Open Agenda

Audit, Governance and Standards Committee

Tuesday 3 February 2026
6.30 pm
Ground Floor Meeting Room G01A - 160 Tooley Street, London SE1 2QH

Membership

Councillor Barrie Hargrove (Chair)
Councillor Adam Hood (Vice-Chair)
Councillor Ellie Cumbo
Councillor Dora Dixon-Fyle MBE
Councillor Graham Neale
Councillor Andy Simmons
Councillor Kieron Williams

Reserves

Councillor Maggie Browning
Councillor Gavin Edwards
Councillor Nick Johnson
Councillor Margy Newens
Councillor David Parton
Councillor David Watson

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Contact
Virginia Wynn-Jones on 020 7525 7055 or email: virginia.wynn-jones@southwark.gov.uk

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Members of the committee are summoned to attend this meeting
Althea Loderick
Chief Executive
Date: 23 January 2026

PRINTED ON RECYCLED PAPER

Audit, Governance and Standards Committee

Tuesday 3 February 2026
6.30 pm
Ground Floor Meeting Room G01A - 160 Tooley Street, London SE1 2QH

Order of Business

Item No.	Title	Page No.

PART A - OPEN BUSINESS

The chair would like to remind members that prior to the meeting they have the opportunity to inform officers of particular areas of interest relating to reports on the agenda, in order for officers to undertake preparatory work to address matters that may arise during debate.

1. APOLOGIES FOR ABSENCE

To receive any apologies for absence.

2. CONFIRMATION OF VOTING MEMBERS

A representative of each political group will confirm the voting members of the committee.

3. NOTIFICATION OF ANY ITEMS OF BUSINESS WHICH THE CHAIR DEEMS URGENT

In special circumstances, an item of business may be added to an agenda within five clear days of the meeting.

4. DISCLOSURE OF INTERESTS AND DISPENSATIONS

Members to declare any personal interests and dispensation in respect of any item of business to be considered at this meeting.

5. MINUTES 1 - 7

To approve as a correct record the minutes of the open section of the meeting held on 19 November 2025

ANY OTHER OPEN BUSINESS AS NOTIFIED AT THE START OF THE MEETING AND ACCEPTED BY THE CHAIR AS URGENT

EXCLUSION OF PRESS AND PUBLIC

The following motion should be moved, seconded and approved if the sub-committee wishes to exclude the press and public to deal with reports revealing exempt information:

"That the public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in paragraphs 1-7, Access to Information Procedure rules of the Constitution."

PART B - CLOSED BUSINESS

Date: 23 January 2025

Agenda Item 5

Audit, Governance and Standards Committee

MINUTES of the OPEN section of the Audit, Governance and Standards Committee held on Wednesday 19 November 2025 at 6.30 pm at Ground Floor Meeting Room G01A - 160 Tooley Street, London SE1 2QH

PRESENT:
Councillor Barrie Hargrove (Chair)
Councillor Ellie Cumbo
Councillor Dora Dixon-Fyle MBE
Councillor Graham Neale
Councillor Andy Simmons

OFFICER SUPPORT:
Clive Palfreyman, strategic director of resources
Aaron Winter, BDO
Angela Mason-Bell, BDO
Hasina Shah, interim chief accountant,
Tim Jones, director of corporate finance,
Philip Kent, KPMG,
Fleur Nieboer, KPMG
Paul Bergin, corporate anti-fraud manager
Dominic Cain, director of customer and exchequer
Michelle Peake, head of specialist services
Ade Aderemi, head of customer operations
Laura Sandy, corporate risk and insurance manager
Jason Martin, programme director, Southwark360
Stuart Robinson-Marshall, head of business strategy
Ryan Collymore, director of repairs and maintenance
Keith Kiernan, specialist services contract manager
Caroline Watson, chief investment officer
Virginia Wynn-Jones, constitutional team

1. APOLOGIES FOR ABSENCE

Apologies were received from Councillor Adam Hood.

2. CONFIRMATION OF VOTING MEMBERS

The members present were noted as the voting members.

3. NOTIFICATION OF ANY ITEMS OF BUSINESS WHICH THE CHAIR DEEMS URGENT

There were none.

4. DISCLOSURE OF INTERESTS AND DISPENSATIONS

There were none.

5. MINUTES

The minutes of the meeting of 8 September 2025 were agreed as a correct record.

6. INTERNAL AUDIT PROGRESS REPORT NOVEMBER 2025

The internal auditors introduced the report. Members had questions for the auditors.

RESOLVED:

That the audit, governance and standards committee noted the update reports, as attached at Appendix A and B of the report.

7. FINAL STATEMENT OF ACCOUNTS 2024-25

Officers introduced the report. Members had questions for the officers.

RESOLVED:

1. That the Audit, Governance and Standards committee:

    a. Noted the adjustments to the council's accounts as set out in paragraph 8 of the report.

    b. Reviewed the Statement of Accounts (Appendix A of the report) and raised any questions which provided the assurance needed to approve the Statement of Accounts.

    c. Approved the draft letters of representation for the Council and Pension Fund (Appendices B and C of the report) as required by KPMG in order to conclude the audit of the 2024-25 statement of accounts.

    d. Approved the Statement of Accounts 2024-25.

    e. Authorised the Strategic Director of Resources, in consultation with the Chair of the Audit, Governance and Standards committee, to make any final amendments to the accounts from outstanding audit work prior to the approval of accounts by the auditor.

8. EXTERNAL AUDITOR'S (KPMG) REPORTS FOR 2024-25

The external auditors presented the report. Members had questions for the auditors.

Officers undertook to bring a report back to the committee on how the council ensures the accuracy of service charges for leaseholders.

Officers confirmed the regular report back to the committee on the council's action plan arising from the accounts in the next year.

Officers undertook to update the committee by email on the KPIs in insourcing the leisure service.

RESOLVED:

1. That the Audit, Governance and Standards committee:

    a. Considered the matters raised in KPMG's Year End Report (ISA260) for the council's core financial statements 2024-25 (Appendix A of the report) before approval of the council's accounts

    b. Considered the matters raised in KPMG's Auditor's Annual Report (Appendix B of the report)

    c. Considered the matters raised in the KPMG's Year End Report (ISA260) for the Pension Fund 2024-25 (Appendix C of the report).

9. INTERNAL AUDIT: SHARED SERVICE PROPOSAL

Officers introduced the report. Members had questions for the officers.

Officers undertook to update the committee by email on further details not included in the report.

Officers undertook to bring an update report on the management of the service in 2026.

RESOLVED:

That the audit, governance and standards committee noted the proposal to enter into a shared service agreement with Lambeth Council with effect from January 2026 for the delivery of internal audit.

10. 2025-26 Q3 REPORT OF THE CORPORATE ANTI-FRAUD TEAM AND THE SPECIAL INVESTIGATIONS TEAM

Officers introduced the report. Members had questions for the officers.

RESOLVED:

That the audit, governance and standards committee noted the Q3 2025-26 report of the

Corporate Anti-Fraud Team (CAFT) and the Special Investigations Team (SIT).

11. COMPLAINTS AND CUSTOMER SERVICE

Officers introduced the report. Members had questions for the officers.

Officers undertook to circulate further information on housing and on members' enquiries to the committee by email.

RESOLVED:

That the audit, governance and standards committee note the Complaints and Customer Service progress report, as attached at Appendix A of the report.

12. UPDATE REPORT ON CORPORATE RISK

Officers introduced the report. Members had questions for the officers.

Officers undertook to share the risk matrix with the committee by email.

Officers undertook to discuss the circulation of the risk register with the lead cabinet member.

RESOLVED:

1. That the audit, governance and standards committee noted the revised format of the corporate risk register to an assurance framework.

2. That the audit, governance and standards committee reviewed the revised format and content and provided comments to officers for their consideration prior to the finalisation of the register by the Strategic Director of Resources.

13. SOUTHWARK360: PROGRESS ON THE ENTERPRISE RESOURCE PLANNING (ERP) REPLACEMENT PROGRAMME

Officers introduced the report. Members had questions for the officers.

Officers undertook to bring periodic updates on this project to the committee.

RESOLVED:

That the Audit, Governance and Standards Committee noted the report on progress with the Southwark360 Programme for replacement of the council's Enterprise Resource Planning system by April 2027.

14. RETROSPECTIVE APPROVAL FOR GATEWAY REPORT (PRINT MANAGEMENT SERVICES)

Officers introduced the report. Members had questions for the officers.

RESOLVED:

That the reasons set out in paragraphs 7-10 of the report for the retrospective approval of the 12-month contract extension for Print Management Services with Corporate Document Services Ltd. (CDS) be noted.

15. REPORT ON RETROSPECTIVE CONTRACT-RELATED DECISION: HOUSING AIDS AND ADAPTATIONS

It was moved, seconded, and agreed that the public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in paragraphs 1 to 11 of the access to information procedure rules of the constitution.

Officers introduced the report. Members had questions for the officers.

RESOLVED:

1. That the Audit, Governance and Standards Committee noted the part retrospective contract decision detailed in the report.

2. That the Audit, Governance and Standards Committee noted the actions taken by the Director of Repairs and Maintenance as set out in paragraphs 11 to 15 of the report to ensure that the risk of future retrospective contract decisions is minimised for the future.

3. That the Audit, Governance and Standards Committee considered whether it would wish to make recommendations to help improve future decision-making.

16. HOUSING REVENUE ACCOUNT (HRA) GOVERNANCE AND FINANCIAL MONITORING

The meeting returned to open session.

Officers introduced the report. Members had questions for the officers.

RESOLVED:

That the audit, governance and standards committee noted the contents of this report and provided feedback and recommendations as appropriate.

17. TREASURY MANAGEMENT STRATEGY AND CAPITAL STRATEGY 2026-27

Officers introduced the report. Members had questions for the officers.

RESOLVED:

That the Audit, Governance and Standards committee noted the draft Treasury Management Strategy (TMS) for 2026-27, and its appendices:

- Appendix A – Treasury Management Strategy 2026-27
- Appendix B - Interest Rate forecasts
- Appendix C - Prudential Indicators
- Appendix D - Annual Investment Management Strategy (AIS)
- Appendix E - Capital Strategy
- Appendix F- Annual Minimum Revenue Provision
- Appendix G - Glossary Statement.

18. INDEPENDENT MEMBERS OF THE AUDIT, GOVERNANCE AND STANDARDS (CIVIC AWARDS) SUB-COMMITTEE: RECOMMENDATIONS

Officers introduced the report. Members had questions for the officers.

The committee noted that paragraph 9 of the report should refer to the independent members having a balance between sexes, and recommended that they should "reflect the diversity of the borough," not limiting the recognition of other groups outside culture and ethnicity.

RESOLVED:

1. That the committee noted the criteria set out below for inviting individuals to join the audit, governance and standards (civic awards) sub-committee ('the civic awards sub-committee') for evaluating nominations for the 2025 Civic Awards.

2. That the committee considered any recommendations they would have for individuals or groups to be invited to join the civic awards sub-committee.

19. IN YEAR REVIEW OF WORK PROGRAMME 2025-26: NOVEMBER 2025

Officers introduced the report. Members had questions for the officers.

Officers undertook to invite the strategic director of children and adults' services to attend the February 2026 committee meeting instead of the chief executive.

Officers undertook to update the list of expected reports to include items raised at this meeting.

RESOLVED:

That the audit, governance and standards committee noted the proposed work programme for 2025-26

20. REPORT ON RETROSPECTIVE CONTRACT-RELATED DECISION: HOUSING AIDS AND ADAPTATIONS

The decision for this report is set out in item 15.

Meeting ended at 9.00 pm

CHAIR:

DATED:

Agenda Item 7

Meeting Name:	Audit Governance and Standards Committee
Date:	3 February 2026
Report title:	Retrospective Decision: Gateway 1&2 Integrated Community Equipment Service
Ward(s) or groups affected:	All
Classification:	Open
Reason for lateness (if applicable):	Not Applicable
From:	Strategic Director for Children and Adult Services

RECOMMENDATION

1. That the Audit, Governance and Standards Committee note the decision taken by the Strategic Director of Children and Adults Services to award the Integrated Community Equipment Service Contract to Provide Equipment Hub for a period of two years, commencing on 1 August 2025, with a one-year extension option, for the annual value of £3.75 million and a total contract value of £11.25 million. This decision was taken in line with the emergency powers contained in the council's Contract Standing Orders, for the reasons set out in paragraphs 5 to 7.

BACKGROUND INFORMATION

2. Community equipment services provide delivery, collection, and maintenance for equipment that supports people to remain independent at home – this includes items such as specialist beds, chairs, and toileting aids.

3. Community equipment services are jointly commissioned. In Southwark, costs of the Integrated Community Equipment Service (ICES) contract are split on a 35:65 basis across the council and the Integrated Care Board (ICB), respectively, based on service usage. The council is the lead commissioner.

4. Between April 2023 and July 2025, community equipment services for Southwark were secured via a pan-London consortium, comprised of 21 boroughs, led by the Royal Borough of Kensington and Chelsea (RBKC). This service was delivered by NRS Healthcare Ltd (NRS) via the London Framework through individual borough call off contracts. The NRS contract with the council was for a period of five years, with an option to extend for a further two years.

5. In June 2025, NRS wrote to local authorities who were members of the London Community Equipment Consortium to inform them of worsening

financial challenges that threatened the long-term sustainability of the organisation. Over the course of June and July 2025, NRS subsequently made various requests of commissioning authorities to secure their ongoing viability.

6. During this time, discussions were ongoing at a national level, facilitated by the Local Government Association, regionally via various organisations, within South East London, and locally to secure business continuity.

7. On 18 July 2025, NRS wrote to the London Consortium to advise that their last day of trading would be 31 July 2025. NRS entered into liquidation on 1 August 2025, and PwC were appointed as Special Managers to oversee the orderly winding down of the company.

8. Utilising the Emergency Powers within the council's contract standing orders enabled officers to procure and mobilise a new Integrated Community Equipment service within a period of a few weeks. Having the option to use the emergency powers ensured the council were able to meet its statutory responsibilities to have a community equipment service in place, whilst also completing the appropriate contractual arrangements for the new provider to ensure a sustainable and transparent arrangement was in place for the new service. It would not have been possible to complete these activities in the required timeframes if the standard governance processes were applied.

KEY ISSUES FOR CONSIDERATION

9. In view of the circumstances described in paragraphs 5 to 7, officers were required to procure a new Community Equipment service urgently. The council's Contract Standing Orders allow for a Chief Officer to approve a decision without a prior written Gateway report in emergency situations. These emergency provisions ensure procurements are compliant with the council's Contract Standing Orders.

10. Provision of community equipment supports the Council to meet its duties under the Care Act (2014) and the Integrated Care Board (ICB) to meet its duties under the National Health Service Act (2006).

11. Community equipment is considered a safety critical service and forms an important part of various health and social care pathways, including hospital discharge. Repairs and maintenance of existing community equipment is also a safety critical aspect.

Description of procurement outcomes

12. Officers issued an emergency contract for a two plus one year period to PEH following a single supplier negotiation process. The contract includes a non-exclusivity clause. The rationale for this contract term is that it will take up to a year to establish the service effectively and additional time will be required to develop medium to longer term commissioning arrangements.

13. PEH are a provider based in Croydon, who have over 30 years of experience delivering equipment services in South London. In 2024, PEH branched out of Croydon Council to establish themselves as a separate entity. They are now 50% owned by their employees and 50% owned by Provide Community, a Community Interest Company (CIC) that re-invests profit back into services.

14. PEH currently deliver equipment services in Croydon, Merton, and Sutton and have established infrastructure in South London that will be scaled up. In addition to scaling to support Southwark, PEH will also deliver services in Lambeth, Richmond, and Wandsworth – all boroughs will hold their own contracts. PEH are well-regarded by those with experience working with them.

15. PEH operate an equipment loan model similar to the previous NRS provision and offer recycling credits. The council's contract will be on a cost and volume basis, based on the equipment loan model.

16. Officers from Commissioning, Contracts, Procurement, Legal and Adult Social Care reviewed the PEH standard contract, service specification, and catalogue and confirmed it meets Southwark's needs.

Policy framework implications

17. Section 2 of the Care Act (2014) places a general duty on local authorities to provide, arrange or identify services, facilities and resources to prevent, delay or reduce the care and support needs for adults. The Integrated Community Equipment Service helps the council to meet these Care Act duties.

18. The contract award supports the implementation of Southwark 2030, specifically supporting the goal of Staying Well. The contract award also aligns with the Southwark 2030 and the Southwark 2030 Procurement Framework guiding principles of Empowering People, Reducing Inequality and Investing in Prevention, as the Integrated Community Equipment service supports residents to remain independent and prevents health issues from escalating.

19. The Southwark Adult Social Care Business Plan 2023-2028 includes priorities to support people to maximise their independence, choice and control, help people to maintain wellbeing and live healthier lives, and includes a priority to reduce future needs for care and support. The Integrated Community Equipment Service helps achieve the priorities outlined in the Adult Social Care Business Plan.

20. The Integrated Community Equipment Service also supports the council's commitment, mandated by Cabinet in November 2014, to Southwark being an 'Age Friendly Borough': a place where older people are able to live healthy and active lives, and a place in which it is possible for people to continue to stay living in their homes, participate in the activities that they value, and contribute to their communities, for as long as possible.

21. The new provider is based in South London and is 50% owned by employees and 50% owned by a Community Interest Company which re-invests profit back into the business. The operating structure of the

provider aligns with the Southwark 2030 Procurement Framework.

22. By issuing the emergency contract award to PEH, the council were able to continue to meet its statutory duties and minimise disruption to community equipment services by swiftly mobilising the new service. If the emergency contract award was not issued, the council would not have met its statutory duties and residents would not have been able to receive this essential service. Additionally, the health and care system would have been severely impacted as community equipment services are essential for safe hospital discharges and are essential for keeping residents safe and well at home and for avoiding hospital admissions or re-admissions. Existing community equipment would also have been at risk in terms of repair and maintenance, which would have been unacceptable in terms of safety and safeguarding of residents.

Community, equalities (including socio-economic) and health impacts

Community impact statement

23. The Integrated Community Equipment Service contract aligns with Southwark's Borough Plan, specifically promoting independence, safety, social inclusion and quality of life for residents through enabling access to community equipment and creating a fairer future for all with reduced health inequalities.

24. A wide range of Southwark residents benefit from the Integrated Community Equipment Service, receiving equipment they need to stay well and maintain independence. This service helps reduce and delay care and support needs and associated demand on Adult Social Care.

Equalities (including socio-economic) impact statement

25. The Public Sector Equality Duty under section 149 of the Equality Act 2010 requires the council, when exercising its functions, to have due regard to:

- The need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010
- The need to advance equality of opportunity between persons who share protected characteristics and those who do not, and
- Foster good relations between those who have protected characteristics and those who do not

26. 'Protected characteristics' are age, sex, race, disability, sexual orientation, marriage and civil partnerships, religion or belief, pregnancy and maternity and gender reassignment. The council is committed to all of the above in the provision, procurement and commissioning of its services, and the employment of its workforce.

27. There is also a duty under the Equality Act to foster good relations between persons who share a relevant protected characteristic and those who do not

share it. Age and disability are “protected characteristics” under the Equality Act 2010, and the Integrated Community Equipment Service contract will particularly benefit older people and those living with complex conditions.

28. Officers do not anticipate any negative impacts on equalities as a result of the new service, as the previous equalities impact assessment completed for the NRS Integrated Community Equipment service demonstrated a positive or neutral impact on residents with protected characteristics. An updated equality and health impact analysis will be developed once there is enough longitudinal service data to inform the analysis.

Health impact statement

29. One of the aims in Southwark’s Borough Plan is to support and protect vulnerable residents so they can lead healthy and active lives. The Integrated Community Equipment Service enables many older and disabled residents to live safely and independently at home, many of whom are recovering from illness after discharge from hospital. The service provides residents with the equipment they need to live healthy and fulfilled lives, helping to prevent delay or reduce care and support needs. This service also provides support for residents’ health and wellbeing in the community.

30. The new contract will require all staff employed by the provider to be paid the London Living Wage. Paying staff a fair wage helps to reduce health inequalities in Southwark by ensuring staff are fairly remunerated for their work, leading to a more stable, well-equipped workforce that is able to deliver a high quality, consistent service for residents.

Climate change implications

31. The provider’s delivery fleet vehicles are electric, which helps minimise environmental impact of travel and deliveries. The depot for equipment storage is in South London, minimising the distance between the depot and deliveries in Southwark.

32. The provider operates a robust equipment recycling model, to maximise equipment lifecycles and ensure equipment is re-used where possible, reducing the need to frequently purchase new equipment.

33. The provider holds a value on sustainability within its organisational vision and is committed to recruiting locally and utilising local supply chains where possible to minimise environmental impact.

Resource implications

34. The procurement process and single supplier negotiations have been managed through existing staffing resources within the Integrated Commissioning directorate. Ongoing contract monitoring will also be managed through existing resources with Adult Social Care and the Contracts and Quality team.

