

Annual Governance Statement - **DRAFT**

2024/2025



WE ARE NEWHAM.

Introduction

Under the Local Government Act 1999, Newham Council has a duty to ensure continuous improvement in the exercise of its functions. This duty necessitates a focus on value for money, effectiveness and efficiency. The Council is responsible for having arrangements in place for the governance of its affairs, managing risk, and accounting for public money. The Annual Governance Statement explains how Newham Council meets these statutory and regulatory requirements and achieves consistency with good governance principles as it delivers for its diverse residents in alignment with our corporate plan, [Building a Fairer Newham](#).

Delivering on our Corporate Plan requires good governance - for our residents, employees, businesses, service users and councillors. This provides both the foundation and the building blocks to our success. Supporting the Plan are a number of strategies and policies showing how we will deliver our ambitions. These include, for example, our [Just Transition Plan](#), [Homelessness and Rough Sleeping](#), [Ageing Well](#), [50 Steps to a Healthier Newham](#) and [Community Wealth Building](#) Strategies. Please see our website where these are set out in more detail.

At Newham Council, we are continually improving our systems and services, to support and empower our communities, and respond to external conditions, local and global, in inclusive ways to create opportunity for all. Pressures on resources, innovative approaches to the delivery of services and increased commercialisation, as well as the impacts of the COVID-19 pandemic, have meant that local government leadership teams have had to make difficult decisions. Within the period of this (draft) Annual Governance Statement, Newham Council has received Exceptional Financial Support from central government, alongside 29 other local authorities. Newham Council was also issued with a non-statutory Best Value Notice. The quality of our governance arrangements is therefore of paramount importance to enable us, like all local authorities, to make decisions with high-quality information, and with a good understanding of risk. We will continue to adapt, build on the positive changes and progress that we have already made, and strive for a resilient authority for the future. Good governance is essential to that. It enables us to operate legally, ethically, sustainably and successfully for the benefit of all our stakeholders and partners. This underpins and drives our commitment to our residents, local communities, businesses, employees, councillors and partner organisations in Newham and beyond.

The Annual Governance Statement is an annual self-assessment which appraises the effectiveness of our governance arrangements during 2024/2025. It identifies our progress in managing significant issues and looks ahead to our future governance priorities and improvements for 2025/2026.

Newham Council's Governance Framework

Newham Council's Annual Governance Statement reports publicly on the extent to which the Council complies with the principles of good governance, as set out in the CIPFA [Delivering Good Governance in Local Government Framework 2016](#) and [Delivering Good Governance in Local Government Addendum 2025](#). The Council has also reviewed significant governance issues from the [2023/2024 statement](#) and considered emerging governance issues for 2024/25 and has included those in the Statement as issues to be monitored and addressed throughout the coming year. The core principles of good governance are accountability, leadership, integrity, stewardship and transparency in accordance with legislation and public standards. In practice, this means our values and culture, the processes and systems by which the Council is controlled and directed as we deliver services for our communities.



The Council has approved and adopted a constitution, which provides the framework for our governance policies and practices. Together, these form our 'corporate governance framework'. This Annual Governance Statement reviews the effectiveness of that framework, mindful of the CIPFA Seven Principles of Good Governance.

As a local authority, good governance is a collective responsibility, shared by councillors and officers. Newham Council is a mayoral authority, with a directly elected Mayor and 66 councillors for the Borough's 24 wards. These councillors are from different political parties (Green, Independent, Labour) with different roles in the Council's decision-making process. All councillors agree to follow the Member Code of Conduct and the rules for making decisions set out in our Constitution, which includes a [Local Code of Corporate Governance](#).

In local government there are five interlinked, important strands to our governance arrangements. Together they aim to ensure that a local authority's decisions are taken soundly in a resourced and managed environment, with strong internal and external controls. These are:

1. making decisions;
2. holding decision-makers to account and maintaining transparency through scrutiny committees;
3. financial management and external audit;
4. managing risks through internal control and audit; and
5. the Corporate Leadership Board, Senior Management Team and Statutory Officers.

In 2024/25, the single largest issue facing Newham Council was the Housing Crisis and the impact on the Council's finances. The growth in demand for, and increased price of, the provision of temporary accommodation caused overspends of c. £30m. There were also sizeable overspends in both Adults and Children's social care. The overspends will significantly deplete the available earmarked reserves and the forecast ongoing pressure caused by temporary accommodation provision has necessitated Exceptional Financial Support to be requested from central government.

