independent review of Newham's MSP proposals	in progress	8
21/01/2025	ITR-0021	Technical	IF the existing jontek telecare services fails THEN no alarms/alerts will be received due to no resilience	Risk of serious health consequences/	Reduce	N	10	Review system provision and failover as part	in progress	5

Last Review Date	Risk ID	Category *	Risk description (Threat + Vulnerability)	Consequences	Risk Treatment (avoid/ reduce/ transfer/ accept)	Corporate risk Y/N	Risk score	Mitigating Actions & Controls	Status *	Residual risk
	ITR-0000			injury to Jontek service users				of PSTN switch off		
21/01/2025	ITR-0022	Staffing	Lack of clarity on Newham TOM and transition arrangements for movement of services back to Newham, with senior management changes and unclear leadership	Impact on staff, risk of disruption to services on transfer, delay of return to boroughs. Increased staff costs on Newham to cover resource gaps if Havering staff return	Transfer	Y	15	Highlight risks with Newham management. Understand resource risks from Havering staff supporting Newham	in progress	1

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REPORTS DUE 2024-25 AUDIT COMMITTEE FORWARD PLAN

#	Training	Lead Officer	Meeting Date
	Training - Treasury Management (if Committee membership changes at ACM)	Alison Mackie	6 January 2025
	Training on Accounting Policies (if Committee membership changes at ACM)	Meinir Hall	Tbc
	Training on Audit Reports (if Committee membership changes at ACM)	TBC	Tbc
Quarterly Reports			
	Quarterly Internal Audit Progress Report	Nicole Metivier	July, October, February, April
	Quarterly Counter Fraud Progress Report	Nick Sharp	July, October, February, April
	Quarterly update on the Risk Management and Risk Register	Nick Sharp	July, October, February, April
	Quarterly Report of Contract Waivers	Kirk Dede Alison Chessell	July, October, February, April
	Quarterly Reports on the Savings Delivery Programme (Action AC220)	Conrad Hall Andrew Ward	July, October, February, April
Regular Reports			
	Draft SOA and External Audit Reports Going Concern Report	Meinir Hall and External Auditors	June
	Draft Annual Governance Statement [AGS]	Meinir Hall/tbc	June
	Treasury Management Year End & Quarter 1 Update Report	Alison Mackie	June
	Annual Report on Newham GDPR	Amit Shanker	July
	Final Annual Governance Statement	Meinir Hall/tbc	September
	Final SOA and External Audit Reports	Meinir Hall and External Auditors	September
	Treasury Management Mid-year Report	Alison Mackie	October End or November
	The Annual Complaints Reports and the handling of any reports from the Local Government Ombudsman Annual Report. <ul style="list-style-type: none"> • <i>The report to include residents' demographic data and the quality of their complaints response</i> • <i>the report to include a reflection on what has arisen since the last report.</i> 	James Partis	October
	Treasury Management Strategy Statement (TMSS) and Treasury Management Annual Investment Strategy (AIS)	Alison Mackie	no later than February of each year
	RIPA Policy and Procedure Document Annual Review	Legal	Year Start/February
	Accounting Policy	Meinir Hall	April
	Audit Committee Annual Report	Nick Sharp	April
Timed Reports			
	Quarterly Counter Fraud Progress Report <i>including any staff investigations</i>	Nick Sharp	<i>July 2024</i>
	<i>Update on Performance Appraisals since the October 2022 report and mandatory training status</i>	Julie Harris/ Gordon McFarlane	<i>Moved from July to October 2024</i>

	<p>Progress made on the LGA Peer Review Action Plan <u>Newham's 2023 Corporate Peer Challenge – Report and Action Plan</u></p> <p>This will go to Cabinet and then OSC every quarter with updates on actions/ dates.</p> <p>The action plan shows a deadline of April 2025 for actions</p>	James Partis	April 2025
	Regulator of Social Housing Report (added by Chief Executive October 2024)	TBC	Ascertaining if this will come to Audit as being considered by O&S
	Community Assets - community building stock we own, and how we lease it (added by Chair)	Jason Strelitz, Giles Clark	January 2025