Financial implications

35. The 2025/26 budget for ICES across the Council and the ICB is approximately £3.25million, with an estimated £80k being recharged to Education and the remainder of costs split between the Council who pay 35% and the ICB paying 65% of the total cost of the service. The Council contribution to the Integrated Community Equipment Service is financed through the Better Care Fund.

36. It is important to note that spend on community equipment services has increased in recent years therefore, the final contract value may change depending on the demand for the service. The estimated contract value was calculated based on pricing and demand information available and may be subject to inflationary changes over the life of the contract.

Legal implications

37. The Community Equipment market is variable across the country and a small number of large providers hold the majority of contracts across England. The larger community equipment providers have indicated that they have no interest in working within South East London and at this scale, therefore, the legal risk of challenge is minimal.

38. There is a strong business case to support a contract award using the emergency powers conferred upon the Strategic Director of Children's and Adults under the Council's Contract Standing Orders.

Consultation

39. Officers carried out consultation with the community equipment market in the Spring of 2025 to inform wider strategic commissioning plans for a future service. Officers from Southwark, Lambeth, Greenwich and Bromley also worked together to commission an options appraisal for a future Integrated Community Equipment Service. The engagement and options appraisal helped inform the process for standing up the emergency service in July 2025.

40. Once the preferred provider was identified, internal colleagues from across the council and ICB were consulted including Adult Social Care, Finance, Legal and Procurement for their expertise and input into the new service planning and emergency contract award process. System partners including NHS trusts, prescribers and community providers were also engaged and kept informed about developments and changes in process for the service.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Head of Procurement

41. This report requests that the Audit, Governance and Standards Committee note the decision taken by the Strategic Director of Children and Adults Services to award the Integrated Community Equipment Service Contract to Provide Equipment Hub for a period of two years, commencing on 1 August 2025, with a one-year extension option, for an annual value of £3.75 million

and a total contract value of £11.25 million. This decision was taken in line with the emergency powers contained in the council's Contract Standing Orders, (CSO 6.9 refers) for the reasons set out in paragraphs 5 to 11.

Assistant Chief Executive, Governance and Assurance (SB271125)

42. This report requests the Audit, Governance and Standards Committee to note the decision taken by the Strategic Director of Children and Adults Services to award the Integrated Community Equipment Service Contract to Provide Equipment Hub for a period of two years, commencing on 1 August 2025, with a one-year extension option, for the annual value of £3.75 million and a total contract value of £11.25 million.

43. Paragraphs 5 to 11 of this report explain the circumstances which had made it necessary for a new contractual arrangement to be put in place as a matter of urgency and also note the basis on which the decision to award the contract was taken, both in compliance with the procedural requirements of the Procurement Act 2023 and the emergency powers contained in the council's Contract Standing Orders.

Strategic Director of Resources (21AM202526)

44. The Strategic Director of Resources notes the recommendations of the report for the procurement strategy and award of the Integrated Community Equipment Service Contract to Provide Equipment Hub (PEH) for a period of two years, with a one-year extension option, subject to satisfactory performance.

45. The Strategic Director of Resources notes the comments in the financial implications section, and particularly the estimated maximum annual contract value of £3.75m, for a total £11.25m over the lifetime of the contract.

46. The Council's contribution to the Integrated Community Equipment Service is funded by Better Care Fund (BCF), and the spending of this allocation will be subject to the monitoring requirements of the BCF**.**

Director of Adult Social Care

47. Community equipment is a safety critical service for residents with health and social care needs – it was therefore important an urgent service was put in place and scaled at pace. I was supportive of the approach as the best means of achieving this and complying with our contract standing orders.

APPENDICES

No.	Title
None	

AUDIT TRAIL

Lead Officer	David Quirke-Thornton, Strategic Director Children & Adults Services	
Report Author	Jessica Neece, Head of Age Well Integrated Commissioning	
Version	Final	
Dated	13 January 2026	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	**Comments Sought**	**Comments Included**
Assistant Chief Executive, Governance and Assurance	Yes	Yes
Strategic Director of Resources	Yes	Yes
Director of Adult Social Care	Yes	Yes
Cabinet Member	Yes	No
Date final report sent to Constitutional Team		13 January 2026

Agenda Item 8

Meeting Name:	Audit, Governance and Standards Committee
Date:	3 February 2026
Report title:	Report on retrospective contract-related decision: Communal Lighting and Electrical Testing Contracts - Contract A: North of the Borough and Contract B: South of the Borough
Ward(s) or groups affected:	All
Classification:	Open
From:	Director of Repairs and Maintenance

RECOMMENDATIONS

1. That the audit, governance and standards committee note the retrospective contract decisions detailed in the report.

2. That the audit, governance and standards committee note the actions taken by the Director of Repairs and Maintenance as set out in paragraphs 37 to 45 below to ensure that the risk of future retrospective contract decisions is minimised for the future.

3. That the audit, governance and standards committee consider whether it would wish to make recommendations to help improve future decision-making.

BACKGROUND INFORMATION

4. Where approval for a contract decision has been sought retrospectively and has an estimated value of more than £100,000, there is a requirement under contract standing order 6.7 to submit a report to the audit, governance and standards committee. The report should set out the circumstances and manner in which the decision was taken, for the purpose of obtaining guidance to inform future decision making.

5. This requirement applies to decisions relating to the approval of a procurement strategy (Gateway 1 or GW1), decisions relating to the approval of a contract award (Gateway 2 or GW2) and decisions relating to the approval of a variation or extension to a contract (Gateway 3 or GW3) decisions.

6. By way of two Gateway 3 reports, retrospective approval of the procurement process was sought to the two Communal Lighting and Electrical Testing contracts: the first report requested an extension for the period **1 April 2023 to 31 August 2025**, and the second requested an extension for the period **1 September 2025 to 31 January 2026.**

7. The Cabinet Member for Council Homes approved variations/extensions to the two existing term contracts via two Gateway 3 reports—first, on **25 July 2025** for the period **1 April 2023 to 31 August 2025**, and second on **18 December 2025** for the period **1 September 2025 to 31 January 2026**. Both approvals were retrospective decisions

8. The extension of the contracts for the electrical testing programme and fire-detection installations was critical in enabling the engineering team to focus on meeting the council's statutory and regulatory obligations as a social landlord. Ensuring the safe delivery of electrical testing across the housing stock necessarily became the team's priority.

9. Although additional resource was allocated to help manage the significant volume of work, this capacity had to be directed towards front-line delivery, completing validated EICRs, installing fire-detection systems, and addressing safety risks, rather than progressing the re-procurement activity. As a result, some of the procedural steps required for the procurement and contract extension process were missed.

KEY ISSUES FOR CONSIDERATION

Why was approval not sought earlier

10. The electrical compliance programme expanded significantly following the council's self-referral to the Regulator in June 2024. The council set a target for EICRs to be completed across all council homes by 31 March 2026, creating an urgent delivery requirement.

11. To meet this deadline, the council had to begin large-scale testing immediately. This meant that existing contractors, already mobilised and operating across the borough, was the only viable route to deliver the required volume of work within the available timeframe. There was insufficient time to complete a new procurement process without risking non-compliance and potential safety issues.

12. Given the scale and urgency of the EICR programme, operational resources were directed toward delivery of inspections and safety-critical remedial work. As a result, the re-procurement activity could not be progressed in parallel at the pace required, and retrospective approvals were necessary to maintain continuity of statutory compliance.

Need to rely on existing contractors

13. With the immovable regulatory deadline and the volume of homes requiring testing, there was no practical opportunity to procure and mobilise new contractors. The existing contractors (BCS and Spokemead) were already performing at scale and were able to increase capacity immediately, enabling the council to continue meeting its safety obligations.

Scope and data challenges

14. As historic electrical certification had not been stored in a single system, the true volume of outstanding EICRs was initially unclear. The introduction of the True Compliance system is now resolving these issues by providing a centralised certification database, improving visibility and supporting future procurement planning.

CONTRACT BACKGROUND AND PREVIOUS APPROVALS

15. A Gateway 2 report was approved on 13 March 2018 to award two Communal Lighting and Electrical Testing contracts.

16. Contract A (North) was awarded to BCS (Electrical and Building) Ltd for an initial four-year term from 1 October 2018, at an estimated annual value of £1.85m, with an option to extend for two further years. The total estimated contract value was £11.1m.

17. Contract B (South) was awarded to Spokemead Maintenance Ltd for the same period from 1 October 2018, at an estimated annual value of £1.53m, with the same option to extend provision. The total estimated contract value was £9.18m.

18. Through two separate Gateway 3 report approvals dated 22 June 2022 and 10 August 2022, both contracts were extended until 31 March 2023 to maintain service continuity.

19. The Gateway 3 report from 1 April 2023 sought retrospective approval to extend both contracts until 31 August 2025, exercising the remaining 18-month extension option under the contracts plus an additional 11-month extension. The second Gateway 3 report from 1 September 2025 sought further retrospective approval to extend both contracts for an additional five-month period, ensuring uninterrupted service delivery while the new long-term procurement activity is concluded. This second Gateway 3 report has been approved.

Scope of Contract A and Contract B

20. Both contracts cover a wide range of statutory, and compliance related electrical services, including:
    - Communal lighting responsive repairs
    - Repairs, remedial works and upgrades to landlord electrical supplies
    - Periodic electrical testing of landlord installations
    - Emergency lighting tests and repairs
    - Fire alarm and AOV testing and repairs
    - New statutory domestic electrical testing (EICRs) for tenanted properties, including high-rise, low-rise and converted buildings
    - Lightning protection testing and repairs
    - Emergency callout services

21. The north/south geographical split ensures efficient service coverage while enabling both contractors to provide mutual support where required, helping the council maintain statutory compliance.

22. The contracts include an annual Building Maintenance Indices (BMI) adjustment applied each April.

Contract Spend for the period to 31 January 2026

23. Tables 1 and 2:

TABLE 1: Contract A North – BCS					
Financial Period		Original Gateway Approval	Actual Expenditure		
			Revenue	EICR	Non-EICR Capital
Total Spend 01/10/2018 to 31/03/2023		£8.33m	£7.31m	£0.00	£1.94m
Actual and Projected Expenditure for Proposed Extension Period					
01/04/2023	31/03/2024	Actual 2023/24	£2.06m	£1.93m	£0.99m
01/04/2024	31/03/2025	Actual 2024/25	£2.24m	£5.34m	£2.35m
01/04/2025	31/08/2025	Actual April 2025 to August 2025	£1.18m	£5.31m	£0.94m
01/09/2025	31/01/2026	Projected	£1.52m	£5.58m	£0.43m
Total of Actual and Projected Expenditure for Proposed Extension Period					£29.87m
Total of Actual and Projected Expenditure for the period 01/10/2018 to 31/01/2026					£39.12m

TABLE 2: Contract B South - Spokemead					
Financial Period		Original Gateway Approval	Actual Expenditure		
			Revenue	EICR	Non-EICR Capital
Total Spend 01/10/2018 to 31/03/2023		£6.89m	£9.05m	£0.00	£1.77m

Actual and Projected Expenditure for Proposed Extension Period					
01/04/2023	31/03/2024	Actual 2023/24	£3.55m	£2.05m	£1.49m
01/04/2024	31/03/2025	Actual 2024/25	£3.69m	£4.19m	£1.57m
01/04/2025	31/08/2025	Actual April 2025 to August 2025	£1.62m	£5.77m	£0.45m
01/09/2025	31/01/2026	Projected	£2.50m	£5.50m	£0.47m
Total of Actual and Projected Expenditure for Proposed Extension Period					£32.85m
Total of Actual and Projected Expenditure for the period 01/10/2018 to 31/01/2026					£43.67m

Drivers of Increased Expenditure and Contract Extensions

24. Original cost estimates were based primarily on communal lighting demand. Subsequent increases in emergency lighting, fire related remedial actions and new electrical safety legislation resulted in significantly higher activity levels than originally forecast.

25. Industry standards require domestic EICRs to be completed every five years. With approximately 37,600 tenanted homes, this equates to around 7,500 tests per year. A review found historic testing had mainly occurred only during voids or capital works, meaning substantial catchup activity was required.

26. Additional resources were allocated to begin testing domestic properties in April 2023, initially focusing on 6,000 in scope dwellings. Following the council's self-referral to the Regulator (June 2024), the scope rapidly expanded to include all council homes (approx. 37,600), representing an unprecedented volume of work within a compressed timeframe.

27. Given the delivery deadline of 31 March 2026, there was no opportunity to procure and mobilise new contracts. Continued use of the existing BCS and Spokemead contracts was the only viable delivery route.

Challenges in Determining Scope and Budget

28. Determining the full scale of required work was hindered by:
    - No centralised certification system
    - Certification stored in multiple locations and formats
    - Siloed working arrangements between departments
    - Difficulty verifying completion of remedial works (C1/C2 closures)

29. These factors delayed both scoping and budget development.

30. The roll-out of the True Compliance database begins to address these issues by providing a single platform for certification storage and validation. Training

programmes are being developed to ensure consistent adoption and to support ongoing regulatory compliance.

Revised Estimated Contract Values

31. BCS – Revised total estimated value to 31 January 2026: £39.12m.

32. Spokemead – Revised total estimated value to 31 January 2026: £43.67m.

33. Both contractors continue to deliver EICRs at their tendered rates under the existing contracts.

Early Issue Detection Mechanisms

34. Proactive monitoring and intervention strategies are key to identifying issues before they escalate. These include:

- **Data Analysis:** Using True Compliance / spreadsheet to identify risks.
- **Regular Audits:** Ensuring compliance and financial oversight.
- **Stakeholder Feedback:** Gathering feedback for continuous improvement

35. Early-warning systems strengthen operational resilience, ensuring timely corrective actions.

Conclusion

36. To sustain excellence and address emerging challenges, the department will:
    - Strengthen monitoring systems for performance and governance.
    - Invest in new technology initiatives (such as intelligent lighting) to drive innovation and reduce Carbon emissions.
    - Enhance stakeholder engagement via Resident Liaison Officers to improve collaboration.
    - Maintain financial discipline while optimising service delivery

By implementing these recommendations, the team aim to uphold service excellence while ensuring adaptability to future demands.

Action to be taken to ensure risk of future retrospective contract decisions is minimised for the future

Strengthen Contract Management and Governance

37. The electrical team has reflected on the lessons learned from this episode. To improve future governance, the service is strengthening contract management arrangements, including clearer termination protocols, agreed timelines for extension decisions, and improved officer training to ensure contractual obligations and deadlines are consistently understood and followed.

Quarterly Contract and Capacity Reviews

38. Quarterly review meetings will now be held with all electrical contractors to assess performance against KPIs and statutory requirements. These reviews will:
    - Identify emerging risks or scope changes early
    - Forecast internal capacity to determine when additional support or outsourcing is required

- Maintain contingency plans to safeguard continuity of service

39. The team will also use both historical and real-time data, via True Compliance, to model future testing and remedial demand. Annual compliance reports will be produced to support structured, forward-planned programmes of work, with performance monitored and contractors challenged where required. This will include smoothing out testing programmes to avoid delivery bottlenecks in subsequent years.

Improved Forward Planning for Procurement

40. The service is aligning future procurement timelines with operational delivery needs. This includes earlier initiation of procurement activity, better coordination with corporate procurement colleagues, and the use of a central compliance risk register that integrates statutory deadlines, contract expiry dates and potential variations. This will help ensure timely approvals and reduce reliance on extensions.

Strengthened Links Between Procurement and Contract Performance

41. Procurement and Engineering will work jointly to:
    - Link contract extensions to sustain and evidenced contractor performance
    - Embed compliance tracking into operational systems
    - Proactively manage and escalate service delivery risks
    - This integrated approach will improve transparency, strengthen oversight, and minimise the need for retrospective contract decisions.

Training and Embedding True Compliance

42. The council's previous system (Apex) did not provide a reliable single source of asset and certification data. The introduction of True Compliance provides a centralised database for electrical certification across all departments. However, adoption requires a significant cultural shift.

43. A structured training and onboarding programme is being rolled out across Engineering, Repairs/Voids, and Major Works teams to ensure all staff understand their responsibilities for updating certification promptly. Maintaining an accurate and current dataset will support regulatory compliance, future planning, and reduce uncertainty that can delay procurement.

Progression of New Electrical Inspection and Remedial Works Procurement

44. Engineering is now progressing the Electrical Inspection and Remedial Works (EIRM) procurement. Pre-market engagement has taken place, and contractor feedback is being used to shape a contract that is fit for purpose. The new procurement will consolidate all electrical compliance workstreams, including communal and domestic EICRs, remedial works, and domestic fire detection installations.

Completing Tender Documentation and Strengthening Future Delivery

45. Tender documentation is being finalised to reflect the full range of servicing and compliance requirements, including new workstreams linked to newbuild sites (e.g., generator maintenance, UPS systems). The new contracts will place strong emphasis on compliance, data accuracy, and certification upload to True Compliance to maintain a live and accurate compliance position.

The intention is to retain a two-contractor model, enabling mutual backup and resilience.

46. Officers in the legal and procurement sections have discussed and agreed with the conclusions set out above and it has been considered by the Corporate Contracts Review Board.

Policy framework implications

47. The extension to these contracts will assist the council to continue to contribute to the council's 2030 Southwark commitments of quality affordable homes, improving housing standards and revitalising neighbourhoods.

48. The extension to these contracts will enable the council to continue to meet its legal obligations as a social housing landlord statutory obligation as a social landlord under the Landlord and Tenant Act 1985 and Part P of the Building Regulations together with the Building Safety Act 2022 and the Social Housing (Regulation) Act 2023 ensuring it has arrangements in place to maintain its council housing buildings and carry out the scope of works.

Community impact implications

49. The contracts are of a medium impact to tenants, homeowners, and other stakeholders as majority of these works are done externally but with some electrical testing carried out to tenanted properties.

50. BCS (Electrical and Building) Ltd and Spokemead Maintenance Ltd confirmed that they can continue to meet the requirements of the Southwark Procurement Commitments, and this will be reported as part of the ongoing annual performance review.

Resource implications

51. There are no direct resource implications in this report.

Consultation

52. No consultation has taken place.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Assistant Chief Executive – Governance and Assurance (Con/KM/202622)

53. Contract Standing Order (CSO) 6.7 requires that in the event of an activity being commenced other than in compliance with CSOs, it may be necessary to seek approvals retrospectively, and in such case the procedures in relation to the gateway report (in this case – the gateway 3 variations reports) should be followed as soon as possible. In addition, where the decision relates to a variation/s with an estimated value of over £100,000 a report should be presented to CCRB and to the audit, governance and standards committee, setting out the circumstances and manner in which those decisions were taken, for the purposes of obtaining guidance to inform future decision making.

54. Paragraphs 6 and 7 set out those retrospective decisions made in relation to the two Communal Lighting and Electrical Testing contracts, and the key actions (set out in paragraphs 37-45) which have taken or are being implemented to minimise the risk of future retrospective approvals.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Constitution – Contract Standing Orders	Constitutional Team, Second Floor, Tooley Street	Constitutional Team 020 7525 7055
Gateway 3 - Communal Lighting and Electrical Testing Contracts - Contract A: North of the Borough and Contract B: South of the Borough open report up to 31 August 2025	Constitutional Team, Second Floor, Tooley Street	Constitutional Team 020 7525 7055
Gateway 3 - Communal Lighting and Electrical Testing Contracts - Contract A: North of the Borough and Contract B: South of the Borough open report up to 31 January 2026	Constitutional Team, Second Floor, Tooley Street	Constitutional Team 020 7525 7055

APPENDICES

No.	Title
None	

AUDIT TRAIL

Lead Officer	Ryan Collymore, Director of Repairs and Maintenance		
Report Author	Michael O'Driscoll, Contract (Electrical) Manager		
Version	Final		
Dated	23 January 2026		
Key Decision?	Yes		
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER			
Officer Title		**Comments Sought**	**Comments Included**
Corporate Contract Review Board		Yes	Yes
Assistant Chief Executive, Governance and Assurance		Yes	Yes
Strategic Director of Resources		Yes	Yes
Cabinet Member		Yes	Yes
Date final report sent to Constitutional Team			23 January 2026

Agenda Item 9

Meeting Name:	Audit, governance and standards committee
Date:	3 February 2026
Report title:	Internal audit progress report February 2026
Ward(s) or groups affected:	All
Classification:	Open
Reason for lateness (if applicable):	N/A
From:	Strategic Director of Resources

RECOMMENDATION

1. That the audit, governance and standards committee note the update reports, as attached at Appendix A and B.

BACKGROUND INFORMATION

2. This report informs the Audit, Governance and Standards Committee of the work undertaken and the results of audits to date on the 2025-26 internal audit plan, as approved by the Committee on 3 February 2025.

Policy framework implications

3. This report is not considered to have direct policy implications.

Community, equalities (including socio-economic) and health impacts

Community impact statement

4. This report and the accompanying accounts are not considered to have a direct impact on local people and communities. However, good financial management and reporting arrangements are important to the delivery of local services and to the achievement of outcomes.

Equalities (including socio-economic) impact statement

5. This report is not considered to contain any proposals that would have a significant equalities impact.

Health impact statement

6. This report is not considered to contain any proposals that would have a significant health impact.

Further guidance

7. None required.

Climate change implications

8. This report is not considered to contain any proposals that would have a significant impact on climate change.

Resource implications

9. If there are direct resource implications in this report, such as the payment of fees, these will be met from existing budget provision.