Other issues related to governance and business continuity, housing (increases in temporary accommodation demand and impacts of elevated demand in responding to issues relating to the private rental sector), and climate change. The Council has an established approach to risk management, which is set out in the [Risk Management Policy and Strategy](#) and the Risk Management Framework (RMF). The RMF includes different levels of risk – strategic, service, team, and

project – and how they should be managed. Strategic and service risks are reviewed on a quarterly basis by Directorate Management Teams before they are escalated to the Council’s Corporate Leadership Team (CLT) and reviewed at Corporate Leadership Board to ensure that focus remains on the most significant risks faced by the Council. Strategic and high level service risks are presented to the Audit and Governance Committee,¹ and high level risks are included within the Building a Fairer Newham quarterly reporting to Cabinet for scrutiny by Members. More detail on these risks can be found in reports to the Audit and Governance Committee (see [here](#)).



Governance Arrangements

Newham Council’s governance arrangements comprise two key elements:

1. The systems and processes which are in place to ensure that adequate controls exist (internal control framework; external audit; the Constitution; schemes of delegation; codes and protocols; and written decisions being subject to a report clearance process before they are published). The strategic direction of the authority is set out in the Corporate Plan and the Council regularly monitors delivery of the Corporate Plan objectives via its decision-making framework.
2. Good governance is underpinned by the behaviours of Members, officers and partners which includes, but is not limited to, adherence to the decision-making framework as set out in the Constitution, adherence to codes and protocols, the culture and values of the organisation, and how the authority is accountable to and engages with the community we serve.

CIPFA PRINCIPLES	Examples from 2024/25
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¹ The Audit Committee was renamed the Audit and Governance Committee at Newham Council’s Annual Council Meeting on 22 May 2025.