Agreed Meeting Dates 2024-25

2024. 19 June Finance, 17 July, 18 September, 30 September Finance, 16 October,

2025. 15 January (now for TMSS instead of February), 12 February cancelled and items deferred to March meeting, 12 March, 30 April

#	Meeting Date	Expected Reports	Comment
1	June 2024	<ol style="list-style-type: none"> 1. Going Concern Report 2. Deferred - Draft External Audit report 3. Draft Statement of Accounts 4. Draft Annual Governance Statement 5. Deferred - Treasury Management Year End & Quarter 1 Update Report 	
2	July 2024	<ol style="list-style-type: none"> 1. Quarterly Internal Audit Progress Report 2. Quarterly Counter Fraud Progress Report <i>including any staff investigations</i> 3. Quarterly update on the Risk Management and Risk Register 4. Quarterly Report of Contract Waivers 5. Quarterly Reports on the Savings Delivery Programme 6. Annual Report on GDPR 7. Deferred from June 2024 Treasury Management Year End & Quarter 1 8. Deferred from June 2024 Draft External Audit report 9. Deferred from April 2024 Three year history of contract waivers by directorate 10. Updated Tenancy Audit Report brought back from April 2024 11. Recruitment Compliance Update 	The CE is not available for the July meeting

3	September 2024	<ol style="list-style-type: none"> 1. Final External Audit report 2. Statement of Accounts 3. Annual Governance Statement 	<i>Finance items Deferred to January 2025</i>
4	October 2024	<ol style="list-style-type: none"> 1. Quarterly Internal Audit Progress Report (the CE will attend to discuss officer compliance) 2. Quarterly Counter Fraud Progress Report 3. Quarterly update on the Risk Management and Risk Register 4. Quarterly Report of Contract Waivers 5. Quarterly Reports on the Savings Delivery Programme 6. Treasury Management Mid-year Report (Deferred as will not be ready this early in October) 7. The Annual Complaints Reports and the handling of any reports from the Local Government Ombudsman Annual Report. 8. Deferred from July 2024 Update on Performance Appraisals since the October 2022 report and mandatory training status 9. Limited Assurance Reports for two schools (deferred from July 2024) 10. Unaudited Year End Accounts 2022/23 (new) 11. Financial Reporting Council (new) 12. Update on 23/24 Accounts (new) 	
5	January 2025	<ol style="list-style-type: none"> 1. Treasury Management Mid-year Report (deferred from October 2024) 2. Treasury Management Strategy Statement (TMSS) and Treasury Management Annual Investment Strategy (AIS) 3. Final External Audit report 4. Statement of Accounts 5. Annual Governance Statement 6. Community Assets - community building stock we own, and how we lease it (added by Chair) The report title is Social Value Subsidy in Leasing Arrangements 	
6	February 2025	Meeting cancelled and business deferred to March	
7	March 2025	<ol style="list-style-type: none"> 1. Quarterly Internal Audit Progress Report 	Quarter Reports will cover period to date

		<ol style="list-style-type: none"> 2. Quarterly Counter Fraud Progress Report 3. Quarterly update on the Risk Management and Risk Register 4. Quarterly Report of Contract Waivers 5. Quarterly Reports on the Savings Delivery Programme 6. RIPA Policy and Procedure Document Annual Review – deferred to April 7. LATCO Governance: Populo – audit of the action plan created from the Veritau addendum report considered in January 2024 (AC196) deferred to July 2025 8. New - Financing the 2025-26 Capital Programme 9. External Auditor Reports 	
8	April 2025	<ol style="list-style-type: none"> 1. Quarterly Internal Audit Progress Report 2. Quarterly Counter Fraud Progress Report 3. Quarterly update on the Risk Management and Risk Register 4. Quarterly Report of Contract Waivers 5. Quarterly Reports on the Savings Delivery Programme 6. Accounting Policy 7. Audit Committee Annual Report (onward report to Council) 8. Progress made on the LGA Peer Review Action Plan 9. RIPA Policy and Procedure Document Annual Review 	

Draft Meeting dates for 2025-26 (to be agreed at Council)

2025. 30 June Finance, 16 July Q, 22 September Finance, 5 November Q & TMSS,

2026. 14 January TMSS, 11 February Q, 18 March, 15 April Q