Consultation

10. There has been no consultation on this report.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

11. None required.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
None		

APPENDICES

No.	Title
Appendix A	Internal audit progress report February 2026
Appendix B	Internal audit progress report: Supplementary report – follow up status details

AUDIT TRAIL

Lead Officer	Clive Palfreyman, Strategic Director of Resources	
Report Author	Aaron Winter, Angela Mason-Bell, BDO	
Version	Final	
Dated	22 January 2026	
Key Decision?	No	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	**Comments sought**	**Comments included**
Assistant Chief Executive, Governance and Assurance	No	N/A
Strategic Director of Resources	No	N/A
Cabinet Member	No	No
Date final report sent to Constitutional Team		22 January 2026

BDO

London Borough of Southwark

Internal Audit Progress Report

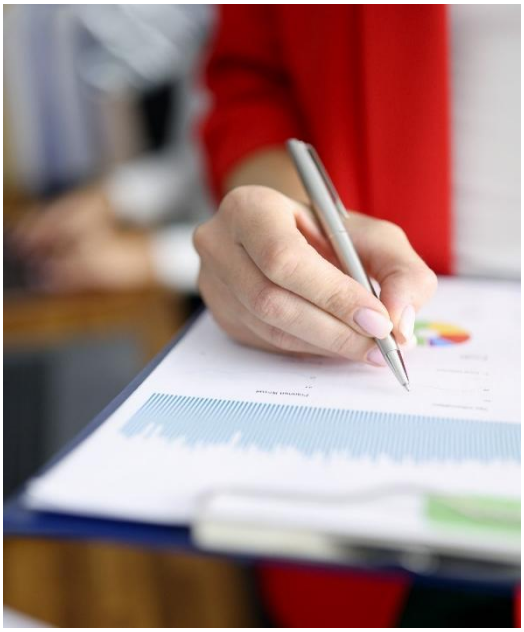
For presentation to the Audit, Governance and Standards Committee 3 February 2026

IDEAS | PEOPLE | TRUST

CONTENTS

1. Summary of work

Internal Audit



This report informs the Audit, Governance and Standards Committee of the work undertaken and the results of audits to date on the 2025-26 internal audit plan, as approved by the Committee on 3 February 2025.

The report summarises our work and provides our assessment of the systems reviewed and the recommendations we have raised.

Our work complies with Global Internal Audit Standards in the UK Public Sector.

As part of our audit approach, we have agreed terms of reference for each piece of work with the risk owner, identifying the headline and sub-risks, which have been covered as part of the assignment.

Our approach is designed to enable us to give assurance on the risk management and internal control processes in place to mitigate the risks identified.

Internal Audit methodology

Our methodology is based on four assurance levels in respect of our overall conclusion as to the design and operational effectiveness of controls within the system reviewed. The assurance levels are set out in Appendix 1 of this report and are based on us giving either 'substantial', 'moderate', 'limited' or 'no' opinion.

The four assurance levels are designed to ensure that the opinion given does not gravitate to a 'satisfactory' or middle band grading. Under any system we are required to make a judgement when making our overall assessment.

Internal Audit plan 2025/26

The status of work completed to date and future planned audits are outlined within section two of this report. For those reports finalised since the last meeting of the Committee, the executive summaries are included in section three of this report.

Follow up of recommendations

Of the 296 high and medium recommendations relating to 2022-23 to 2025-26 that have fallen due as of 31 December 2025, we have been able to confirm with reference to evidence that 281 have been fully implemented or superseded. This result represents an overall implementation rate of 94.9%, which is an increase from the previously reported rate of 92.6%.

Summary information on the status of recommendations is included in section four of this report and further details on recommendations not yet implemented in full are included in our supplementary report.

Internal Audit schools programme 2025/26

The schools below have been agreed with the Children Services Leadership Team and will be subject to a cyclical audit this year. Dates for site visits are being confirmed with the schools, to be completed during the period December 2025 to March 2026:

School	Month of school visit / Status
St Saviour's and St Olave's Church of England School (follow up)	Draft Report issued 20 January 2026
Albion Primary School	December 2025 - reporting in progress
Beormund Primary School	January 2026
Dulwich Wood Nursery School	January 2026
Ilderton Primary School	January 2026
Cherry Garden School	February 2026
Dulwich Village Church of England Infants' School	February 2026
English Martyrs' Catholic Primary School	February 2026
St James The Great Roman Catholic Primary School	March 2026
Kintore Way Nursery School and Children's Centre	March 2026
Phoenix Primary School	March 2026

The following schools have been identified for inclusion in the thematic review of pension arrangements, which is being undertaken between November 2025 and January 2026. We encountered some delays from the original anticipated completion of all site visits in December 2025 due to the availability of school staff, therefore fieldwork was extended into January 2026:

- Dulwich Wood Primary School
- Friars Primary School
- Haymerle School
- Riverside Primary School
- The Grove Nursey School
- Tuke School
- Victory School

Non internal audit plan work completed since the last meeting

Transparency Reporting – we continue to provide monthly support and challenge to the Council in meeting its obligations for reporting of expenditure under the Local Government Transparency Code 2015.

We do not consider the work undertaken above to pose a threat to our independence or objectivity in delivering the internal audit service.

2. Review of 2025/26 work

The table below summarises the status of the audits relating to the 2025-26 internal audit plan. For those reports finalised since the last meeting of the Committee, the executive summaries are included in section three of this report.

AUDIT	DIRECTOR / SPONSOR	PLANNING	FIELD WORK	REPORT STATUS	DESIGN	EFFECTIVENESS
Children and Adult Services / Integrated Health and Care						
Adopt London Partnership	Director, Children and Families	Final ToR	✓	Final Report	S	S
Hospital Discharges	Director, Adult Social Care	Final ToR	✓			
Nursing and Residential Care	Director, Adult Social Care	Draft ToR	Q4			
Public Health - 0 to 19	Director, Public Health	Final ToR	✓	Final - previously reported	M	M
School Admissions	Director, Children and Families	✓	Q4			
Short Breaks and Respite Care	Director, Adult Social Care	Final ToR	✓			
Social Care Contract Management	Director, Integrated Commissioning	✓	Q4			
Summerhouse	Director, Children and Families	Final ToR	Q4			
Teachers Pensions Service	Director, Children and Families	Final ToR	✓	Final - previously reported	N/A	N/A
Travel Assistance	Director, Children and Families	Final ToR	✓			
Waiting Lists - Older People and Physical Disabilities	Director, Adult Social Care	Final ToR	✓			
Environment, Leisure and Sustainability						
CCTV	Director, Environment	Draft ToR	Q4			
Commercial Waste	Director, Environment	Final ToR	✓	Draft Report		
Culture and Events	Director, Leisure	Final ToR	✓			
Estates Lighting	Director, Environment	Final ToR	✓	Draft Report		

AUDIT	DIRECTOR / SPONSOR	PLANNING	FIELD WORK	REPORT STATUS	DESIGN	EFFECTIVENESS
Health and Safety Enforcement	Director, Environment	Final ToR	✓	Final Report	S	S
No Recourse to Public Funds	Director, Stronger Neighbourhoods	Draft ToR	Q4			
Street Lighting and Signs	Director, Environment	Final ToR	✓	Final Report	M	L
South Dock Marina	Director, Leisure	Final ToR	✓			
Governance and Assurance						
Corporate Facilities Management	Director, People and Organisational Development	Final ToR	Final ToR	Final Report	M	M
Corporate Health and Safety	Director, People and Organisational Development	✓	Q4			
Induction	Director, People and Organisational Development	Final ToR	✓	Final Report	L	M
Payroll	Director, People and Organisational Development	Final ToR	✓			
Southwark Stands Together	Assistant Chief Executive, Governance and Assurance	Draft ToR	Q4			
Housing						
Asset Management Systems	Director, Repairs and Maintenance	Final ToR	✓			
Building Safety	Director, Landlord Services	Draft ToR	Q4			
Commercial Properties - Garages	Director, Landlord Services	Final ToR	✓			
Temporary Accommodation	Director, Housing Needs and Support	Final ToR	✓			
Tenancy Management Organisation - D'Eynsford	Director, Landlord Services	Final ToR	✓	Draft Report		
Tenancy Management Organisation - Leathermarket Joint Management Board	Director, Landlord Services	Final ToR	✓			
Tenancy Management	Director, Landlord Services	Final ToR	✓			

AUDIT	DIRECTOR / SPONSOR	PLANNING	FIELD WORK	REPORT STATUS	DESIGN	EFFECTIVENESS
Organisation - Webber and Quentin						
Resources						
Capital Expenditure Management	Director of Corporate Finance	Final ToR	✓			
Key Financial Systems - Accounts Payable / Mosaic	Director of Customer and Exchequer Services	✓	Q4			
Key Financial Systems - Accounts Receivable	Director of Customer and Exchequer Services	✓	Q4			
Key Financial Systems - Reconciliations	Director of Customer and Exchequer Services	✓	Q4			
IT - Application (line of business Tier 1 system)	Chief Digital and Technology Officer	✓	Q4			
IT - Back Up and Restoration	Chief Digital and Technology Officer	Final ToR	✓	Final Report	L	M
IT - Cyber Security-Vulnerabilities Management	Chief Digital and Technology Officer	Final ToR	✓			
IT - Major Incident Response/Business Continuity	Chief Digital and Technology Officer	Final ToR	✓			
Pensions Administration	Head of Pensions Operations	Final ToR	✓			
Procurement	Head of Procurement	Final ToR	Q4			
Strategy and Communities						
Communications and Media	Director of Communications, Engagement and Change	✓	✓	Final - previously reported	N/A	N/A
Change Management / Future Southwark	Programme Director, Future Southwark	Final	✓			
Voluntary Sector Grants	Director of Communications, Engagement and Change	Final ToR	✓			

3. Executive summaries

ADOPT LONDON PARTNERSHIP

Design Opinion	Substantial	Effectiveness Opinion	Substantial
Recommendations	0	0	1

PURPOSE

- The purpose of the audit was to provide assurance to the Council as the Host Authority that the financial arrangements with respect to the Adopt London South Partnership are appropriate and being administered correctly, such that Partners contribute an appropriate share of the Agency's costs and receive proportionate funding. We also followed up the recommendations from the 2024/25 review to assess whether they have been implemented and are operating effectively.

AREAS OF STRENGTH

- **Cost model KPI data:** Each year, the budget split for the Adopt South London Partnership is determined via the cost model, which is documented. As per the Partnership agreement, the demand-based funding methodology is based on two established KPIs. The KPIs are triangulated between three data sources (the master spreadsheet, data from Power BI, and the family finding tracker) to ensure robustness. We performed a walkthrough for the above process of calculating the KPIs and their weighting and reperformed the calculations for one partner and verified that the data used to calculate the cost model was complete and accurate.
- **Cost Model Assumptions:** Budget calculations for 2026/27 began with the previous 2025/26 budget, with various assumptions and adjustments applied. These included predicted inflationary increases for salary and operational costs, and national insurance increases. We confirmed that the above assumptions were supported by evidence.
- **Calculation of partner contribution split:** We reviewed the calculations and formulae used in the budget proposal spreadsheet to confirm that the partner contributions had been performed in line with the agreed and documented methodology. The final proposed contribution splits were consistent with the values reported to the ALS board in their October 2025 meeting.
- **Monitoring and reconciliation with the Adoption Support Fund:** A monthly reconciliation report on the ASF payments is compiled, using the data downloaded from the ASF portal and the financial system, to match the payments claimed back with the payments made on SAP. We performed a walkthrough of the process and confirmed that the ASF payments data systems, reconciliation and review processes were adequate to ensure funds were claimed accurately and in a timely manner.
- **Accuracy of the reconciliation report and pivot tables:** For a sample of ten ASF payments we confirmed that invoice evidence and finance system data excerpts supported that correct payment amounts had been claimed back from the DfE.
- **Follow up of previous recommendations:** We confirmed that ten out of eleven actions were implemented or addressed. The remaining action related to undertaking a retrospective review of all outstanding claims to DfE. The recommendation will not be completed due to a lack of capacity and volume of transactions. The associated risk was accepted by the ALS Board and captured in the Board's Risk and Issues log.

AREAS OF CONCERN

- There was incorrect application of the predicted increase in non-staff costs in the 2026/27 budget spreadsheet had not been calculated correctly. This resulted in a small total overpayment of £2,365 in contributions from partners, which will be adjusted in the 2027/28 budget, in line with agreed protocols.

CORPORATE FACILITIES MANAGEMENT

Design Opinion	M Moderate	Effectiveness Opinion	M Moderate
Recommendations	0	2	0

PURPOSE

- The purpose of the audit was to provide assurance over the adequacy and effectiveness of the controls in respect of life cycle projects and off-contract (Tender) expenditure relating to CFM.

AREAS OF STRENGTH

- **Roles and Responsibilities:** The Council-wide Scheme of Management (July 2025) refers to CFM responsibility for repairs, works programmes, refurbishment of premises, and organising office moves as assigned to the Head of CFM for buildings classified as Gold Service Level buildings in a CFM Service Agreement. Each member of the Corporate Management Team, Strategic Directors and Assistant Chief Executives, is responsible for buildings not classified as Gold Service Level buildings in the CFM Service Agreement, with further delegation to departmental Senior Management Team and Team Heads.
- **Completeness of Property List:** The CFM property list includes an organisational structure and property maintenance strategy which aligns to the Council's operational estate.
- **Budget Management and oversight of spending:** Our review of the CFM 2025-26 budget of £17.2 million identified that there is adequate off contract spend tracking, and reconciliation between the CFM information system and requisite SAP balances, and detailed financial monitoring, including commitment accounting on a monthly basis. We confirmed that the spend remained within the set approved contract value and budgets for the total current year life cycle project works.
- **Project management and monitoring:** The status of each project is tracked on a monthly basis and a detailed overview of the works, progress status, actual project spend vs budget and any risks to the programme or fees for works are reported by the CFM Project Team to the Facilities Management Divisional Review Board (FMRB).

AREAS OF CONCERN

- A draft Gateway 0 document dated December 2025 outlined the current CFM operating model in place, however a timetable was not in place to ensure the recommended model was subject to appropriate review and governance.
- There has been an extended leadership transition since March 2025 impacting operational resilience, albeit CRM was supported by experienced interim arrangements and established management processes. CFM risk management frameworks with key controls to mitigate the risk were still assigned to the Head of CFM who retired in March 2025 indicating a failure to update and reassign critical responsibilities. The new Assistant Director of CFM advised that this appointment would be further supported by strengthened succession planning and clearer role definition within senior management.
- There is a possibility that an additional 461 properties currently managed outside of the current contract would be included in the outsourced CFM portfolio of premises, potentially increasing the scope, scale, and complexity of the new contract. However, our review identified that the number of premises for inclusion had not been determined and capacity assessments had not been completed.
- 14 out of 20 invoices lacked supporting documents on file confirming delivery of service in accordance with the PO specification (e.g. payment certificates) prior to payment. Our review also identified invoice payments that were approved for payment by an interim manager not officially listed in the Scheme of Delegation. We found insufficient monitoring of payment schedules to ensure that the review and processing of invoice payments supported timely payment.

HEALTH AND SAFETY ENFORCEMENT

Design Opinion	Substantial	Effectiveness Opinion	Substantial
Recommendations	0	0	2

PURPOSE

- To provide assurance on the adequacy and effectiveness of the Council's arrangements and controls to ensure it is meeting its legislative and regulatory responsibilities with regards to health and safety in premises.

AREAS OF STRENGTH

- **Business Planning:** We confirmed that the statutory and non-statutory priorities, including proactive inspections, complaint investigations, accident response, licensing duties, and partnership initiatives are comprehensively documented. Priorities align with the Council's wider values and delivery priorities, Local Authority Circular (LAC) guidance, local needs, and professional experience and knowledge from industry. The plan identifies key risks such as non-compliance with enforcement codes, with mitigation strategies.
- **Policies and Procedures:** The 15 health and safety policies in use clearly document the document's purpose, references to the relevant legislation and HSE guidance, processes for staff to follow and roles and responsibilities.
- **Inspections:** A systematic approach is applied to identify business types for review and schedule inspections. Using the LAC document and flexible service plans, priorities are effectively set. Monitoring is well organised and KPIs are used to ensure that inspections are up-to-date, which overall has been maintained. Our review of ten past inspections completed since April 2025 confirmed that they were conducted as scheduled/planned, with the appropriate documentation retained on the shared drive. The details were accurately recorded in the Civica APP system.
- **Incident Reporting:** The process for handling RIDDOR incidents is well-documented and reportable incidents are appropriately tracked and managed. For a sample of eight incidents we confirmed that the process was operating as intended, including the documentation of follow-up actions and resolution to prevent recurrence.
- **Enforcement Actions:** For our sample of ten enforcement actions, we found that the judgements and recommendations were made in line with the Council's guidance and recorded in the Council's APP system, assigned to a Principal Environmental Health Officer, and documented to indicate closure.
- **Local Authority Health and Safety Return Data to the HSE:** The form to the period 1 April 2024 to 31 March 2025 was fully completed and supported by documentation.
- **Communications and Improvements:** The Environment, Sustainability and Leisure (ES&L) quarterly newsletters include regular updates on campaigns, service updates, and an open forum for seeking improvements in communication. There are monthly team meetings and one-to-ones where issues can be raised. This contributes to a proactive approach in managing regulatory services, fostering continuous improvement, and ensuring that the department remains responsive to emerging challenges and opportunities.

AREAS OF CONCERN

- We found that none of the Council's 15 health and safety policies have been reviewed since June 2024, indicating a need for more frequent updates.
- In respect of the 11 registered properties with cooling towers, while documentation was retained, improvements could be made by digitising older records to enhance accessibility and efficiency. Additionally, we were advised that links between the APP system and the shared drive often break, potentially leading to missing documentation or audit trails. However, our sample did not identify any missing audit trails.

INDUCTION

Design Opinion	Limited	Effectiveness Opinion	Moderate
Recommendations	1	0	1

PURPOSE

- To provide assurance over the Council's induction, training, development, and supervision of new employees to ensure that they have the appropriate skills and knowledge to perform their roles and responsibilities. It also considered the consistency of approaches across all Council tiers.

AREAS OF STRENGTH

- **Induction Process:** The Council's induction process consists of a line manager guiding the new starter, helping them settle into their new role. This includes understanding Council values, awareness of overarching objectives and encouraging commitment. This involves an induction checklist, which is in place to ensure all new starters are well equipped, trained and supported through their first three months of employment. The checklists are designed to ensure the integration and preparation is well managed across the Council's different service areas.
- **Induction Content:** We reviewed the subject matter of the corporate induction events on offer and confirmed it has recently been refreshed and will continue to be reviewed every quarter. This is to ensure it will remain up to date. A General Induction recently took place in June 2025, which consisted of three events: a corporate induction day, a brunch with CMT and a coach trip around the borough. Areas covered in the induction include the Southwark 2030 strategy, key principles, probation period, and other key safety information.
- **Probation Process:** The probationary policies and procedure are available to all staff, via the intranet, which can be easily referred back to during the induction process.
- **Feedback:** After the corporate induction, questionnaires are sent to participants. This helps the Council to understand the quality of the induction, as well as the personal benefits and development it provided for new starters.

AREAS OF CONCERN

- The induction checklist provides some of the framework for the induction process. However, it does not detail the following:
  - Who has overall strategic responsibility (operational responsibility is detailed).
  - How induction compliance will be monitored.
  - Where completed induction checklists should be stored to evidence completion of the process.
- There is a lack of central oversight across the induction process, leading to inconsistencies in the onboarding process. This is followed by a lack of central monitoring in place for each department to ensure probationary review meetings take place and those responsible are documenting and retaining the results. There is also minimal oversight in ensuring employees attend corporate induction events available.
- There are probationary procedures in place to outline expectations, although these have not been reviewed or updated since 2019.

IT - BACK UP AND RESTORATION

Design Opinion	Limited	Effectiveness Opinion	Moderate
Recommendations	2	2	1

PURPOSE

- To provide assurance to the Council and STS management that the processes and systems for backup data and key information systems across the Council were sound and secure to meet the agreed objectives.
- We conducted sample testing for six critical systems (defined by the Council): Case management systems for Education and Social Care (MRI and Mosaic), Libraries core business system (Spydus), Civica APP, the Revenue and Benefits Back-office system (NEC) and the accounting system SAP.