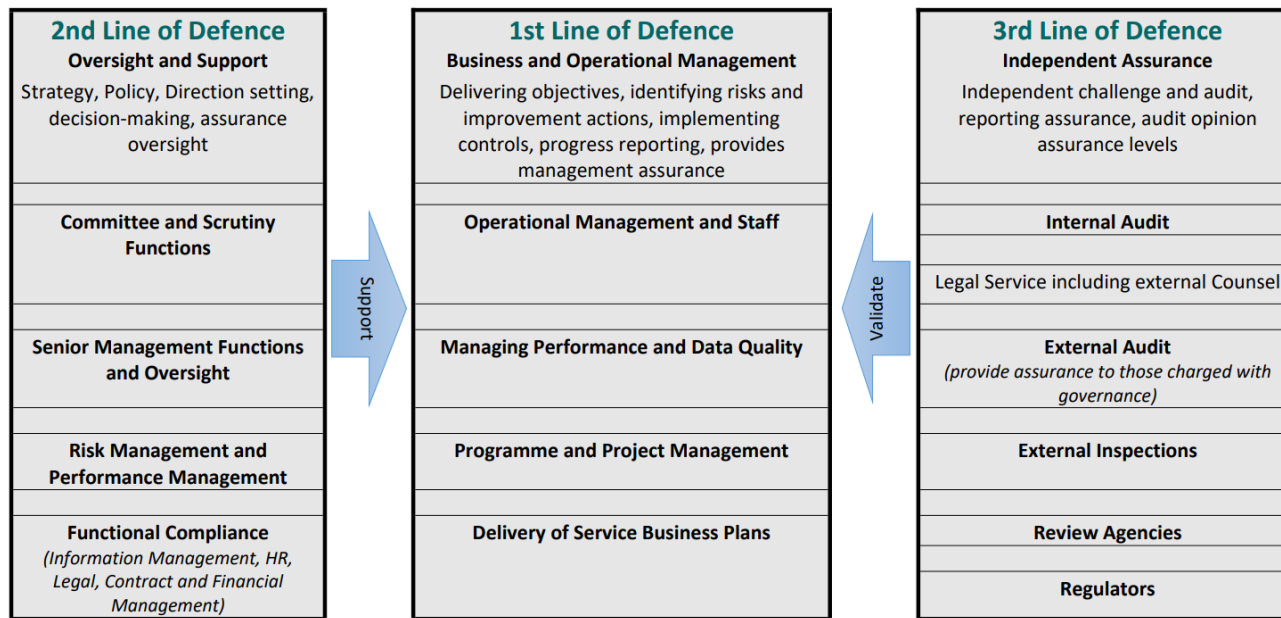
<p>A) Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law</p>	<p>The Council has recently undertaken a wholesale review of the constitution to enable it to refresh and strengthen its system of governance.</p> <p>The Council Procedure Rules have been updated, and full Council has agreed on a new Code of Conduct, Complaints Procedure, and Members' Allowances Scheme (Annual Council Meeting in May 2025). The Constitutional Review Working Group (CRWG) has recently completed its review of the Standards Advisory Committee's Terms of Reference and implemented further updates to the Complaints Procedure within the Code of Conduct. Additionally, training has been provided to members. The CRWG has also reviewed the Access to Information Procedure Rules and proposed a new Petition Scheme, with these sections of the Constitution set to be considered at the Annual Council Meeting in May 2025. Further work remains to complete the constitutional review. The CRWG is currently focused on revising the Overview and Scrutiny Procedure Rules, the Officer Scheme of Delegation, and the Member/Officer Protocol. It is also addressing governance arrangements for the Council's companies, aiming to present the final tranche of updates to full Council in Autumn 2025. The Council's Constitution is accessible on the Newham Council website.</p>
<p>B) Ensuring openness and comprehensive stakeholder engagement.</p>	<p>Complaints Process</p> <p>Newham Council has processes in place to deal with complaints in a transparent way. The Corporate Resolution Team, which includes a Corporate Resolution Manager, manages and resolves complaints across the Council's services. The team's primary focus is to ensure that residents' concerns are addressed promptly, fairly and in alignment with statutory requirements. The Corporate Resolution Manager is the officer responsible for the oversight of complaints in the organisation and ensuring that they are handled in accordance with the Council's policies and procedures. The Corporate Resolution Team is responsible for Stage 2 Corporate Complaints, Stage 2 and 3 Statutory Children's Complaints and Local Government Social Care Ombudsman (LGSCO) investigations. Services are responsible for all Stage 1 Corporate Complaints and Member Enquiries and ensuring that issues are resolved promptly and effectively. The Housing Services team is responsible for all stages of complaints and Housing Ombudsman investigations to ensure that they are meeting the requirements of the Regulator.</p> <p>The 2023-24 Annual Complaints Report was taken to Cabinet (and subsequently to the Audit and Governance Committee) in October 2024. This information is available here.</p>
<p>C) Defining outcomes in terms of sustainable economic, social, and environmental benefit</p>	<p>The Corporate Plan</p> <p>Newham Council's Corporate Plan, "Building a Fairer Newham" sets out how we aim to create an inclusive economy that supports local people, enhances their financial security, and promotes fair employment practices. The Council champions the London Living Wage and has implemented Community Wealth Building Pledges adopted by over 100 local businesses. By directing investment into the Borough to support jobs and opportunities for residents, the Council ensures that economic growth benefits everyone. Initiatives like the Newham Employment Rights Hub and Our Newham Money service help residents to secure decent jobs, increase their income, and access financial support during challenging times.</p> <p>Newham Council also addresses environmental sustainability through various initiatives aimed at reducing carbon emissions and improving air quality. The Council has invested in sustainable transport options, such as cycling infrastructure and electric vehicle charging points. Additionally, the Council promotes green spaces and parks, with several borough parks receiving Green Flag status, and supports rewilding projects like the Greenway Pollinator Trail. These efforts contribute to creating a cleaner, greener borough for all our residents.</p>
<p>D) Determining the interventions necessary to optimise the achievement of the intended outcomes</p>	<p>Determining interventions</p> <p>In the Mayor and Cabinet system, decision makers receive objective and rigorous analysis of a variety of options when making decisions, indicating how intended outcomes would be achieved and the associated risks, for instance in the challenge and review process (including scrutiny) that underpins the setting of the annual budget and savings plans. All key decisions include details of the financial, legal, environmental and equality implications, to allow Members and officers to make informed decisions</p>