AREAS OF STRENGTH

- **Performance Monitoring:** The STS on behalf of the Council has consistently achieved high compliance with backup KPIs for IT infrastructure and cloud services. Backup performance, recovery and restore tasks, capacity usage and compliance KPIs are tracked and reported monthly via Operational Management Group (OMG). As of August 2025, Infrastructure backup success reached 99%, exceeding the SLA target of 98%, while Office 365 backup compliance was 99.97%.
- **Policies and Procedures:** Backup retention policies are clearly documented and consistently implemented across system operating environments.
- **Disaster Recovery (DR):** STS maintains an annual Disaster Recovery (DR) testing schedule, executed and monitored by the OMG. We confirmed that successful DR tests were completed in Q1 and Q2 2025 to demonstrate that backup and recovery systems are functioning as intended across various platforms. Any issues identified were rectified to ensure no recurrence and reported to OMG.
- **Security:** Backups for key systems such as SAP HEC are hosted in certified data centres in Germany and the Netherlands, with encryption, data protection impact assessments (DPIAs), and third-party assurance controls in place.
- **Cyber Incident Response Plan:** This comprehensively documented and aligned with National Cyber Security Centre (NCSC) guidance. This plan was effectively applied during the CrowdStrike global outage in mid-2024, with service restoration coordinated across STS with support from the Council business teams. Despite the disruption, the incident validated the resilience of the Council's infrastructure-level backup and recovery arrangements.

AREAS OF CONCERN

- While infrastructure-level disaster recovery testing is well-established, formal restoration testing for the sampled critical business applications has been inconsistent, often ad-hoc, reactive, or undocumented over the last 12 months.
- Wider business-critical applications lack documented recovery objectives, relying on infrastructure SLAs that may not meet operational needs, with no formal link to Business Impact Assessments for guiding recovery planning.
- Externally hosted systems like NEC Revs & Bens and Spydus have backups managed by third parties, but there is no assurance of encryption at rest or routine restore testing provided to the Council.
- Monthly OMG reports visually summarise backup success and restore attempts but lack detail, such as system tier breakdowns, context for restore failures, trend analysis, and links to post-incident validation.
- The STS Backup Policy outlines general principles and tools but lacks practical detail on system-specific schedules, roles for business system owners, and expectations for third-party and SaaS providers.

STREET LIGHTING AND SIGNS

Design Opinion	Moderate	Effectiveness Opinion	Limited
Recommendations	3	1	0

PURPOSE

- To provide assurance over the adequacy and effectiveness of the controls that ensure the borough's lighting and signs are maintained to expected standards, and that KPIs, including quality metrics, are met with regards to repairs and maintenance.

AREAS OF STRENGTH

- **Governance and Oversight:** We confirmed that key performance indicators on the timely completion of night inspections and work orders were reviewed as a standing agenda item. Actions raised were assigned to the relevant officers and added to the rolling action log tracker. Despite this, we have raised a finding below regarding the accuracy of the KPI data being presented to the Trading Services Division meetings.
- **Structural and Electrical Condition Inspections:** Asset records are updated on Confirm by the Lighting Engineer Designer on an "as-required" basis when a new batch of assets is acquired. Structural inspections and Electrical installation condition inspections are completed on the assets by the external contractor on an annual basis. These annual inspections cover 20% of the Council's assets, ensuring that all assets are reviewed on a five-year rolling basis and a tracker is in place which details the due dates for each asset. We reviewed a sample of ten assets and confirmed that records had been updated to reflect the most recent structural inspections that had taken place, and inspections had taken place within five years.
- **Structural and Electrical installation reports:** We confirmed that the contractor reports were reviewed by a registered qualified supervisor, and maintenance work orders were raised to address the defects identified for each asset.

AREAS OF CONCERN

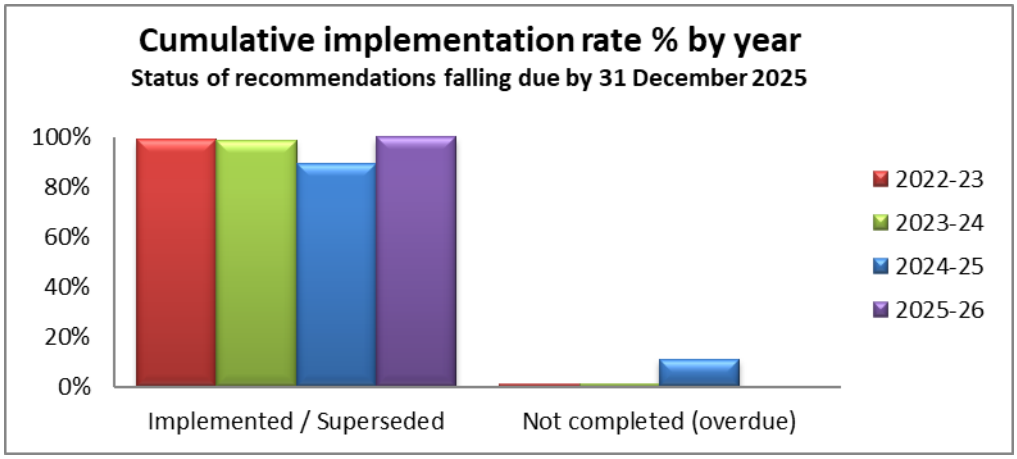
- Our review of the key performance indicator reports discussed at the monthly Trading Services Division meetings identified that the reported KPIs for the proportion of works orders completed on time, which were shown to achieve their target of 95% compliance, did not agree to the results of our sample testing. We extended our sample testing to another ten samples and identified that the raw data used in the Council's KPI tracker was not accurate to the maintenance works completion times on Confirm. Since the audit, through follow up we have been advised that the data validation process has been completed. Monthly reporting includes data relevant to working days only, ensuring accuracy and relevance. The validated data is now included in monthly KPI reports, which are reviewed and actioned by the Business Manager. Dashboards are also scheduled to be created for visual reporting accessible to all users.
- From our review of a sample of twelve completed maintenance work orders we identified nine cases where they were not completed within the established response times, with delays ranging from 1 to 288 days after the due date.
- We reviewed a sample of ten night inspections and identified that in three cases, inspection records were not uploaded on the Council's Confirm Asset Management system, for one case, a maintenance order was not raised, in three cases, inspection records were logged onto the Confirm system, however, they were subsequently closed as having been 'raised in error.' We were advised by the Delivery Manager of Lighting & Electrical that this was not a part of the established maintenance procedures.
- A lighting strategy, which outlines statutory requirements, night inspection timeframes, and maintenance response times for the service, was in place but draft status. There were no formally documented procedures for the monitoring and maintenance of Street Lighting and Signs.

6. Summary of recommendations status

Of the 296 high and medium recommendations relating to 2022-23 to 2025-26 that have fallen due as of 31 December 2025, we have been able to confirm with reference to evidence that 281 have been fully implemented or superseded. This result represents an overall implementation rate of 94.9%.

Several recommendation target dates continue to be revised multiple times, which is preventing an even better implementation rate.

The chart below shows the relative implementation percentages with regards to recommendations raised and due for implementation across the years from 2022-23 to 2025-26.



For details of recommendations not yet fully implemented, please refer to the supplementary report: Internal Audit Follow Up Details.

Appendix 1

OPINION SIGNIFICANCE DEFINITION

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

RECOMMENDATION SIGNIFICANCE DEFINITION

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

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London Borough of Southwark

Supplementary report - follow up status details

For presentation to the Audit, Governance and Standards Committee 3 February 2026

INTERNAL AUDIT FOLLOW UP – STATUS UPDATE DETAILS

Of the 296 high and medium recommendations relating to 2022-23 to 2025-26 that have fallen due as of 31 December 2025, we have been able to confirm with reference to evidence that 281 have been fully implemented or superseded. This result represents an overall implementation rate of 94.9%.

SUMMARY OF RECOMMENDATIONS IMPLEMENTATION WHERE NOT YET FULLY COMPLETED

Please see below a summary of the number of recommendations not yet implemented relating to the years 2022-23 to 2025-26.

Audit Area	Total H & M	Implemented		In progress		Awaiting update/ evidence		% Verified complete	Management Implementation dates
		H	M	H	M	H	M		
Childrens and Adults Directorate									
2024-25 Traded Services	2	-	1	-	1	-	-	50%	~~December 2025~~ March 2026
Environment, Sustainability and Leisure Directorate									
2024-25 Enforcement	3	-	2	-	1	-	-	67%	~~September 2025~~ ~~December 2025~~ March 2026
Governance and Assurance Directorate									
2022-23 Supplier Resilience	5	1	3	-	1	-	-	80%	~~August 2023~~ ~~January 2024~~ ~~February 2025~~ ~~July 2025~~ January and March 2026 – as reported to the AGSC in November 2025
Housing Directorate									
2023-24 Social Housing White Paper	1	-	-	-	1	-	-	0%	~~July 2024~~ ~~March 2025~~ ~~September 2025~~ June 2026

Audit Area	Total H & M	Implemented		In progress		Awaiting update/ evidence		% Verified complete	Management Implementation dates
		H	M	H	M	H	M		
2024-25 Asset Management Statutory Compliance	6	2	2	-	2	-	-	67%	~~April 2025~~ ~~June 2025~~ ~~November 2025~~ March 2026
2024-25 Gloucester Grove Tenant Management Organisation	8	1	4	-	3	-	-	63%	~~July 2025~~ January 2026 – as reported to the AGSC in November 2025
2024-25 Housing Tenancies	5	1	1	1	2	-	-	40%	~~July 2025 & March 2026~~ ~~November 2025 & March 2026~~ March and July 2026 – as reported to the AGSC in November 2025
2024-25 Housing Solutions – Applications and Allocations	6	-	4	-	2	-	-	67%	~~September & December 2025~~ May 2026 – as reported to the AGSC in November 2025
Strategy and Communities Directorate									
2024-25 Emergency Planning and Resilience	8	2	5	-	1	-	-	88%	~~December 2025~~ April 2026

Please note that for those recommendations where the revised implementation dates and updates were reported to the last meeting of the Audit, Governance and Standards Committee there are no detailed updates as the dates had not fallen due for further follow up as of 22 January 2026 when this report was finalised.

IMPLEMENTATION STATUS UPDATES

The table below summarises the latest updates with regards to the recommendations, where provided.

Note that where we have previously reported updates and notified of revised implementation dates that have not yet fallen due, the recommendations will be followed up and reported ahead of the relevant future meetings of the Audit, Governance and Standards Committee.

Recommendation and Priority Level	Manager Responsible & Target Month for Completion	Latest Implementation Status
Children and Adults Directorate		
2024-25 Traded Services		
1a. The Council should produce an overarching strategy for the Traded Services inside the Children's Services Education Division (CSED). This should clearly identify the services offered there, what the Council is trying to achieve through the CSED Traded Services (objectives), specific and measurable goals and overarching roles and responsibilities. 1b. The CSED should develop a risk register for their Traded Services, this should consider both financial and quality related risks. Existing mitigations and future actions should be recorded. 1c. The CSED should establish a clear process for the oversight of their Traded Services, using formal management meetings. This should include regular reporting on financial progress and other KPIs. Medium	Education Finance Consultant / Director of Children and Families ~~October 2025~~ March 2026	We were advised by the Education Finance Consultant that an Education Support Services Governance Board is being set up with two meetings to take place before the end of March 2026. The inaugural meeting will focus on Terms of Reference and Work Plan. The second meeting will start a process of oversight and accountability of the services that trade in various ways with the borough's schools. The TOR and Work Plan will address all actions recommended within the audit including strategy, clarity of services offered, specific and measurable goals, overarching roles and responsibilities. A risk register will be developed, and the Board will encapsulate the necessary oversight reporting expectations of the different services.
Environment, Sustainability and Leisure Directorate		
2024-2025 Enforcement		
3a. Design of management reporting should be considered and updated to include: • Recovery rate of fines to provide a clearer picture of financial performance and enforcement effectiveness. • A reconciliation process to compare the monthly report figures with detailed reports to identify and resolve discrepancies. • Key performance indicators such as issuance of reminder letters within target time frames, number of repeat offenders, proportion	3a. Strategic Team Leader and Business Support Officer 3b. Strategic Team Leader and Enforcement Officers 3c Strategic Team Leader and Business Support Officer ~~September 2025~~ ~~December 2025~~	The Business Unit Manager of Neighbourhood Nuisance Environment, Sustainability & Leisure advised that a working draft debt recovery document is in place. Before being finalised the areas of debt recovery processes and rates exploration will be incorporated.

Recommendation and Priority Level	Manager Responsible & Target Month for Completion	Latest Implementation Status
of FPNs contested and waived (the Council may also wish to consider other indicators). 3b. In addition to reporting of recovery rates, additional debt recovery processes, and liaison with the debt recovery team to increase recovery rates should be explored. 3c. Reporting requirements should be included in process documentation as per recommendation 1a. Medium	March 2026	
Housing		
2024-25 – Asset Management Statutory Compliance		
6.1 A comprehensive log of the qualifications and training received should be maintained and readily available for the officers who conduct the compliance checks and administration activities as part of the Golden Thread documentation requirement. Medium	6.1 Head of Engineering & Compliance in conjunction with HR Business Partner November 2025 March 2026	The Interim Assistant Director Building Safety & Compliance - Housing advised that Pennington Choices have been commissioned to support a competence evaluation of the Fire Risk Assessors and to map out training/CPD needs. An action plan will be created to fill the gap and ensure CPD and development needs are met. A new Fire Safety Manager has bene appointed to drive this work through. Initially indications are that accreditation will be sought from an external organisation such as BAFE (British Approvals for Fire Equipment).
Strategy and Communities Directorate		
2024-25 – Emergency Planning		
5.1 The EP&R team should liaise with the Head of Procurement to discuss how to update the Southwark 2030 Procurement Framework to include the processes and practices that are needed to ensure key projects, contracts, initiatives and other organisational changes and developments always account for emergency, resilience, and response to ensure that these enhance and do not weaken capability. 5.2 Key supplier resilience should be checked by vetting their emergency plans and procedures to confirm that they are fit for purpose and up-to-date. That they consider specific risks and scenarios, for example, disruption due to severe weather or industrial action. Medium	5.1 – Emergency Planning Manager 5.2 – Emergency Planning Manager and departmental procurement officers ~~December 2025~~ March 2026	The Emergency Planning Manager advised that this is an area that still needs development and will be addressed in the updated business plans for the Emergency Planning and Resilience team, which will be completed by the end of March, so the team is ready for the new financial year.

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Agenda Item 10

Meeting Name:	Audit, governance and standards committee
Date:	3 February 2026
Report title:	Annual report on corporate risk
Ward(s) or groups affected:	All
Classification:	Open
Reason for lateness (if applicable):	N/A
From:	Strategic Director of Resources

RECOMMENDATION

1. That the audit, governance and standards committee note the annual report on corporate risk.

2. That the audit, governance and standards committee reviews the current assurance framework and provide comments to officers for their consideration prior to the finalisation of the register by the Strategic Director of Resources.

BACKGROUND INFORMATION

3. This report provides an annual report on the council's key risks. The key corporate risks were last reported to the committee in February 2025 and again in November 2025 with a revised format. This report provides an annual update.

4. This report also summarises the corporate risk management arrangements and reports on details of the council's risk profile and risk categories.

KEY ISSUES FOR CONSIDERATION

Overview

5. The main purposes of the council's corporate risk management process are:

   - To set out the most significant risks to the council in the context of multiple risks identified and managed within each department.
   - Where appropriate, to consolidate common risks issues especially where cumulatively they may amount to a higher risk rating
   - To ensure that single risks that may act to impact across all council services are recorded (e.g. cyber security).
   - To enable risks to be effectively managed to ensure that the council meets its corporate and business objectives; and

- To alert the council to new or increasing risks that may impact on the council's ability to serve its residents and wider community

6. The council's assurance framework is prepared following assessment by officers of all departmental risks. Given the range of services provided by the council, these lists are long and detailed and will be rated from low to high. Many risks are of a very specific nature and are unlikely to be translated directly on to the assurance framework. However, they may be consolidated into corporate risks in so far that cumulatively they create a higher risk to the council (e.g. loss of or reduction in funding sources; additional demand pressures; etc.).

7. In the process of preparing the assurance framework, concentration is placed upon moderation of risk ratings to ensure some consistency across the council and to confirm that appropriate mitigations are in place to manage the risk, as far as that is possible.

8. The refreshed assurance framework has some minor updates since it was last reported to committee in November 2025, and incorporates risks associated with the council's normal operations, plus the Southwark 2030 strategy, and attempts to align the corporate risks with the six goals where possible. It details the different sources of assurance across the three lines of defence and provides a commentary on the level of assurance provided plus a risk score in line with the risk management procedures.

Risk Categories

9. The council uses the following risk categories to capture risk:

- Economic (e.g. credit crunch impacting on service delivery)
- Financial (e.g. budgetary constraints)
- Reputational (e.g. failures of service delivery which hit the press)
- Staffing & Culture (e.g. recruitment & retention)
- Operational (e.g. services not being delivered)
- Legal & Regulatory (e.g. not complying with a statutory duty)

10. The 2026 split of number of risks by risk category is displayed in the table below. The categories remain at a consistent level compared with the percentages last reported.

Risk Category	Percentage (%) Jan 2025	Percentage (%) Jan 2026
Economic	5	5
Financial	26	25
Reputational	13	13
Staffing & Culture	7	7
Operational	30	31
Legal & Regulatory	19	18

Corporate Risk Register

11. Each department has a departmental risk register. These are updated via the network of departmental risk champions who work with each departmental senior management team to maintain a current risk register. Each risk register records the risk, assessment score, ownership and key controls and action plans to manage each risk.

12. Many departmental risks represent a core component of service delivery and therefore will form part of the day to day performance management of the department.

13. Each risk requires mitigations. These outline the current controls in place to manage the risk and identifies, where necessary, any further controls needed to reduce the risk.

14. These individual risk registers are stored on the council's risk management software system that are used to build the corporate risk register.

15. The departmental risk champions supported by the corporate risk and insurance manager collectively validate the individual departmental risk registers and carry out a review and aggregation exercise to identify the key risks facing the council as a whole.

16. The risks on the assurance framework have been reviewed by members of CMT and updated as appropriate since the last report to committee. The key corporate risks also align with the unique challenges and demands being faced by local authorities particularly in light of a challenging financial and regulatory environment and the continuing evolution of cyber threats.

17. The table below provides a breakdown of the number of risks (by their risk score range) across all council departments.

Risk Assessment	**Score Range**	**Number of Risks**	
		Jan 2025	**Jan 2026**
Red	76 - 100	13	**53**
Amber	37 - 75	80	**88**
Yellow	22 - 36	35	**17**
Green	1 - 21	28	**5**

18. The total number of risks in the database is currently 163, which is slightly higher than the number of risks reported in 2025, which was 156.

Key corporate risks

19. As set out above, following a review and validation of the combined departmental risk registers and an aggregation exercise, plus mapping these to the Southwark

2030 outcomes where possible, the top risks across the council have been identified. These top risks are attached in appendix 1.

20. The top risks are generally those that have been assessed as amber or red and which appear in more than one departmental risk register, and are therefore relevant to more than one department or would significantly affect the goals of the Southwark 2030 strategy. These top risks are those risks which often require most proactive management to ensure that all appropriate mitigation actions have been considered and are being implemented as far as possible.

Policy Implications

21. This report is not considered to have direct policy implications.

Community Impact Statement

22. This report is not considered to have direct impact on local people and communities; however the management of risk is key to the successful achievement of the council's objectives.

Resource Implications

23. This report is not considered to have direct impact on resource implications, although the management of risk is a part of the effective management of resources.

Consultation

24. Consultation has not been undertaken.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

25. None required.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
None		

APPENDICES

No.	Title
1	Assurance Framework

AUDIT TRAIL

Lead Officer	Clive Palfreyman, Strategic Director of Resources	
Report Author	Laura Sandy	
Version	Final	
Dated	22 January 2026	
Key Decision?	No	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	**Comments Sought**	**Comments included**
Assistant Chief Executive, Governance and Assurance	No	No
Strategic Director of Resources	Yes	Yes
Cabinet Member	No	No
Date final report sent to Constitutional Team		22 January 2026

Southwark 2030 Priority	Decent Homes for All
Risk Description	**Housing Revenue Account** Overspends on the housing revenue and capital accounts result in the depletion of housing reserves resulting in an inability to set a balanced revenue budget or deliver on the council's housing investment programme
Risk Score: 82	**Controlled Risk Score:** 69

Mitigation / First Line (business operations / management controls)

- Creation of recovery plans, scrutinised and supported at a senior level and council wide priority
- Review and refresh of the capital investment programme, including affordability criteria and prioritisation
- Minimisation of borrowing across the housing investment programme in order to limit impact on the revenue account
- Maximisation of income sources, be they revenue (e.g rents) or capital (e.g grant funding)
- Review of procurement approach to maximise value for money
- Enhanced monitoring and mitigating action plans in relation to Temporary Accommodation costs
- Medium-term strategy to restore reserves to a more sustainable level
- Realign the strategy for the next phase of new council homes construction to minimise the cost to the council by entering into development agreement partnerships
-

Second Line (oversight functions)

- Budget Recovery Boards
- Monitoring reports to CMT and Cabinet
- Overview and Scrutiny Committee
- Reports to Council Assembly

Third Line (Internal Audit / other independent assurance providers)

- Internal Audit
- External Audit

Assessment of Assurance

Assessment of Assurance is good. There are multiple operational controls with strong oversight from Budget Recovery boards, senior monitoring and independent review via internal and external audit.