<p>E) Developing the entity's capacity, including the capability of its leadership and the individuals within it</p>	<p>Officer development Newham Council offers a variety of training programmes and initiatives to ensure that its employees are well-equipped to serve the community effectively. These reflect Newham Council's commitment to building a skilled, inclusive, and responsive workforce.</p> <p>Inclusive Recruitment and Leadership Training The Council has introduced more inclusive recruitment practices and specific training on recruitment, anti-racist practice, inclusive leadership, allyship, and conscious inclusion. These programmes aim to foster a diverse and supportive work environment.</p> <p>Skills Development and Career Progression Newham Council employees have access to continuous professional development opportunities, including part-time courses through Our Newham Learning. This initiative has supported thousands of residents and employees in enhancing their skills and advancing their careers.</p> <p>Health and Safety Training Newham Council prioritises the health and safety of its employees by providing comprehensive training on safeguarding measures, including violence against women and girls, child sexual exploitation, criminal exploitation, modern slavery, hate crime, and extremism.</p> <p>Community Engagement and Participatory Democracy Training is also provided to support the Council's participatory democracy agenda. This includes sessions on engaging with residents through Community Assemblies and Citizens' Assemblies, ensuring that our employees are equipped to involve our community in decision-making processes.</p> <p>Member Development Newham Council has produced a Member Development Strategy, which provides an overarching strategic vision to Member Development and an annual programme of development training. An interim programme is underway with four training sessions delivered to Members between February and May 2025, prior to the new municipal year starting. A final interim session is due to be delivered on 14 May 2025. The Member Development Strategy and Annual Programme are due to be taken to Full Council in May 2025. The LGA has also supported Newham Council Cabinet Members with a mentorship scheme to facilitate knowledge exchange between experienced and new Members. This peer mentoring scheme has been incorporated into the Member Development Strategy.</p> <p>Organisational Transformation Newham Council has been working in partnership with external advisors to design and implement a new operating model for the Council. The work to "Transform Newham for the Future" (TNFF) has three phases and includes a range of initiatives designed to make more services available to residents online, integrate the way we deliver services to better support residents, and become a lean and efficient Council. Programmes and projects are being mobilised in three phases aligned to our Medium-Term Financial Strategy (to 2027/28).</p>
<p>F) Managing risks and performance through robust internal control and strong public financial management</p>	<p>Internal Control The system of internal control is a significant part of the Council's governance arrangements and is designed to manage risk to a reasonable level. However, even if it is operating effectively, it cannot eliminate all risk and can only provide reasonable, not absolute assurance of effectiveness. The system is based on an on-going process designed to ensure that:</p> <ul style="list-style-type: none"> • public money and assets are safeguarded from inappropriate use, or from loss and fraud; • public money is properly accounted for and is used economically, efficiently and effectively;

	<ul style="list-style-type: none"> • the Council operates in a lawful, open, inclusive and honest manner; • the Council has effective arrangements for the management of risk; and • the Council enables human, financial, environmental and other resources to be managed efficiently and effectively. <p>These internal controls also enable the Council to secure its continuous improvement in the way that it operates, in a way that meets the Council’s values and ethical standards. To do this, the system of internal controls also requires the Council to ensure that:</p> <ul style="list-style-type: none"> • the Council properly maintains records and information; ▪ there is identification and prioritisation of the measures undertaken to address risks to the achievement of Newham Council’s policies, aims and objectives; ▪ there is evaluation of the likelihood of those risks being realised together with the impact should they be realised; and ▪ management of risks efficiently, effectively, and economically. <p>In 2024/2025, the most common high-level risks related to budget pressures, particularly around temporary accommodation, and also with Adults and Children’s social care services. Other common themes related to organisational culture, addressing the report of the Regulator of Social Housing, Health and Safety, and financial overspends.</p> <p>The Council has an established approach to risk management, which is set out in the Risk Management Policy and Strategy/RMF. The RMF outlines the different levels of risk – strategic, service, team, and project – and how they should be documented and managed. Strategic and significant service risks are reviewed on a quarterly basis by the Directorate Management Teams, before they are escalated to the Corporate Leadership Board to ensure it remains focussed on the most significant risks faced by the council. These strategic and high-level risks are presented to the Audit and Governance Committee, and high level risks are included within the Building a Fairer Newham quarterly reporting to Cabinet for review by Members. More detail on these risks can be found in reports to the Audit and Governance Committee (see here)</p> <p>The Three Lines of Defence in Effective Risk Management and Control</p> <p>See table below</p>
<p>G) Implementing good practices in transparency, reporting, and audit to deliver effective accountability</p>	<p>As detailed above, information is available to the general public via the Council’s website in an accessible style appropriate to the intended audience.</p> <p>The Annual Governance Statement is presented to the Mayor and Chief Executive, approved by Audit and Governance Committee and published alongside the Statement of Accounts.</p> <p>The Audit and Governance Committee, and Overview and Scrutiny Committee report annually on their work to full Council.</p> <p>Internal Audit provides independent assurance on key financial systems and areas of service delivery on a risk-based approach. A significant proportion of the audits carried out this year were focused on housing activities, resulting from the outcome of the report of the Regulator of Social Housing. This approach will continue in 2025/26. There was also a focus on activities that generated income, including controls to manage collection, with a view to ensure that they were efficient and effective.</p> <p>Further details on audit delivery are included the progress summary below.</p> <p>Significant Governance Issues</p> <p>Please see below for details of the key governance issues identified for 2024/2025 and updates on those issues identified in 2023/2024.</p>