Southwark 2030 Priority	Decent Homes for All
Risk Description	**Asset Management and Building Safety** Failure to invest appropriately in the maintenance or management of the council's assets including damp and mould and disrepair issues, to have clear sight of responsibility for assets plus failing to implement the requirements of the Building Safety Act, or a sudden and unforeseen event which may give rise to unacceptable future liabilities and additional budget pressures, reputational damage and potential legislative consequences
Risk Score: 71	**Controlled Risk Score:** 54

Mitigation / First Line (business operations / management controls)

- Housing asset management requirement reset including initial estimates of additional fire and building safety works
- Programmes of planned and preventative maintenance (PPM) in place
- Capital investment strategy and targeted investment in assets in place
- Stock condition surveys and effective monitoring of assets
- Insurance programme in place to respond to sudden and unforeseen events
- Changes to staff structures that will support new regulations
- Actions programme arising from the RSH judgement including electrical and fire safety, improvements to the repairs service
- Decent Homes Standard
- Ensure the council's Employer's Requirements for new homes construction contracts reflect the most up to Planning, Building Control and Building Safety requirements, including the timing of the Building Safety Gateways
- Regularly integrate feedback from defects, Post-Occupancy Evaluation (POE), and handover processes into the Employer's Requirements (ERs) to ensure continuous improvement is embedded throughout the design and delivery cycle.
- Adopt a collaborative approach to implementing the Council's Golden Thread strategy, ensuring engagement with other departments to contribute and maintain accurate, up-to-date information throughout the building lifecycle

Second Line (oversight functions)

- Reports to CMT and Cabinet
- Housing Improvement Board
- Chief Executives Housing Assurance Board
- Strategic Housing Oversight Board
- Overview and Scrutiny Committee

Third Line (Internal Audit / other independent assurance providers)

- Internal Audit
- Regulator of Social Housing
- Building Safety Regulator
- Independent reviews commissioned by senior management

Assessment of Assurance

Assessment of Assurance is good. Strong oversight functions with independent assurance from the RSH and Building Safety regulator.

Southwark 2030 Priority	Decent Homes for All
Risk Description	**Temporary Accommodation** Increasing Supply to assist with homelessness and reduce demand in the borough
Risk Score: 82	**Controlled Risk Score:** 67

Mitigation / First Line (business operations / management controls)

- Focused training on Landlord and Tenant law
- Procurement options developed to mitigate homelessness impact and TA budgets
- Borough mapping to identify areas for new development
- Use of private sector housing enforcement and joint working with ASB teams to minimise homelessness
- Maximising use of own stock, e.g. Aylesbury voids

Second Line (oversight functions)

- Monitoring reports to CMT and Cabinet
- Overview and Scrutiny Committee
- Housing Improvement Board
- Chief Executives Housing Assurance Board

Third Line (Internal Audit / other independent assurance providers)

- Internal Audit
- Regulator of Social Housing
- Temporary Accom Budget Recovery Board chaired by Strategic Director of Resources
- MHCLG

Assessment of Assurance

Level of Assurance is medium. Some mitigations are at an early stage, e.g. Training on landlord and tenant law, which limits current assurance. Introducing KPIs to track the reduction in the use of TA could improve the operational assessment. Second and third line assurances are good.

Southwark 2030 Priority	A Healthy Environment
Risk Description	**Climate Emergency** Impact of the climate change strategy creates capacity, financial or practical operational challenges and pressures with the potential for reputational damage for any failure in delivery. Residents and the local environment are adversely affected by the climate emergency through threats such as overheating, flooding, water scarcity, food security, new pests and diseases.
Risk Score: 74	**Controlled Risk Score:** 47

Mitigation / First Line (business operations / management controls)

- Climate change strategy and action plan, updated in 2025 to include climate resilience and adaptation.
- Specific capital investment to tackle climate risks and opportunities via Climate Capital Fund and Green Buildings Fund
- Climate Change team established under Climate Change and Strategic Support Director
- Cross departmental collaboration to further develop the council's strategy, ensuring climate is embedded across all council policies where appropriate
- Engagement with stakeholders and partners
- Development of council governance structures, policies and procedures to incorporate a commitment to the strategy
- Development of clear and funded plan of activity to meet objectives of the council
- Clear climate change communication plan with all stakeholders
- Continually review costs and affordability of programme and deliverability against 2030 target
- Investment in green homes, e.g. using Modern Methods of Construction, Air and Ground Source Heat Pumps, blue roofs, green roofs etc
- Investment in the SELCHP connection to major estates within the housing portfolio
- Explore the cost-benefit of Passivhaus standards, with the aim of informing our future approach to delivering energy-efficient and sustainable council homes

Second Line (oversight functions)

- Climate Director Steering Group (to be re-established as per internal audit recommendation)
- Air Quality Partnership Board
- Reports to Cabinet
- Overview and Scrutiny Committee

Third Line (Internal Audit / other independent assurance providers)

- Internal Audit

Assessment of Assurance

The controls in place are generally adequate and council wide support is provided by The Climate Change Team to assist the organisation in considering climate in every aspect of its activities. Workstreams within the Transformation programme will also provide additional assurance that carbon savings and climate adaptation measures are being delivered.

Southwark 2030 Priority	A Good Start in Life
Risk Description	**Schools and Education** School deficit balances coupled with the challenge of rising numbers of surplus places in primary schools creates pressure on school budgets and ultimately council budgets plus other direct consequences as savings are identified to try and achieve a balanced position. SEND improvement programme via the DfE's 'safety value' initiative fails to deliver the agreed outcomes of the council's SEND Strategy which may impact on children and young people in the borough.
Risk Score: 88	**Controlled Risk Score:** 29

Mitigation / First Line (business operations / management controls)

- Keeping Education Strong strategy
- On-going work with schools to ensure schools in financial difficulties follow the scheme of management and approved deficit recovery plans.
- Mergers and closures of schools when all other options have been exhausted.
- Training courses on budgets are provided to school business managers, head teachers and governors.
- The Council is on track to successfully complete the DfE Safety Valve programme and all payments to date have been received. Strong arrangements in place to continue to project manage this programme.
- Building new family sized council homes in areas where population shift is threatening the viability of schools
- Enhancing the local school provision where possible, e,g, replacement facilities on the Tustin Estate

Second Line (oversight functions)

- Children's and Adult Board
- Joint Board of Education Service and Finance officers working under a Licensed Deficit Framework
- Reports to Cabinet
- SEND Strategic Partnership Board
- SEND and Inclusion Quality and Improvement Board
- Education and Local Economy Scrutiny Commission

Third Line (Internal Audit / other independent assurance providers)

- Internal Audit
- Reporting to the DfE
- OFSTED / CQC inspections

Assessment of Assurance

There are a range of assurances across both aspects – for the first, audits and Finance report showing that we have more than halved the number of schools in financial deficit and our strategy continues despite headwinds.

On the second, the Safety Valve programme is on track and all payments to date have been received and actions continue to mitigate the rising demand and costs.

Southwark 2030 Priority	A Strong and Fair Economy
Risk Description	**Acute Socio-Economic Factors** Failure or lack of capacity to react to wider economic and socio-economic trends including changes to central government fiscal policy, inflation and interest rate changes, recession, changes in numbers of homeless, market forces (e.g. London housing market), international and domestic migration; all of which threaten to create either funding shortfalls or compromise the delivery of council services. Business rate revaluation and creation of new multipliers will add to existing pressures for businesses in the retail, hospitality and leisure sector which is a big part of the local economy. Ongoing economic uncertainty and cost of living crisis continues to affect wealth and inequality, housing affordability, and complexity of need leading to increasing budget pressures and a worsening financial outlook.
Risk Score: 83	**Controlled Risk Score:** 70

Mitigation / First Line (business operations / management controls)

- Flexible Medium Term Financial Strategy
- Capital programme subject to continual review and update to ensure delivery of council priorities
- Active but flexible Investment and development programmes which may be deferred, cancelled or scaled down as high interest rates increase revenue costs
- Delivery of Economic Strategy and S2030 strong and fair economy ambitions
- Active local stakeholder engagement to communicate issues and to help mitigate risks to business and employment
- Regular update of fees and charges and review of new income generating schemes and grants to help mitigate financial impacts and risk of cuts
- Transformation programme with various workstreams – renewed focus on long term transformation and refocus of council priorities
- Encouraging and support the use of SMEs on new homes construction projects

Second Line (oversight functions)

- Reports to CMT
- Reports to Cabinet
- Regular monitoring of performance against the council delivery programme by strategic directors and cabinet members
- Southwark 2030 and Southwark Economic Strategy 2023 to 2030
- Corporate Transformation and Efficiency Board
- Overview and Scrutiny Committee
- Education and Local Economy Scrutiny Commission
- Connect2Work now launched

Third Line (Internal Audit / other independent assurance providers)

- Internal Audit
- External Audit

Assessment of Assurance

Assurance is provided by a range of sources that the risk is being managed however new transitional relief for post-Budget NNDR levels are yet to be clairified. Internally, business engagement remains strong and the number of London Living Wage employers within the Borough have more than doubled in 3 years.

Southwark 2030 Priority	A Strong and Fair Economy
Risk Description	**Cost of Living Crisis** The necessary resources required to support business and residents from the adverse impact of rising costs are not available from government and this will impact adversely on the funding of other council services and create budget gaps. Impact of cost of living crisis will continue to add a strain on the welfare benefits systems and increase demand for council services such as social care and health, welfare and emergency support and temporary accommodation. Council tax collection has not recovered to pre-pandemic (2019-20 levels) Stagnant or falling living standards especially for households with lower incomes will continue to create challenges for council tax collection and see council tax debt levels rise further coupled with the outcomes from current Government consultation on CTAX Collection could increase those challenges. Government welfare reforms such as Move to UC create risks for vulnerable households (the ESA cohort) with an unknown number (potentially hundreds or thousands) at risk of failing to migrate successfully to UC and destitution or homelessness.
Risk Score: 76	**Controlled Risk Score:** 51

Mitigation / First Line (business operations / management controls)

- Maintenance of reserves and appropriate allocation of earmarked council reserves
- Inclusion of contingency within budgets
- Continued close monitoring of impacts on council services and local economy
- Embedding of Southwark Stands Together programme and related cohesion work to ensure fair and balanced community recovery
- Cross departmental programme board to coordinate activity
- Fast and effective delivery of support through Household Support Fund
- Liaison with VCS and key partners to delivery community referral pathway and provision of warm hubs
- Assistance / support for customers to ensure income maximisation
- Delivery of the energy savers scheme in partnership with CAB
- Consistent approach to CTAX debt write-off
- Stronger focus on prior year collection balanced with impacts for in year collection
- SIIP CTAX Debt project and other test and learn activity relating to CTAX debt in partnership with VCS
- Ensuring the quality standard of new council homes supports affordability for residents
- Where possible, proactively future-proofing new homes developments by integrating flexible infrastructure, sustainable technologies, and scalable systems that can accommodate emerging trends, regulatory changes, and user needs over time
- Thames Water Social Tarriff pilot launched.

Second Line (oversight functions)

- Budget challenge process implemented and followed
- Continual lobbying of government to meet the needs and demand pressures created by the cost of living crisis
- Pan London engagement to communicate with government, the voluntary sector and other agencies
- Southwark Economic Strategy 2023 to 2030
- Budget monitoring and regular reporting on changes in the cost of delivering services with mitigating actions taken where adverse variances are predicted and adjusting forecasts as necessary
- Overview and Scrutiny Committee

Third Line (Internal Audit / other independent assurance providers)

- Internal Audit
- External Audit
- DWP

Assessment of Assurance

Assurance is sufficient across the three lines and close monitoring through the Move to UC Taskforce is undertaken. Mitigations are in place through use of the Better Living Fund.

Southwark 2030 Priority	Staying Well
Risk Description	**Health and Wellbeing** Failure to provide the tools and resources or appropriate support to communities to aid with good health and wellbeing may lead to a continuing decline and result in additional strain on public services, disruption to education, increased inequality and associated economic impacts
Risk Score: 89	**Controlled Risk Score:** 63

Mitigation / First Line (business operations / management controls)

- Tackling poor air quality through streets for people initiative
- Access to free gym and swimming in council leisure centres
- Partnership with Southwark Food Action Alliance
- Better Living Fund
- Partnership working with NHS and voluntary / community organisations to provide a broad range of support in local neighbourhoods
- Partnership Southwark – Health and Care Plan 2023 – 2028
- Joint Health and Wellbeing Strategy 2022 – 2027
- Joint Health and Wellbeing action plan 2025 – 2027
- Tobacco Control Strategy 2024 – 2030
- Provision of community facilities in new build council homes developments, e.g. green spaces, playgrounds, Multi-Use Games Areas (MUGAs), medical surgeries etc.
- Cross-departmental working to ensure better air quality in new council homes sites.
- Joint Commissioning arrangements with NHS Integrated Care Board to strengthen the partnership between the NHS and local government and to tackle health equality within Southwark

Second Line (oversight functions)

- Health and Wellbeing Board
- Partnership Southwark Strategic Board
- Southwark Joint Strategic Needs Assessment
- Health and Social Care Scrutiny Commission

Third Line (Internal Audit / other independent assurance providers)

- Internal Audit
- South East London Joint Health Overview and Scrutiny Committee

Assessment of Assurance

There is a range of assurance sources across the three levels.

Southwark 2030 Priority	Safer Southwark
Risk Description	**Crime and Antisocial Behaviour** Failure to tackle crime and anti-social behaviour and / or work effectively with partnership organisations such as community groups and the Met Police in tackling these issues within the borough may lead to social fragmentation as affected communities could experience reduced social cohesion, increased isolation and division and economic consequences
Risk Score: 64	**Controlled Risk Score:** 20

Mitigation / First Line (business operations / management controls)

- Southwark Women's Safety Charter
- Safer Neighbourhoods Team in place
- Partnership working with Met Police and community organisations
- Programme of improving neighbourhood areas and public spaces for e.g. by improving street lighting
- Integrated Offender Management
- Minimise void times on new council homes, ensuring they are let as soon as they are ready
- Work with Secure By Design to ensure new council homes have built-in passive systems to deter crime
-

Second Line (oversight functions)

- Environment, Community Safety and Engagement Scrutiny Commission
- Southwark Community Safety Partnership Strategic Needs Assessment
-

Third Line (Internal Audit / other independent assurance providers)

- Internal Audit
- Southwark Policing Oversight Board
- Southwark Community Safety Partnership including Combatting Drugs Partnership
-

Assessment of Assurance

The system of controls is generally adequate and operating effectively, however the council commissioned an independent review of Community Safety to look at where improvements can be made. The review recommends six key changes to the current operating model: better use of shared intelligence; realigning teams to support neighbourhood working; identifying and focusing on no more than five hotspot areas; launching a real-time dashboard for decision-makers; and adopting a test-and-learn mindset. These are at the heart of a new approach to community safety and form the focus of delivery over the next three to six months. The findings of that review are currently being implemented and will be reported back to the council's cabinet in September 2025.

Southwark 2030 Priority	Safer Southwark
Risk Description	**Building Safety and Compliance** Failure to comply with Building Safety Act and Fire Safety Act regulations and / or compliance requirements breaching housing regulations resulting in risk to life, reputational damage and financial impact
Risk Score: 70	**Controlled Risk Score:** 44

Mitigation / First Line (business operations / management controls)

- Regular fire risk assessments to determine adequacy of existing fire precautions, with action plan for any additional measures needed
- Physical assessment of high-rise buildings reviewed
- True Compliance system in place to ensure monitoring allocation and progress
- Compliance servicing team in place to oversee mandatory compliance reporting in gas, fire and electrical safety and legionella, lift servicing and asbestos, sharing insight of risks and identifying gaps
- Compliance team will share insight and risks, while providing technical expertise and data
- Contract procurement monitoring and review

Second Line (oversight functions)

- Building Safety Board
- Monitoring reports to SMT and CMT

Third Line (Internal Audit / other independent assurance providers)

- Internal Audit
- Regulator of Social Housing
- Building Safety Regulator
- Independent reviews commissioned by senior management

Assessment of Assurance

Assessment of Assurance is good. There are multiple operational controls in place and the use of True Compliance digital system provides additional accountability and audit control. Strong oversight functions with independent assurance from the RSH and Building Safety regulator.

Cross cutting across Southwark 2030 objectives / other corporate risks	
Risk Description	**Cyber Security, IT, Data and Information Management** Total or partial loss of significant core business systems, inadequate data security and the system becoming unfit to meet business needs results in impaired service delivery and performance and impacts on resident satisfaction impacting on the reputation of the council and staff productivity and morale.
Risk Score: 89	**Controlled Risk Score:** 71

Mitigation / First Line (business operations / management controls)

- Robust system back-up, firewall, anti-virus and cyber security arrangements in place through council's IT team and the managed IT shared service
- Migration of software solutions to hosted managed services in the cloud
- Appropriate contractual assurance for both cloud based and hosted services
- Ensure all hardware and software is supported for security updates
- Regular maintenance and update of disaster recovery and business continuity plans
- IT capital improvement programme to continue to bring infrastructure up to an efficient and current standard
- Effective policies, guidance, training and controls to ensure staff compliance, provided and updated regularly by the IT shared service
- Training and awareness of staff both ongoing and through induction
- Development of full insurance cover led by shared service as main provider of infrastructure security
- Digital Strategy and Maturity Assessment
- Defined and tested recovery point objectives, and recovery time objectives for our Tier 1 (Critical), Tier 2 High) applications.

Second Line (oversight functions)

- Alignment to ISO, and, CIS NCSC CAF standards
- Regular oversight by STS and LBS to ensure that all controllable risk is managed and council services protected
- Quarterly SIRO meetings
- Monthly Information Security Forum Meetings.
- Joint Management Board meetings
- Change Advisory Board
- Emergency Change Advisory Board
- Inter Authority Agreement
- Operational Management Group meetings
- Robust information governance arrangements including well defined Data Protection Officer and Senior Information Risk Owner responsibilities
- Vulnerability assessments and penetration testing
- Data protection performance reporting

Third Line (Internal Audit / other independent assurance providers)

- Internal Audit
- ICO investigations / reviews
- External accreditation eg Cyber Essentials
- Independent Penetration Test on all internal and external systems.
- Annual compliance audit for Payment Process under the PCI DSS standard.
- CJSM Annual Compliance review.
- PSN Code of Connection – compliance validation and
- Annual NHS Data Security & Protection Toolkit compliance review.
- Learning from Westminster / RBK&C recent experience.

Assessment of Assurance

Level of assurance is sufficient and much progress has been made including;

- Cyber Security Strategy has been drafted and under review.
- CJSM – Criminal Justice Secure Mail – Completed 349 security questionnaire.
- Internal Audit – remaining audit actions complete.
- Payment Process Audit (PCI DSS) – Credit / Debit Card compliance audit carried out by Blackfoot Security on payment processing. (Pay360| Worldpay | MS Azure | Gladstone | STS | Card Stream are under scope for review. All information has been provided. Awaiting PCI Auditor to confirm compliance status.

- Security Policies – a number of security policies have been drafted and shared.
- Third Party Due Diligence – Risk Ledger application has been selected to manage 3rd Party Due Diligence.
- PSN Code of Connection (CoCo) – pentest has been completed and remediation action plan underway.

Initiatives include the following:

- Server and Laptop Vulnerability Management - a dedicated team equipped with resources and tools has been established. This initiative significantly enhances the capability to manage and mitigate vulnerabilities across the server and laptop estate, ensuring that these risks are effectively addressed, and security posture is strengthened.
- Laptop Refreshment Program
- The laptop refreshment programme will leverage Microsoft Intune to enhance asset management. This will streamline remote management and application deployment, thereby improving overall operational efficiency and security.
- Leveraging Security Operations Centre (SOC) Intelligence

The integration of the Security Operations Centre (SOC) has markedly increased visibility into both external and internal threats. The ongoing partnership with the NCC Group continues to evolve, providing critical insights and intelligence to proactively defend against potential risks. This will assist and inform new policy and procedures to ensure safer working practices.

- Increased Monitoring and Detection of Network Threats

Investment in next-generation network appliances, which offer advanced threat detection capabilities. This investment provides deeper insights into threats targeting external assets and supports the expansion of the council's cybersecurity infrastructure.

Cross cutting across Southwark 2030 objectives / other corporate risks	
Risk Description	**Recruitment, retention, resources and capacity** A shortage of appropriately skilled and experienced staff compromises the ability of the council to deliver services and key priorities creating increased pressure on existing staff which may result in low morale, increased stress and sickness levels and an impact in performance across all departments. Staffing issues also inhibit the operation of an effective workforce strategy in having an engaged, motivated workforce, inclusive workplace, and a 'one council' approach resulting in poor organisational behaviours, culture and practices.
Risk Score: 76	**Controlled Risk Score:** 69

Mitigation / First Line (business operations / management controls)

- Investment in a professional resourcing service supported by new recruitment processes and procedures
- Targeted recruitment campaigns
- Council plan commitment for key-worker housing with focus on social workers, occupational therapists and teachers
- Learning and development programmes to support upskilling and career progression
- Targeted use of apprenticeships (new hires and existing staff) to address skills gaps
- Revised HR Business Partnering offer with a greater focus on workforce planning including succession planning
- Annual staff survey to measure employee sentiment
- Enhanced internal communication and engagement programme, including annual expo and staff awards
- Design and delivery of people strategies

Second Line (oversight functions)

- Workforce reporting including publication of annual workforce report
- Forthcoming chief executive's performance dashboard
- Quarterly reporting to DMTs and JCCs
- Reports to CMT, Overview and Scrutiny, Audit, Governance and Standards Committee, and Cabinet

Third Line (Internal Audit / other independent assurance providers)

- Internal Audit
- Some external accreditation – eg. annual review of our accreditation with the Institute for Leadership and Management, Disability Confident accreditation, the Mayor of London's Good Work Standard accreditation

Assessment of Assurance

There is a moderate level of assurance. Work is underway to enhance the council's offering through the People Plan, improvements made to the recruitment process, apprentice, internship and graduate programmes in place and professional development available for existing staff through sponsorship and management development.

Cross cutting across Southwark 2030 objectives / other corporate risks	
Risk Description	**Medium Term Financial Planning** Future budgets (General Fund and HRA) for the council are not sufficiently robust, especially in light of the current economic climate e.g. interest rate volatility and future local government funding changes resulting in restricted council resources, compromised delivery of council services and strategic priorities and/or risk of service failure, increased external scrutiny and reputational damage which also potentially due to unprecedented financial pressures, impact the council's reserves restricting the council's flexibility
Risk Score: 88	**Controlled Risk Score:** 76

Mitigation / First Line (business operations / management controls)

- 3 year approved budget in place 2024/2025 – 2026/2027. Planning underway for 2027 onwards
- Planning as far as possible future budgets to show financial risks related to uncertainty of funding
- Active lobbying of government from various areas within the council to seek funding clarity
- Creation of options which reflect the council's priorities and ambitions and safeguard the provision of mandatory functions
- Active engagements through S.151 Chief Finance Officer networks to seek clarity on future funding
- Maintenance of adequate levels of balances and reserves

Second Line (oversight functions)

- Budget challenge panels and regular budgeting report system in place including to scrutiny and cabinet
- Oversight and scrutiny by Audit, Governance and Standards committee
- Statutory reporting on robustness of budget estimates
- Reports to CMT
- Reports to Cabinet
- Overview and Scrutiny Committee review
- Budget approved by Council Assembly
- Annual Treasury Management Strategy

Third Line (Internal Audit / other independent assurance providers)

- Internal Audit
- External Audit

Assessment of Assurance

There is a range of assurance sources across the three lines and controls in place are proportionate to the risk. However the Fair funding Review has seen Southwark stand to lose significant sums of government income on the General Fund side. On the HRA side, an in-year overspend is a material risk.

Cross cutting across Southwark 2030 objectives / other corporate risks	
Risk Description	**Key Providers and Partners** The unexpected failure or non-contractual compliance of a key existing or future provider / partner / contractor resulting in serious disruption to a critical service and potential increased expenditure and need for resources to provide an alternative solution with resulting potential reputational damage. Inflationary pressures as a result of general market conditions such as increasing costs and lack of capacity, UK government policy or other sources increases the budget pressures already being faced by the council.
Risk Score: 60	**Controlled Risk Score:** 26

Mitigation / First Line (business operations / management controls)

- Robust procurement and contracting processes in place safeguarding against foreseen failure
- Evaluation of third sector grant programmes
- Contingency and business continuity plans to be maintained
- Backup contractors in place where appropriate
- Robust contract monitoring in place including regular spend and budget reviews
- Negotiation with existing providers on contract increases being applied

Second Line (oversight functions)

- Reports to CMT
- CSO's and procurement guidance / framework
- KPIs and performance reporting to departmental and corporate contract review boards

Third Line (Internal Audit / other independent assurance providers)

- Internal Audit

Assessment of Assurance

There is a range of assurance sources across the three levels. The refreshed Southwark 2030 Procurement Framework along with the requirements under The Procurement Act (2023) have specific obligations for contracting authorities on the reporting and monitoring of contracts aiding with minimising unexpected failure. The establishment of a new leadership post should drive this agenda forwards.

Cross cutting across Southwark 2030 objectives / other corporate risks	
Risk Description	**Capital Programme and Major Projects** The substantial commitment within the 10 year capital programme is not matched by resources, including any impact on property transactions arising from unavoidable external events leading to delays and cancellation in delivery or additional borrowing required causing damage to the council's ability to meet long term priorities and resulting in short term financing or funding implications
Risk Score: 88	**Controlled Risk Score:** 69

Mitigation / First Line (business operations / management controls)

- Re-costing and prioritisation of the council's capital programme
- Ongoing quality assurance of processes to mitigate scope for challenge
- Close inter-departmental working with colleagues to develop overall planning strategies
- Work with press office and key partners to manage communication
- Key contracts and frameworks being put in place by the council
- Appropriate financial provision (MRP) to secure borrowing risk provided for within the HRA and General Fund accounting framework
- Monitoring and regular reporting on value and timing of receipts and expenditure
- Disposal of surplus assets
- Maintenance of reliable cash flow forecast

Second Line (oversight functions)

- Reports to CMT
- Reports to Cabinet
- Adherence to the prudential code that regulates and contains council borrowing and the delivery of the annual treasury management strategy
- Capital bids presented to and scrutinised by a Capital Board

Third Line (Internal Audit / other independent assurance providers)

- Internal Audit
- External Audit

Assessment of Assurance

There is a range of sources across the three levels providing adequate assurance. Increased flexibility on Right to Buy receipts will enable the council to build or acquire new homes without additional borrowing and the re-costing and prioritisation of the capital programme has also reduced borrowing to prevent unsustainable debt servicing costs.

Cross cutting across Southwark 2030 objectives / other corporate risks	
Risk Description	**Unforeseen Major Event** An unforeseen major event occurs which affects critical services and the council's ability to deliver business as usual resulting in financial strain and impacts on the resilience and wellbeing of staff
Risk Score: 83	**Controlled Risk Score:** 70

Mitigation / First Line (business operations / management controls)

- Maintain and update disaster recovery and business continuity plans
- Engagement with contractors and partners to check their preparedness
- Flexible, trained staff in place to respond to changes in demand

Second Line (oversight functions)

- Council's business continuity policy and emergency plan in place, reviewed at least annually and approved by Cabinet
- Undertake practice scenarios to check robustness of business continuity plans

Third Line (Internal Audit / other independent assurance providers)

- Internal Audit

Assessment of Assurance

Level of assurance is moderate. There is a range of sources of assurance across the three lines but the unpredictable nature and timing of a major event could affect the risk profile.

Cross cutting across Southwark 2030 objectives / other corporate risks	
Risk Description	**Health & Safety** Failure to provide adequate provision of protection of staff, elected members, residents and all relevant stakeholders leading to their safety and / or mental health and wellbeing being compromised. Failure to meet various statutory compliance requirements across different council services leads to regulatory action including the possibility of monetary fines resulting in reputational damage and financial strain.
Risk Score: 76	**Controlled Risk Score:** 61

Mitigation / First Line (business operations / management controls)

- Wellbeing initiatives are in place
- Cautionary contact warning system in place
- H&S management system in place, with associated policies and procedures regularly reviewed and updated
- Regular communication and commissioning of H&S training
- Use of Assure system for incident reporting / capture of risk assessments
- Establishment of a health surveillance programme for staff in progress
- Occupational Health contract in place
- Statutory compliance programme in place across the corporate estate and managed by Corporate Facilities Management

Second Line (oversight functions)

- Assurance checks and service audits carried out on a regular basis
- Risk assessments in place including individual risk assessments where required
- Established H&S committees in place with regular meetings throughout the year
- Reports to CMT

Third Line (Internal Audit / other independent assurance providers)

- Internal Audit
- HSE inspections / reviews (enforcement related)
- Various external accreditation / inspections completed at a local level e.g Leisure Centres

Assessment of Assurance

Level of assurance is moderate. There is a range of assurance sources across the three lines however some general oversight at a high level may be missing in terms of reporting of H&S / statutory compliance across the council estate. Proactive work is underway to improve this through the Corporate Real Estate / Strategic Asset Management Transformation Programmes.
Development of the H&S Plan is underway which will feature a H&S action plan.

Agenda Item 11

Meeting Name:	Audit, governance and standards committee
Date:	3 February 2026
Report title:	Report on the operational use of the Regulation of Investigatory Powers Act 2000
Ward(s) or groups affected:	All
Classification:	Open
Reason for lateness (if applicable):	Not Applicable
From:	Assistant Chief Executive (Governance and Assurance)

RECOMMENDATION

1. That the committee notes the information relating to the use of RIPA in 2025.

BACKGROUND INFORMATION

2. The Regulation of Investigatory Powers Act 2000 (RIPA) puts a regulatory framework around a range of investigatory powers used by local authorities. This is done to ensure the powers are used lawfully and in a way that is compatible with the European Convention on Human Rights. It also requires, in particular, those authorising the use of covert techniques to give proper consideration to whether their use is necessary and proportionate.

3. RIPA legislates for the use by local authorities of covert methods of surveillance and information gathering to assist in the detection and prevention of crime in relation to an authority's functions.

4. The audit governance and standards committee and its predecessor committee have agreed to consider annual reports on the use of RIPA since 2010

KEY ISSUES FOR CONSIDERATION

5. The council's use of these powers is subject to regular inspection and audit by the Investigatory Powers Commissioner's Office in respect of covert surveillance authorisations under RIPA. During these inspections, authorisations and procedures are closely scrutinised and Authorising Officers are interviewed by the inspectors.

6. The council was last inspected by HH Brian Barker, Assistant Surveillance Commissioner, on 3 October 2016. The council was due to be inspected again in March 2020 but this did not take place due to the COVID public emergency. A virtual inspection took place in 2021 by an inspector who

examined the council's use of RIPA powers in relation to directed surveillance and using covert human intelligence sources (CHIS). The information provided demonstrated at the time a level of compliance that removed for the time being the requirement for a physical inspection.

7. A further virtual inspection took place in 2024 by an inspector who examined the council's use of RIPA powers in relation to authorising officers training and use of CCTV for directed surveillance. No further inspection is due till 2027.

8. Local authority authorisations and notices under RIPA (Regulation of Investigatory Powers Act 2000) will only be given effect once an order has been granted by a Justice of the Peace. Authorisations are for 3 months and can only be extended with further judicial approval. Within the 3 month period they are subject to regular reviews (usually monthly) to ensure they are still required.

9. Additionally, local authority use of directed surveillance under RIPA has been limited to the investigation of crimes which attract a six month or more custodial sentence, with the exception of offences relating to the underage sale of alcohol and tobacco.

10. There were no Authorisations sought in the period 1 January 2025 to 31 December 2025. Therefore, Appendix A is blank

11. Appendix B shows the usage for the period 1 January 2016 to 31 December 2024 for comparison purposes.

12. Officers involved in the authorisation process are provided with relevant training approximately every two years. The last training occurred on the 15 May 2024 where we organised three separate sessions using an external training provider. These sessions included: a Juvenile CHIS training session, a RIPA awareness course and a RIPA refresher course. A further training session is proposed for 2026.

13. The council's RIPA policy and procedures were last fully reviewed in August 2019 with some updates to details of officers made in September 2022 and June 2024.

Community, equalities (including socio-economic) and health impacts

Community impact statement

14. The use of these powers under RIPA enhances the effective operation of statutory investigatory functions within a legal framework that ensures appropriate safeguards are met. These functions are directed at providing safeguards to the community at large but are often required to enable

those who are vulnerable to be protected from criminal anti-social activity who may also have one or a number of protected characteristics as set out in the Equality Act 2010.

Equalities (including socio-economic) impact statement

15. The council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and encourage people to participate in public life. The council must have due regard to the need to tackle prejudice and promote understanding.

Health impact statement

16. There are no specific identified health impacts resulting from the matters addressed in this report, so a health impact statement is not considered necessary.

Climate change implications

17. There are no specific climate change issues arising from the matters dealt with in this report.

Legal implications

18. The legal context is set out in the body of this report.

Financial implications

19. The use of RIPA powers in ancillary to investigations carried out in services and in the context of their own budgeted resources. No additional resources are identified as need from this report.

Consultation

20. No consultation has been carried out in compiling this report.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
The Constitution	http://www.southwark.gov.uk/YourCouncil/HowTheCouncilWorks/councilconstitution.html 2nd floor, PO Box 64529, London, SE1P 5LX	Constitutional team; constitutional.team@southwark.gov.uk

APPENDICES

No.	Title
Appendix A	1 January 2025 to 31 December 2025
Appendix B	1 January 2016 to 31 December 2024

AUDIT TRAIL

Lead Officer	Doreen Forrester-Brown Assistant Chief Executive (Governance and Assurance)		
Report Author	Norman Coombe		
Version	Final		
Dated	5 January 2026		
Key Decision?	No		
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER			
Officer Title		**Comments Sought**	**Comments included**
Assistant Chief Executive (Governance and Assurance)		Yes	Incorporated
Strategic Director of Resources		No	No
Cabinet Member		N/a	N/a
Date final report sent to Constitutional Team			7 January 2026

APPENDIX A

Reference	Date authorisation agreed by JP	Purpose	Length of investigation

APPENDIX B

Reference	Date authorisation agreed by JP	Purpose	Length of investigation
EN75	13.01.2016	surveillance concerning sale of unsafe food	Terminated 12.02.2016
EN76	13.01.2016	surveillance concerning sale of unsafe food	Terminated 12.02.2016
EN77	13.01.2016	surveillance concerning sale of unsafe food	Terminated 12.02.2016
EN78	13.01.2016	surveillance concerning sale of unsafe food	Terminated 12.02.2016
EN79	29.11.2016	sale of counterfeit tobacco	Terminated 23.01.2017
EN80	29.11.2016	Sale of counterfeit tobacco	Terminated 24.02.2017
EN81	24.03.2017	Surveillance concerning the supply of illegal lightening cosmetic products	Terminated 08.05.2017
EN82	13.07.2017	surveillance concerning prolific fly tipping	Terminated 12.10.2017
EN83	24.03.2017	surveillance concerning sale of illegal skin lightener	Terminated 08.05.2017
EN84	17.09.2018	surveillance of suspect suspected of selling illicit tobacco	Terminated 03.10.2018
EN85	15.08.2018	Surveillance of suspect suspected of selling illicit tobacco	Terminated 21.08.2018
EN86	It was decided to withdraw this application due to operational reasons before authorisation		
EN87	15.10.2018	Surveillance of suspect suspected of selling illicit tobacco	Terminated 13.12.2018

EN88	05.09.2019	Surveillance of suspect suspected of selling illicit tobacco	Terminated 11.12.2019
EN89	17.01.2020	Surveillance of suspect suspected of selling illicit tobacco	Terminated 17.3.2020
EN90	13.10.2021	Surveillance of suspect suspected of selling illicit tobacco	Terminated 10.01.2022
EN91	27.10.2022	surveillance concerning sale of illegal skin lightener	Terminated 19.01.2023
EN92	It was decided to withdraw this application due to operational reasons before authorisation		
EN93	02.08.2023	surveillance of suspect suspected of selling illicit tobacco	Terminated 25.10.2023
EN94	02.09.2024	Sale and supply of illicit tobacco	Terminated 30.12.2024

Agenda Item 12

Meeting Name:	Audit, governance and standards committee
Date:	3 February 2026
Report title:	Review of complaints made under the Members' Code of Conduct in 2025
Ward(s) or groups affected:	All
Classification:	Open
Reason for lateness (if applicable):	Not Applicable
From:	Assistant Chief Executive (Governance and Assurance)

RECOMMENDATIONS

1. That the committee notes this report.

BACKGROUND INFORMATION

2. The Localism Act 2011 provided for local authorities to establish their own local arrangements for approving a members' code of conduct, and for dealing with any complaints about the code.

3. Following the implementation of the Act in 2012, Southwark Council approved its own code of conduct, formed a standards committee and appointed independent persons.

4. The responsibility for standards activity including the monitoring of the operation of the members' code of conduct passed to this committee in April 2016.

KEY ISSUES FOR CONSIDERATION

5. The Act requires local authorities to have arrangements to investigate allegations of breaches of the code of conduct by members and make decisions on them. The current arrangements were last updated at the meeting of this committee on 22 November 2022. The arrangements have continued to include provision for the monitoring officer to agree local resolutions to resolve complaints without formal investigations in appropriate cases and to determine at an initial stage in the process whether any further action is needed in any particular case.

6. Since 2012 the monitoring officer has agreed to analyse the complaints data and report this information to the appropriate committee annually. The data for 2025 is shown in appendix A alongside comparative data for the previous three years.

7. Where multiple complaints have been received about the same member on the same subject, these have been treated in the statistics as representing one complaint. Where a number of members have been included in a single complaint again this has been recorded as one complaint.

Commentary

8. There was a decrease in the number of complaints received in the last year. Two of the complaints have come from members of the public and two from members of the council. In three cases the monitoring officer decided that no further action should be taken in relation to any of these complaints having carried out an initial investigation. In the fourth case the outcome was a local resolution.

9. Where relevant the monitoring officer has sought the views of one of the independent persons prior to making her decision. Their views and consideration has been very valuable in assisting the monitoring officer in assessing complaints and finding solutions.

Strengthening the Standards and Conduct Framework

10. In late 2025 the Government responded to their consultation Strengthening the standards and conduct framework for local authorities in England – consultation results and government response - GOV.UK

11. This response proposes major reforms, including a mandatory minimum prescribed code of conduct, requirement for all principal councils to have Standards Committees, and enhanced sanctions (like longer suspensions, up to 6 months for serious breaches). Key outcomes include greater consistency, better support for those raising concerns, and a shift towards central guidance while allowing some local flexibility, with legislation planned to implement these whole-system changes to boost public trust and accountability in local government.

Policy framework implications

12. This report is not considered to have direct policy implications.

Community and equalities (including socio-economic) impacts

13. The council has an open and transparent process for anyone to make a complaint against a member when they consider that the code of conduct has not been maintained. Information about the process is accessible on the council's website and there are arrangements in place for members of the public to make complaints in writing, or orally if necessary due to any disability or language difficulties.

Health Impacts

14. There are no specific identified health impacts resulting from the matters

addressed in this report, so a health impact statement is not considered necessary.

Climate change implications

15. There are no specific climate change issues arising from the matters dealt with in this report.

Legal implications

16. The specific legal implications relating to this report have been included in the report.

Financial implications

17. The resources needed for dealing with the complaints process have been maintained within current budgets.

Consultation

18. There has not been any consultation in relation to this report.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Members' code of conduct and complaints procedure	https://www.southwark.gov.uk/about-council/councillors-and-mps/councillors/code-conduct 160 Tooley Street PO Box 64529, London, SE1P 5LX	Constitutional team; constitutional.team @southwark.gov.uk

APPENDICES

No.	Title
Appendix A	Members' Code of Conduct Complaints 2022-2025

AUDIT TRAIL

Lead Officer	Doreen Forrester-Brown Assistant Chief Executive (Governance and Assurance)	
Report Author	Sarah Feasey, Head of Legal Services	
Version	Final	
Dated	21 January 2026	
Key Decision?	No	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	**Comments Sought**	**Comments included**
Assistant Chief Executive (Governance and Assurance)	Yes	Incorporated
Strategic Director of Resources	No	No
Cabinet Member	N/a	N/a
Date final report sent to Constitutional Team		21 January 2026

APPENDIX A

MEMBERS' CODE OF CONDUCT COMPLAINTS 2022-2025

Table 1 Outcomes

	2025	2024	2023	2022
Total number of complaints	**4**	5	3	10
No jurisdiction to deal with complaint	**1**	0	0	1
Insufficient information to deal with complaint	**1**	0	0	1
No further action at initial stage	**1**	0	1	0
No breach of code identified at initial stage	**0**	3	2	5
Local resolution by monitoring officer at initial stage	**1**	2	0	3
No breach found after investigation	**0**	0	0	0
Local resolution by monitoring officer after investigation- reported to sub-committee	**0**	0	0	0
Determined by sub-committee	**0**	0	0	0

Table 2 Source of complaints

	2025	2024	2023	2022
Member of the public	**2**	4	3	10
Other Southwark Councillor	**2**	1	0	0
Southwark Council officer	**0**	0	0	0

Agenda Item 13

Meeting Name:	Audit, governance and standards committee
Date:	3 February 2026
Report title:	Whistleblowing complaints and outcomes
Ward(s) or groups affected:	All
Classification:	Open
Reason for lateness (if applicable):	Not Applicable
From:	Assistant Chief Executive (Governance and Assurance)

RECOMMENDATION

1. That the Audit, Governance and Standards Committee notes this report.

BACKGROUND INFORMATION

2. This report provides details of the whistleblowing referrals received by the council between October 2024 and September 2025 and an update on the outcomes of referrals received in the previous 3 years.

3. This report has taken a generic definition of whistleblowing to include not only those referrals from staff, external contractors, and agency workers (and subject to the Public Interest Disclosure Act 1998 which provides protection for staff and others when making whistleblowing disclosures) but also from members of the public and councillors. Anonymous referrals are also included.

4. The council's current whistleblowing policy was approved in June 2020 and is published on the council's website and on The Intranet. It was updated with some minor amendments in October 2024 to include details of a new statutory agency, Office for Environmental Protection A copy of the policy is attached at appendix 1. A full review of the policy is underway.

5. What constitutes a whistleblowing issue is defined in the policy:

- That a crime has been committed, is being committed, or is likely to be committed.
- That a person has failed, is failing, or is likely to fail to comply with any legal obligation to which he or she is subject.
- That a miscarriage of justice has occurred, is occurring, or is likely to occur.
- That the health and safety of an individual has been, is being, or is likely to be endangered.
- That the environment has been, is being or likely to be damaged.

- That information tending to show any of the above matters has been concealed or is likely to be deliberately concealed.

6. This report must strike a balance between the need for openness and transparency, and the requirement not to undermine the efficacy of the policy by deterring people from using it. It is important for the council to avoid the possible identification of any whistleblower and other individuals and/or jeopardising any ongoing investigations.

KEY ISSUES FOR CONSIDERATION

7. When cases are first received, they are assessed to see if they should be investigated as whistleblowing cases, or more properly dealt with under other procedures. These include

- Cases which should be dealt with under the council's fraud response plan
- Cases which are more properly HR matters
- Cases which are not the council's responsibility and should be referred to external bodies (including schools).

8. The number of referrals received in each period in the last year and then in the previous 3 years and the results of the initial assessment are shown in the table below.

Period from	Period to	Total Referrals in period	Fraud response plan	HR	Exter-nal bodies	Safeguarding	Insufficient information to progress	Whistle-blowing
01/10/2024	30/09/2025	**14**	0	5	1	4	0	4
01/10/2023	30/09/2024	**5**	0	0	0	1	0	4
01/10/2022	30/09/2023	**3**	0	1	0	1	0	1
01/10/2021	30/09/2022	**10**	1	2	0	0	1	6

9. Four cases have been received in the period 1 October 2024 to 30 September 2025 which have been initially identified as 'whistleblowing' cases.

10. The referrals for the cases identified as whistleblowing cases were received from the following sources:

Period from	Period to	Employee	Member	Public	Employee of contractor or provider	Anonymous
01/10/2024	30/09/2025	3	0	0	0	1
01/10/2023	30/09/2024	1	0	0	2	1
01/10/2022	30/09/2023	0	0	0	0	1
01/10/2021	30/09/2022	3	0	1	2	0

11. These referrals were in respect of the following services:

Period from	Period to	Children & Adults	Governance and Assurance	Environment Neighbourhoods & Growth (previously Env & Leisure)	Resources (previously Finance & Governance)	Housing (previously Housing & Modernisation)
01/10/2024	30/09/2025	0	0	0	1	3
01/10/2023	30/09/2024	2	0	0	1	1
01/10/2022	30/09/2023	0	0	1	0	0
01/10/2021	30/09/2022	3	-	2	0	1

12. The referrals related to the following themes:

Period from	Period to	Safeguarding	Contracts	H&S	Employment	Inappropriate practices	Other
01/10/2024	30/09/2025	0	2	2	0	0	0
01/10/2023	30/09/2024	2	0	1	0	1	0
01/10/2022	30/09/2023	0	0	0	0	1	0
01/10/2021	30/09/2022	2	1	0	1	2	0

13. The outcomes of the investigations are shown in the table below (some of these were completed subsequent to the year within which they were commenced):

Period from	Period to	Whistle-blowing cases	Complaint not upheld	Dept. for action	Recategorised as a non-whistleblowing matter	Outstanding at the end of the period
01/10/2024	30/09/2025	4	1	3	0	0
01/10/2023	30/09/2024	4	1	2	1	0
01/10/2022	30/09/2023	1	0	0	0	1
01/10/2021	30/09/2022	6	2[i]	0	0	4

14. Further details of the outcomes of the investigation completed in the year are as follows:

Number	Description of allegation	Outcome
WB2024-06	Claims regarding procurement process- Laptop procurement	Investigation did not uphold claims made
WB2024-07	Claims regarding building safety	The investigation made recommendations around the governance and culture in the housing department; some of the issues raised in the whistle blow were already known internally, management were taking action. The recommendations were accepted. This resulted in a structured cross-council approach to support delivery of our housing function. In addition, the

Number	Description of allegation	Outcome
		Chief Executive established a Housing Assurance Board to have better oversight of our housing governance and improvement journey.
WB2025-01	Claims regarding procurement process	Management was aware that more challenge was required during the Gateway process of the procurement journey, particularly in relation to commercial skills. Recommendations were made to strengthen governance in our procurement processes to include better training, improved oversight by CCRB and DCRB with more financial/commercial rigour and challenge.
WB2025-09	Claims regarding safety of vulnerable individual	Investigation made a number of recommendations which were accepted by the department.

15. The committee will see that there are a small number of whistleblowing complaints each year and very few have resulted in further action being taken.

Policy framework implications

16. As stated in its whistleblowing policy, the council is committed to achieving the highest possible standards of service and ethical standards in public life. The policy enables council employees and others to raise concerns about services, contracts or other matters.

17. The policy also supports the Southwark 2030 values, by providing a path to ensure as a council we are open, honest, accountable, and transparent.

Community, equalities (including socio-economic) and health impacts

18. Any whistleblowing complaint that is made will be handled in a way that gives consideration to the public sector equality duty in section 149 Equality Act 2010 i.e. to have due regard to the need to eliminate discrimination, advance equality of opportunity, and to foster good relations between people with protected characteristics and others. Any potential socio-economic and health impacts raised in any such complaint will also be given due regard.

Climate change implications

19. There are no direct climate change implications arising from this report.

Resource implications

20. There are no direct resource implications in this report. Any investigations arising from whistleblowing complaints will be managed within relevant departmental budgets.

Consultation

21. There has been no consultation on this report.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Assistant Chief Executive (Governance and Assurance)

22. Although there is no statutory obligation to have a whistleblowing policy, the law protects employees and others who make whistleblowing claims from being subjected to detrimental treatment as a result of any claim. It is therefore important that there is a process in place to deal appropriately with such claims. The council has also decided to include in the scope of its policy any individual (not just those employed or contracted by the authority) who wishes to report a concern about wrongdoing within the council. This report sets out details of the complaints that have been treated as whistleblowing cases in the last year and provides some comparative data from previous years.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Whistleblowing policy https://www.southwark.gov.uk/council-and-democracy/whistleblowing	Legal Services, Southwark Council, 160 Tooley Street, London SE1 2QH	Norman Coombe 020 7525 0373

APPENDICES

No.	Title
None	

AUDIT TRAIL

Lead Officer	Doreen Forrester-Brown, Assistant Chief Executive (Governance and Assurance)		
Report Author	Sarah Feasey, Head of Legal Services		
Version	Final		
Dated	23 January 2026		
Key Decision?	No		
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER			
Officer Title		**Comments sought**	**Comments included**
Assistant Chief Executive (Governance and Assurance)		Yes	Yes
Strategic Director of Resources		No	No
Cabinet Member		**No**	**No**
Date final report sent to Constitutional Team			23 January 2026

Meeting Name:	Audit, Governance and Standards Committee
Date:	3 February 2026
Report title:	Annual report on the work and performance of the audit, governance and standards committee in 2025-26
Ward(s) or groups affected:	All
Classification:	Open
From:	Strategic Director of Resources

RECOMMENDATIONS

1. That the audit, governance and standards committee forward this report on its work and performance in 2025-26 to all councillors, subject to any amendments it wishes to make.

BACKGROUND INFORMATION

2. The purpose of this report is to review this committee's work and performance in 2025-26.

3. The audit, governance and standards committee's terms of reference include a requirement to report annually to all councillors on its work and performance during the year.

4. The aims of the report are to make councillors aware of the audit, governance and standards committee's work in relation to its audit, financial reporting, treasury management, governance and standards responsibilities, and to provide assurance on are as covered or to identify any concerns.

5. This report also considers the effectiveness of the audit, governance and standards committee which forms a part of the review of internal audit, and which will in turn be reported as part of the review of the system of internal control, as required under the Accounts and Audit Regulations 2015.

KEY ISSUES FOR CONSIDERATION

Role of the committee

6. Audit committees are a key component of an authority's governance framework. The purpose of the audit, governance and standards committee is to provide:

- Independent assurance of the adequacy of the council's governance arrangements, including its standards regime, the risk management framework and the associated control environment.
- Independent scrutiny of the authority's financial and non-financial performance to the extent that it affects the authority's exposure to risk and weakens the control environment.
- Oversight of the financial reporting process.
- Scrutiny of the treasury management strategy and policies.
- Operation of a framework to promote and maintain high standards of conduct by councillors, co-opted members and church and parent governor representatives.

7. CIPFA has updated the practical guidance for audit committees which includes an updated '*Position Statement: Audit Committee in Local Authorities and Police 2022*' (Appendix A), which sets out the purpose and core functions of local authority and police audit committees. It is intended to supplement specific legislation, is supported by the Department of Levelling Up, Housing and Communities, (DLUHC) and represents CIPFA's view on the practice and principles that local authorities should adopt to make effective audit committee arrangements.

8. In line with the above, the committee's terms of reference are structured by reference to its key functions in terms of governance and standards, audit activity (internal and external), the accounts and treasury management. Since the new standards regime for councillors was introduced in 2012, the frequency and business for the standards committee had reduced, and there was no statutory requirement to have a standards committee. In May 2016 the standards committee was not re-established as a stand-alone committee, and its roles and functions were amalgamated with the audit and governance committee.

9. The audit, governance and standards committee agrees a work programme each year. A summary of the committee's business during 2025-26 in relation to its areas of responsibility is set out below.

Audit activity

Internal audit

10. The committee received and considered regular reports on the performance of internal audit and the outcome from its work during the year, as well as the internal auditors' annual report on the work of internal audit and anti-fraud 2024-25. Members had questions for both officers and the engagement manager for the auditors, BDO.

External audit

11. The committee received regular progress reports from the external auditor (KPMG) throughout the year. It also considered KPMG's audit plans for 2025-26 for both the council and the Southwark pension fund, and the audit findings reports and annual audit letter for 2024-25.

12. The committee considered the external auditor's annual fees for 2025-26 for both the council and the Southwark pension fund. Grant Thornton also reported to the committee on their review of the council's arrangements for securing financial resilience and on assurance work undertaken by them as to management processes and the committee's oversight of the risk of fraud, compliance with laws and regulation, and matters in relation to going concern, to inform their audit risk assessment.

13. The external auditor has reported on their work for the financial year 2025-26 regularly.

Accounts

14. The committee considered and agreed the 2024-25 statement of accounts at its November 2025 meeting, delegating authority to sign the final accounts to the chair in consultation with the strategic director of finance.

Governance and standards activity

15. The committee continued its approach to the consideration of governance matters for 2025-26. It completed the discussions with strategic directors on their department's governance arrangements, and considered specific areas of interest.

16. The committee approved the 2024-25 annual governance statement in September 2025 after consideration of the draft statement in July 2025. This is now available on the council website.

17. In June 2025, Darren Summers, the strategic director of integrated health and care, attended the committee. In July 2025, Clive Palfreyman, strategic director of resources, attended. In September 2025, Aled Richards, the strategic director of environment, sustainability and leisure, attended the committee. In February 2025, the committee heard from David Quirke-Thornton, strategic director of children's and adults' services.

18. The committee have also had an in depth series of reports on the in house anti-fraud team, the Enterprise resource system upgrade, and interviews with officers discussing the outcomes of retrospective contract approvals where necessary.

19. The work on corporate risk and insurance for 2025-26 has been supported by the council's internal auditors and integrated into their regular update reports.

20. The committee's annual report on whistle blowing outcomes has been considered by the committee at its February 2026 meeting.

21. A report on the council's use of RIPA (Regulatory Investigatory Powers Act) and the OSC (Office of Surveillance Commissioners) inspection of Southwark has been considered by the committee at its February 2026

meeting.

22. The establishment of the two standards sub-committees (civic awards and conduct) were approved by the committee in July 2025. The committee continued its agreement from July 2018 that the number of co-opted community members on the civic awards sub-committee stand at four, and that the sub-committee be as sex-balanced as possible; in that two of the community representatives serving on the sub-committee should ideally be women.

23. The Civic Awards 2026 were launched in December 2025, and include the Diversity Award championed by members of the audit, governance and standards committee, and the new climate change award proposed by council assembly and agreed by the committee.

Treasury management

24. Members received a report on the revised treasury management policy statement, and considered the council's 2026-27 treasury management strategy statement in November 2025.

Effectiveness of the audit and governance committee

25. The Accounts and Audit Regulations require a review of internal audit to be carried out, including consideration of the effectiveness of this committee. An annual opinion is given by the head of anti-fraud and internal audit.

Training

26. Training will be provided as required and officers will continue to arrange training as opportunities arise.

Development opportunities

27. The year saw the following principal achievements:

    a) Coverage of all elements of the committee's work programme
    b) Continued assurance of corporate governance arrangements, through discussions with strategic directors and directors
    c) Further assurance as to the operation of the council's whistle blowing policy
    d) Ongoing constructive challenge from members in respect of reports received by them
    e) Relevant attendance by officers when required following any late responses to audit reports.

28. For the coming year, the following are areas where the committee has the opportunity to effect further development or to which it may wish to give consideration:

    a) The committee work plan, which is brought to each meeting for

consideration
b) The CIPFA position statement appendix A)
c) Future and ongoing training needs.

Conclusion

29. The committee's work programme aims to ensure that the committee is able to carry out its functions effectively. To this end, the programme is structured to cover the key areas of audit activity (both internal and external), governance and standards activity, financial reporting and scrutiny of the treasury management strategy and policies.

30. The committee continued to ask questions on matters before it in a challenging yet constructive way. In some cases, this has resulted in further information being provided to the committee to provide the assurance sought; in others, it has resulted in increased focus on the implementation of action plans.

31. The committee has kept its work programme under review in 2025-26 and made changes when appropriate.

32. Through its work, the committee is able to confirm that:

- The council's system of risk management is adequate to identify risk and to allow the authority to understand the appropriate management of those risks;
- There are no areas of significant duplication or omission in the systems of governance in the authority that have come to the committee's attention and not been adequately resolved.

33. The work programme for the committee for 2026-27 is included elsewhere on this agenda for consideration and agreement, and this will be reviewed and amended on an ongoing basis as necessary to help to ensure that the committee can continue to provide assurance of the adequacy of the council's governance arrangements.

Policy implications

34. There are no policy implications in the proposals in this report.

Community, equalities (including socio-economic) and health impacts

Community impact statement

35. This report is not considered to contain any proposals that would have a significant impact on any particular community or group.

Equalities (including socio-economic) impact statement

36. There are no direct equalities implications in the proposals in this report.

Health impact statement

37. There are no direct health implications in the proposals in this report.

Climate change implications

38. There are no direct climate change implications in the proposals in this report.

Resource implications

39. There are no direct resource implications in this report.

Conclusion

40. There has been no consultation on this report.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Strategic Director of Resources

41. The strategic director of resources remains committed to the important role of the audit, governance and standards committee and notes that it continues to function in line with its terms of reference. The performance of the committee continues to be strengthened by the attendance of officers with key governance roles and it is expected that the committee will continue to obtain assurance of governance arrangements from this.

42. The committee has operated in accordance with its responsibilities in key finance and audit matters, including the statement of accounts, treasury policies, and internal audit work, which are key issues for the s.151 officer (Local Government Act 1972).

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
CIPFA Audit committees – Practical Guidance for Local Authorities and Police 2022 edition	Finance and Governance, Second Floor, Tooley Street	Geraldine Chadwick

APPENDICES

Number	Title
A	CIPFA Position Statement

AUDIT TRAIL

Lead Officer	Clive Palfreyman, Strategic Director of Finance	
Report Author	Virginia Wynn-Jones, Principal Constitutional Officer	
Version	Final	
Dated	20 January 2026	
Key Decision?	No	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	**Comments sought**	**Comments included**
Assistant chief executive – governance and assurance	No	No
Strategic Director of Resources	Yes	Yes
Cabinet Member	No	No
Date final report sent to Constitutional Team		20 January 2026

The Chartered Institute of
Public Finance & Accountancy

cipfa.org

CIPFA

CIPFA's Position Statement: Audit Committees in Local Authorities and Police 2022

Scope

This position statement includes all principal local authorities in the UK, corporate joint committees in Wales, the audit committees for PCCs and chief constables in England and Wales, PCCFRAs and the audit committees of fire and rescue authorities in England and Wales.

The statement sets out the purpose, model, core functions and membership of the audit committee. Where specific legislation exists (the Local Government & Elections (Wales) Act 2021 and the Cities and Local Government Devolution Act 2016), it should supplement the requirements of that legislation.

Status of the position statement

The statement represents CIPFA's view on the audit committee practice and principles that local government bodies in the UK should adopt. It has been prepared in consultation with sector representatives.

CIPFA expects that all local government bodies should make their best efforts to adopt the principles, aiming for effective audit committee arrangements. This will enable those bodies to meet their statutory responsibilities for governance and internal control arrangements, financial management, financial reporting and internal audit.

The 2022 edition of the position statement replaces the 2018 edition.

The Department for Levelling Up, Housing and Communities and the Home Office support this guidance.

CIPFA's Position Statement 2022: Audit committees in local authorities and police

Purpose of the audit committee

Audit committees are a key component of an authority's governance framework. Their purpose is to provide an independent and high-level focus on the adequacy of governance, risk and control arrangements. The committee's role in ensuring that there is sufficient assurance over governance risk and control gives greater confidence to all those charged with governance that those arrangements are effective.

In a local authority the full council is the body charged with governance. The audit committee may be delegated some governance responsibilities but will be accountable to full council. In policing, the police and crime commissioner (PCC) and chief constable are both corporations sole, and thus are the individuals charged with governance.

The committee has oversight of both internal and external audit together with the financial and governance reports, helping to ensure that there are adequate arrangements in place for both internal challenge and public accountability.

Independent and effective model

The audit committee should be established so that it is independent of executive decision making and able to provide objective oversight. It is an advisory committee that has sufficient importance in the authority so that its recommendations and opinions carry weight and have influence with the leadership team and those charged with governance.

The committee should:

- be directly accountable to the authority's governing body or the PCC and chief constable
- in local authorities, be independent of both the executive and the scrutiny functions
- in police bodies, be independent of the executive or operational responsibilities of the PCC or chief constable
- have rights of access to and constructive engagement with other committees/functions, for example scrutiny and service committees, corporate risk management boards and other strategic groups
- have rights to request reports and seek assurances from relevant officers
- be of an appropriate size to operate as a cadre of experienced, trained committee members. Large committees should be avoided.

The audit committees of the PCC and chief constable should follow the requirements set out in the Home Office Financial Management Code of Practice and be made up of co-opted independent members.

The audit committees of local authorities should include co-opted independent members in accordance with the appropriate legislation.

Where there is no legislative direction to include co-opted independent members, CIPFA recommends that each authority audit committee should include at least two co-opted independent members to provide appropriate technical expertise.

Core functions

The core functions of the audit committee are to provide oversight of a range of core governance and accountability arrangements, responses to the recommendations of assurance providers and helping to ensure robust arrangements are maintained.

The specific responsibilities include:

Maintenance of governance, risk and control arrangements

- Support a comprehensive understanding of governance across the organisation and among all those charged with governance, fulfilling the principles of good governance.

- Consider the effectiveness of the authority's risk management arrangements. It should understand the risk profile of the organisation and seek assurances that active arrangements are in place on risk-related issues, for both the body and its collaborative arrangements.

- Monitor the effectiveness of the system of internal control, including arrangements for financial management, ensuring value for money, supporting standards and ethics and managing the authority's exposure to the risks of fraud and corruption.

Financial and governance reporting

- Be satisfied that the authority's accountability statements, including the annual governance statement, properly reflect the risk environment, and any actions required to improve it, and demonstrate how governance supports the achievement of the authority's objectives.

- Support the maintenance of effective arrangements for financial reporting and review the statutory statements of account and any reports that accompany them.

Establishing appropriate and effective arrangements for audit and assurance

- Consider the arrangements in place to secure adequate assurance across the body's full range of operations and collaborations with other entities.

- In relation to the authority's internal audit functions:

    - oversee its independence, objectivity, performance and conformance to professional standards

    - support effective arrangements for internal audit

    - promote the effective use of internal audit within the assurance framework.

- Consider the opinion, reports and recommendations of external audit and inspection agencies and their implications for governance, risk management or control, and monitor management action in response to the issues raised by external audit.

- Contribute to the operation of efficient and effective external audit arrangements, supporting the independence of auditors and promoting audit quality.

- Support effective relationships between all providers of assurance, audits and inspections, and the organisation, encouraging openness to challenge, review and accountability.

Audit committee membership

To provide the level of expertise and understanding required of the committee, and to have an appropriate level of influence within the authority, the members of the committee will need to be of high calibre. When selecting elected representatives to be on the committee or when co-opting independent members, aptitude should be considered alongside relevant knowledge, skills and experience.

Characteristics of audit committee membership:

- A membership that is trained to fulfil their role so that members are objective, have an inquiring and independent approach, and are knowledgeable.

- A membership that promotes good governance principles, identifying ways that better governance arrangement can help achieve the organisation's objectives.

- A strong, independently minded chair, displaying a depth of knowledge, skills, and interest. There are many personal skills needed to be an effective chair, but key to these are:

    - promoting apolitical open discussion

    - managing meetings to cover all business and encouraging a candid approach from all participants

    - maintaining the focus of the committee on matters of greatest priority.

- Willingness to operate in an apolitical manner.

- Unbiased attitudes – treating auditors, the executive and management fairly.

- The ability to challenge the executive and senior managers when required.

- Knowledge, expertise and interest in the work of the committee.

While expertise in the areas within the remit of the committee is very helpful, the attitude of committee members and willingness to have appropriate training are of equal importance.

The appointment of co-opted independent members on the committee should consider the overall knowledge and expertise of the existing members.

Engagement and outputs

The audit committee should be established and supported to enable it to address the full range of responsibilities within its terms of reference and to generate planned outputs.

To discharge its responsibilities effectively, the committee should:

- meet regularly, at least four times a year, and have a clear policy on those items to be considered in private and those to be considered in public
- be able to meet privately and separately with the external auditor and with the head of internal audit
- include, as regular attendees, the chief finance officer(s), the chief executive, the head of internal audit and the appointed external auditor; other attendees may include the monitoring officer and the head of resources (where such a post exists). These officers should also be able to access the committee members, or the chair, as required
- have the right to call on any other officers or agencies of the authority as required; police audit committees should recognise the independence of the chief constable in relation to operational policing matters
- support transparency, reporting regularly on its work to those charged with governance
- report annually on how the committee has complied with the position statement, discharged its responsibilities, and include an assessment of its performance. The report should be available to the public.

Impact

As a non-executive body, the influence of the audit committee depends not only on the effective performance of its role, but also on its engagement with the leadership team and those charged with governance.

The committee should evaluate its impact and identify areas for improvement.

Meeting Name:	Audit, Governance and Standards Committee
Date:	3 February 2026
Report title:	Annual work programme for the following year (2026-27)
Ward(s) or groups affected:	N/A
Classification:	Open
Reason for lateness (if applicable):	N/A
From:	Strategic Director of Resources

RECOMMENDATIONS

1. That the audit, governance and standards committee consider the proposed draft work programme for 2026-27 and whether they would wish to make amendments to arrangements as set out in paragraphs 8 to 10 of this report, or in respect of any other matters.

2. That the audit, governance and standards committee, subject to any requested changes, agree the work programme for 2026-27 set out in Appendix 2.

BACKGROUND INFORMATION

3. Since its establishment in March 2007, the committee has agreed a work programme for the forthcoming year. Amendments to the programme to take account of changing circumstances can be made throughout the year.

4. The purpose of this report is to set out possible areas of work for consideration to enable members to agree a programme for 2025-26.

KEY ISSUES FOR CONSIDERATION

5. In considering items for inclusion, it may be helpful to do this within the framework of the committee's purpose, as set out in the constitution. This is set out in the constitution to be:

    - Independent assurance of the adequacy of the council's governance arrangements, including the risk management framework and the associated control environment

    - Independent scrutiny of the authority's financial and non-financial performance to the extent that it affects the authority's exposure to risk

and weakens the control environment

- Oversight of the financial reporting process
- Scrutiny of the treasury management strategy and policies
- A framework to promote and maintain high standards of conduct by councillors, co-opted members and church and parent governor representatives.

6. The committee's terms of reference, as approved by council assembly, cover functions relating to audit activity, the regulatory framework, accounts, treasury management and the council's standards framework. They are attached at Appendix 1 as they may further help the committee to determine items to be included in its work programme.

7. Using the 2025-26 revised work programme as a starting point, a draft programme for 2026-27 has been included at Appendix 2 for the committee's consideration. Items shown in brackets are standing items which will be brought forward as they arise. The draft programme is based on meetings of the committee being held in June 2026, July 2026, September 2026, November 2026, February 2027 and on to June 2027 in the 2026-27 year.

Areas of governance for review

8. From 2020-21 onwards, the committee have invited chief officers to attend and discuss departmental governance. The programme was suggested on the understanding that this would be likely to take two years to see all the chief officers

9. Members are asked to consider whether they would wish to continue this approach. If they do not wish to continue this approach, they are asked to identify an alternative approach to the review of governance.

10. It has been suggested that members consider whether there are specific areas of interest, potentially arising from internal audit updates, that they would welcome a more in-depth conversation on, as an alternative to or in addition to the current governance conversations with chief officers.

11. If members confirm this process, the assistant chief executive, governance and assurance, has undertaken to attend the June 2026 meeting of the committee, and the assistant chief executive, strategy and communities, has undertaken to attend the July 2026 meeting of the committee.

12. There remains a need to ensure flexibility in terms of emerging issues which come to light through items already on the committee's agenda. For example, a review of audit recommendations and progress on their implementation may highlight a need to request the attendance of individuals at a future meeting to help explain action taken. The work plan itself is a guideline, and items can be amended, added, or removed as required throughout the year.

13. Items have been grouped in line with its functions, in order to ensure that there is appropriate coverage of the committee's key roles as defined in its terms of reference.

14. Training will continue to be provided for members on the role of the committee, and development needs will continue to be monitored to enable appropriate training to be provided as opportunities arise.

15. The committee is asked to consider whether the attached draft work programme reflects its priorities for the next year or whether there are other amendments which it would wish to see included.

Policy implications

16. This report is not considered to have direct policy implications.

Community, equalities (including socio-economic) and health impacts

Community impact statement

17. This report is not considered to contain any proposals that would have a significant impact on any particular community or group.

Equalities (including socio-economic) impact statement

18. This report is not considered to contain any proposals that would have a significant equalities impact.

Health impact statement

19. This report is not considered to contain any proposals that would have a significant health impact.

Climate change implications

20. This report is not considered to contain any proposals that would have a significant impact on climate change.

Resource implications

21. There are no direct resource implications in this report.

Consultation

22. There has been no consultation on this report.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

23. None required.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
None.		

APPENDICES

No.	Title
Appendix 1	Extract from the constitution – Part 3K Audit and governance
Appendix 2	Draft work programme for 2026-27

AUDIT TRAIL

Lead Officer	Clive Palfreyman, Strategic Director of Resources	
Report Author	Virginia Wynn-Jones, Principal Constitutional Officer	
Version	Final	
Dated	22 January 2026	
Key Decision?	No	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	**Comments sought**	**Comments included**
Assistant Chief Executive – Governance and Assurance	No	No
Strategic Director of Resources	No	No
Cabinet Member	No	No
Date final report sent to Constitutional Team		22 January 2026

APPENDIX 1

Extract from the constitution – Part 3K Audit and governance committee

ROLE AND FUNCTIONS

Introduction

The purpose of the audit, governance and standards committee is to provide:

1. Independent assurance of the adequacy of the council's governance arrangements, including its standards regime, the risk management framework and the associated control environment.

2. Independent scrutiny of the authority's financial and non-financial performance to the extent that it affects the authority's exposure to risk and weakens the control environment.

3. Oversight of the financial reporting process.

4. Scrutiny of the treasury management strategy and policies.

5. A framework to promote and maintain high standards of conduct by councillors, co-opted members and church and parent governor representatives.

Audit activity

6. To approve the internal audit charter

7. To approve the risk based internal audit plan, including resource requirements.

8. To approve any significant proposed advisory services, additional to those included in the audit plan.

9. To receive information on the appointment, departure, resignation or change in chief audit executive.

10. To receive in-year summaries of internal audit and anti-fraud activity and the internal audit annual report and opinion and to consider the level of assurance it can give over the council's corporate governance arrangements.

11. To receive reports dealing with the management and performance of the provider of internal audit services, including the performance of the chief audit executive.

12. To receive reports from internal audit on agreed recommendations not implemented within a reasonable timescale.

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

14. To consider specific reports as agreed with the external auditor.

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

16. To have oversight over the appointment of the external auditor.

17. To commission work from internal and external audit.

Accounts

18. To review and approve the annual statement of accounts and specifically to consider compliance with appropriate accounting policies 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.

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

Treasury management

20. To review and scrutinise the treasury management strategy and policies.

Governance activity

21. To review any issue referred to it by the chief executive or a strategic director, or any council body.

22. To monitor the effective development and operation of risk management in the council.

23. To monitor the effective development and operation of corporate governance in the council and to agree actions necessary to ensure compliance with best practice.

24. To monitor council policies on 'whistle-blowing', the 'corporate anti-fraud strategy' and the council's complaints processes.

25. To receive reports from the statutory officers under the council's whistle blowing policy.

26. To provide strategic oversight on the use of the powers regulated by the Regulation of Investigatory Powers Act 2000 and to receive in-year reports on operational use.

27. To oversee the production of and agree the council's annual governance statement.

28. To review the council's compliance with its own and other published standards and controls.

29. To receive reports on retrospective contract related decisions as set out in contract standing orders.

30. To receive reports from the monitoring officer on any serious breach of the contract standing orders or procurement guidelines.

Standards activity

31. To advise the council on the adoption or revision of the members' code of conduct, the member and officer protocol and the communication protocol.

32. To monitor the operation of the members' code of conduct, the member and officer protocol and the communication protocol.

33. To monitor and advise on training provided for councillors, co-opted members and church and parent governor representatives.

34. To deal with any standards related complaints referred to it and any report from the monitoring officer on any matter which is referred to him or her.

35. To receive reports from the monitoring officer on unlawful expenditure and probity issues.

36. To consider the withholding of allowances from individual members (including elected members and co-opted members) in whole or in part for non-attendance at meetings, or, for elected members only, for failure to attend required training.

37. To establish the following sub-committees:

    - to consider complaints of misconduct against elected councillors and co-opted members
    - to consider civic awards.

Annual report

38. To report annually to all councillors on its work and performance during the year.

MATTERS RESERVED FOR DECISION

Matters reserved for decision by the main committee

39. The matters reserved for decision to the committee are as set out in the role and functions, other than those functions delegated to the relevant sub-committee.

Matters reserved for decision by the conduct sub-committee

40. To consider complaints of misconduct against elected councillors and co-opted members.

Matters reserved for decision by the civic awards sub-committee

41. To grant civic awards.

42. To consider the process by which the decisions with respect to civic awards applications are to be taken and to make recommendations to the standards committee.

43. To appoint non-voting co-opted members of the civic awards sub-committee.

APPENDIX 2
Draft Work Programme for 2026-27

Items shown in brackets (✓) are standing items which will be brought forward if they arise

Item	Meeting date						Commentary
	June 2025	**July 2025**	**Sept 2025**	**Nov 2025**	**Feb 2026**	**June 2026**	
General							
Annual work programme for following year					✓		Draft work programme for the committee – Constitutional Officer
Annual report of audit, governance and standards committee					✓		Report on committee's work and performance to be submitted to all councillors each year – Constitutional Officer
Internal Audit activity							
Internal audit plan and strategy for internal audit, Internal audit charter					✓		Proposed internal audit programme for future years, and to agree the internal audit charter – Strategic Director of Resources
Annual report and opinion on internal audit and anti-fraud	✓						Including review of effectiveness of system of internal audit and Strategic Director of Resources' opinion on system of internal control and report on internal audit contractor and Strategic Director of Resources (chief audit executive) performance, and annual progress report on the anti-fraud services and special investigations team - Fraud manager

Item	Meeting date						Commentary
	June 2025	**July 2025**	**Sept 2025**	**Nov 2025**	**Feb 2026**	**June 2026**	
Progress report on the work of internal audit and anti-fraud		✓	✓	✓	✓	✓	Issues raised and progress on implementation of recommendations, including approval of any significant additional advisory services – Strategic Director of Resources
External Audit activity							
Audit fee letters (including pension fund)	✓						Annual external fee letters setting out indicative fees and planned work/outputs for the relevant year for the council and pension fund – external auditors
Audit plans (including pension fund)					✓		External audit plans setting out audit work to be undertaken for audit of financial statements for the council and pension fund, including approval of any significant additional advisory services – external auditors
Value for Money report (annual audit letter) (KPMG)	✓						Annual audit letter (AAL) providing a summary of the external auditors' assessment of the council for the year, drawing from audit of financial statements and work undertaken to assess VfM – external auditors
Audit findings reports (ISA 260) – including pension fund)			✓				Annual governance report (AGR) summarising findings from external audit of financial statements and work to assess VfM arrangements – external auditors

Item	Meeting date						Commentary
	June 2025	**July 2025**	**Sept 2025**	**Nov 2025**	**Feb 2026**	**June 2026**	
Audit update report	(✓)	(✓)	(✓)	(✓)	(✓)	(✓)	Standing item – update on work being planned or undertaken – external auditors
Governance and standards activity							
Annual governance statement (with accounts)	✓	✓					A mandatory statement setting out the council's governance arrangements – Assistant director of finance
Retrospective approvals to contract decisions	(✓)	(✓)	(✓)	(✓)	(✓)	(✓)	Standing item, if required – contract standing orders require retrospective contract decisions over £100k for the purpose of obtaining guidance to inform future decision making – Assistant chief executive, governance and assurance
Risk management and insurance					✓		Report on key risks – Corporate risk and insurance manager
Housing revenue account update		✓					Requested by members for 2026-27 – Director of finance
Southwark360 Enterprise Resource Planning system		✓		✓			Periodic update on ongoing project – Programme director
Internal audit shared service			✓				Update on new provider – director of finance

Item	Meeting date						Commentary
	June 2025	**July 2025**	**Sept 2025**	**Nov 2025**	**Feb 2026**	**June 2026**	
Progress report on implementation of external audit recommendations	(✓)	(✓)	(✓)	(✓)	(✓)	(✓)	Standing item – progress made in implementing external audit recommendations (including audit findings) – Strategic Director of Resources
Outcomes of the whistleblowing policy				✓			Annual report to consider outcomes of the whistleblowing policy – Director of Law and Democracy
Review of complaints made under Code of Conduct					✓		Annual report on complaints made under Code of Conduct – Head of Corporate Team
Report on operational use of Regulation of Investigatory Powers Act 2000					✓		Annual report on use of powers under RIPA – Head of Corporate Team
Review of member and officer protocol and communications protocol				✓			Annual review of protocols, with recommendations for changes as needed – Head of Corporate Team
Establishment of sub-committees	✓ (after annual CA)						Report to establish conduct and civic award sub-committees in line with committee's role and functions – Principal Constitutional Officer
Appointment of non-voting members of the civic awards sub-committee					✓		Report to appoint the non-voting co-opted members of the civic awards sub-committee – Principal Constitutional Officer
Member induction and training		✓		✓			Report on member induction and training (pre-election years and if required in other

Item	Meeting date						Commentary
	June 2025	**July 2025**	**Sept 2025**	**Nov 2025**	**Feb 2026**	**June 2026**	
							years) – Assistant chief executive, governance and assurance
Areas of governance for review during year	(✓)	(✓)	(✓)	(✓)	(✓)	(✓)	To invite officers to attend meetings to discuss governance arrangements
Corporate governance framework	(✓)	(✓)	(✓)	(✓)	(✓)	(✓)	Standing item – to include e.g. council policies within remit of audit, governance and standards committee; other areas as identified: pensions governance; code of governance
Budget challenge and governance	(✓)	(✓)	(✓)	(✓)	(✓)	(✓)	Standing item – to monitor budget challenges as required, including processes and governance, throughout the year
Accounts							
Statement of accounts			✓	✓			Annual statement of accounts for consideration and approval – Strategic Director of Resources
Treasury Management							
Review of the policy and strategy				✓			Review of treasury management policy and strategy – Strategic Director of Resources

Agenda Item 19

Meeting Name:	Audit, Governance and Standards Committee
Date:	3 February 2026
Report title:	Appointment of non-voting co-opted members of the civic awards sub-committee for 2025-26
Ward(s) or groups affected:	N/A
Classification:	Open
Reason for lateness (if applicable):	N/A
From:	Head of constitutional services

RECOMMENDATIONS

1. That the committee considers the nominations for the positions of co-opted members of the audit, governance and standards (civic awards) sub-committee outlined in closed Appendix 1 and agree to select four appointees.

BACKGROUND INFORMATION

2. The Southwark civic awards scheme was initiated in 1997 for the purposes of recognising exceptional contributions to community life by individuals and organisations in the borough. Up until 2015, the scheme was administered on behalf of the council by the Southwark Civic Association which made recommendations to standards committee for the granting of civic awards.

3. Following the sad death of Ken Hayes in December 2025, it was confirmed that the Southwark Civic Association was no longer extant as of January 2026, and the place reserved for them would fall to the audit, governance and standards committee to determine.

4. Council assembly on 8 July 2015 resolved that from the 2015/2016 civic year, the administration of the civic awards be carried out by the council pending a longer term review of the operation of the awards scheme. Officers were requested to put in place the necessary arrangements for the running of the awards within existing council resources. Council assembly in 2016 also resolved that the decisions on the granting of civic awards be delegated to a sub-committee of the audit, governance and standards committee.

5. The audit, governance and standards committee agreed at its meeting of 14 July 2016 that the membership of the audit, governance and standards (civic awards) sub-committee (henceforth "civic awards sub-committee") must include four co-opted members, two of whom should be women.

6. On 24 November 2024, the audit, governance and standards committee agreed criteria for selecting co-opted members, which were updated at the meeting of 19 November 2025:

   Invitees should:
   - Have a good understanding of the borough and its diverse communities
   - Be familiar with the of borough's Voluntary and Community Sector (VCS)
   - Be able to understand and evaluate nominations for Civic Awards
   - Not be a nominee or represent an organisation that is nominated.

   As a group, the independent members should ideally:
   - Have a sex balance
   - Reflect the diversity of the borough
   - Include at least one person under 25.

7. It is necessary for the audit, governance and standards committee to appoint the co-opted members formally; and the names of the volunteers will be presented in the closed appendix.

KEY ISSUES FOR CONSIDERATION

8. The granting of awards is a constitutional function of the audit, governance and standards (civic awards) sub-committee and members have the final discretion whether or not to grant an award. Members also have a particular responsibility to safeguard the non-political nature of the awards scheme.

9. Members need to be satisfied that the co-opted membership nominations meet the appropriate criteria.

Community, equalities (including socio-economic) and health impacts

Community impact statement

10. The council is committed to promoting civic engagement and good relations in our communities. The awards attract media interest and recognise the voluntary work of a number of people and organisations within Southwark, thus strengthening community cohesion.

Equalities (including socio-economic) impact statement

11. This report is not considered to contain any proposals that would have a significant equalities impact.

Health impact statement

12. This report is not considered to contain any proposals that would have a significant health impact.

Climate change implications

13. This report is not considered to contain any proposals that would have a significant impact on climate change.

Resource implications

14. There are none.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Southwark Constitution	Constitutional Team 2nd floor, 160 Tooley Street London, SE1 2QH http://moderngov.southwark.gov.uk/ieListMeetings.aspx?CommitteeId=425	Virginia Wynn-Jones 020 7525 7055

APPENDICES

Appendix	Title
Appendix 1	Nominees – see CLOSED AGENDA

AUDIT TRAIL

Lead Officer	Chidi Agada, Head of constitutional services	
Report Author	Virginia Wynn-Jones, Constitutional team	
Version	Final	
Dated	22 January 2026	
Key Decision?	No	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	**Comments Sought**	**Comments Included**
Assistant chief executive – governance and assurance	No	No
Strategic director of resources	No	No
Cabinet Member	No	No
Date final report sent to Constitutional Team		22 January 2026

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MUNICIPAL YEAR 2025-26

COMMITTEE: **AUDIT, GOVERNANCE AND STANDARDS COMMITTEE (OPEN AGENDA)**
NOTE: Original held in Constitutional Team; all amendments/queries to Virginia Wynn-Jones, Constitutional Team on 020 7525 7055 or virginia.wynn-jones@southwark.gov.uk

COPIES

COUNCILLORS	
Councillor Barrie Hargrove (Chair)	1
Councillor Ellie Cumbo	1
Councillor Dora Dixon-Fyle	1
Councillor Adam Hood	1
Councillor Graham Neale	1
Councillor Andy Simmons	1
Councillor Kieron Williams	1
RESERVES	
Councillor Maggie Browning	By email
Councillor Gavin Edwards	By email
Councillor Nick Johnson	By email
Councillor Margy Newens	By email
Councillor David Parton	By email
Councillor David Watson	By email
OTHER COUNCILLORS	
Councillor Stephanie Cryan	By email
GOVERNANCE AND ASSURANCE	
Sarah Feasey	By email
Doreen Forrester-Brown	1
COMMUNICATIONS	
Eddie Townsend	By email
CONSTITUTIONAL TEAM	
Virginia Wynn-Jones	2
INDEPENDENT PERSONS	
Ms Natasha Jindal	By email
Ms Amrit Mangra	By email
Mr Gary Roberts	By email

FINANCE	
Clive Palfreyman	By email
Tim Jones	By email
Geraldine Chadwick	By email
Hasina Shah	By email
Ashleigh Jones	By email
BDO (Internal Auditors)	
Aaron Winter	By email
KPMG	
Via Finance	By email
Total Print Run:	**10**

List Updated: October 2025