Three Lines of Defence

The **three lines of defence model** is designed to provide confidence, based on sufficient evidence, that internal controls are in place and operating effectively,



and that objectives are being achieved. As assurance is derived from multiple sources, the “Three Lines of Defence” concept helps identify and understand the different sources of assurance. Where controls are not operating effectively, then iterative improvements to strengthen the control environment are required, such issues are set out below in the report and will be addressed in the coming year.

The review of Newham Council’s effectiveness is informed by the following three lines of defence:

- **senior managers (and staff) within the Council** who have responsibility for the development and maintenance of the governance environment, including identifying and managing risk. They should have the necessary knowledge, skills, information, and authority to operate the relevant policies and procedures of risk control;
- **Risk management and professional leads, including**

the Chief Finance Officer, the Chief Digital Information Officer and Director of Human Resources. These professional leads work towards providing the policies, frameworks, tools, techniques and support to enable risk and compliance to be managed in the first line, conduct monitoring to judge how effectively they are doing it, and help ensure consistency of definitions and measurement of risk; and

- **Internal Audit and other inspections made by external auditors, independent review agencies and inspectorates, providing independent assurance.** Sitting outside the risk management processes of the first two lines of defence, the main roles of this third line are to ensure that the first two lines of defence are operating effectively and advise how they could be improved. Tasked by, and reporting to the audit committee, it provides an evaluation, through a risk-based approach, on the effectiveness of governance, risk management, and internal control to the organisation’s governing body and senior management. It can also give assurance to sector regulators and external auditors that appropriate controls and processes are in place and are operating effectively. This includes sector regulators such as, for example, the Care Quality Commission, Ofsted, and the Regulator of Social Housing.

In carrying out our duties, we need assurance in our compliance with those duties, management of the risks and financing associated with them. We also need assurance that we are delivering services for our residents in performance of our duties and that we have effective internal controls as a guiding framework. We derive assurance from a variety of key sources, outlined below.

Key sources of assurance

Constitution as a guide to understanding Newham Council's decision-making processes	Council, regulatory committees, Audit and Governance Committee, Scrutiny function	Internal and external audit	Risk management policy and strategy; RMF	Financial Reporting (including the Statement of Accounts) and Performance management systems	Complaints, counter-fraud and whistleblowing	Independent and external sources (e.g. OFSTED, CQC, CIPFA, RSH)
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The Corporate Leadership Team (CLT) – comprising the Chief Executive, her directors and statutory officers² – is responsible for implementing the policy and budgetary framework set by the Council and provides advice to Cabinet and the Council on the development of future policy and budgetary issues. The CLT meets as a board (CLB), with all CLB meetings having legal and finance input into their discussions.

There are regular meetings throughout the year of our three Statutory Officers (the Chief Executive/ Head of Paid Service, Monitoring Officer and Chief Finance Officer) to review and monitor governance issues.

- Chief Executive and Head of Paid Service – Abi Gbago
- Chief Finance Officer (the 'Section 151 Officer') – Conrad Hall
- Monitoring Officer – Satish Mistry (Interim; until September 2024) and Rachel McKoy (since September 2024)

In addition, the Council has statutory officers overseeing Adult Social Services, Public Health³, Education and Children's Social Care and Safeguarding, all reporting directly to the Chief Executive.

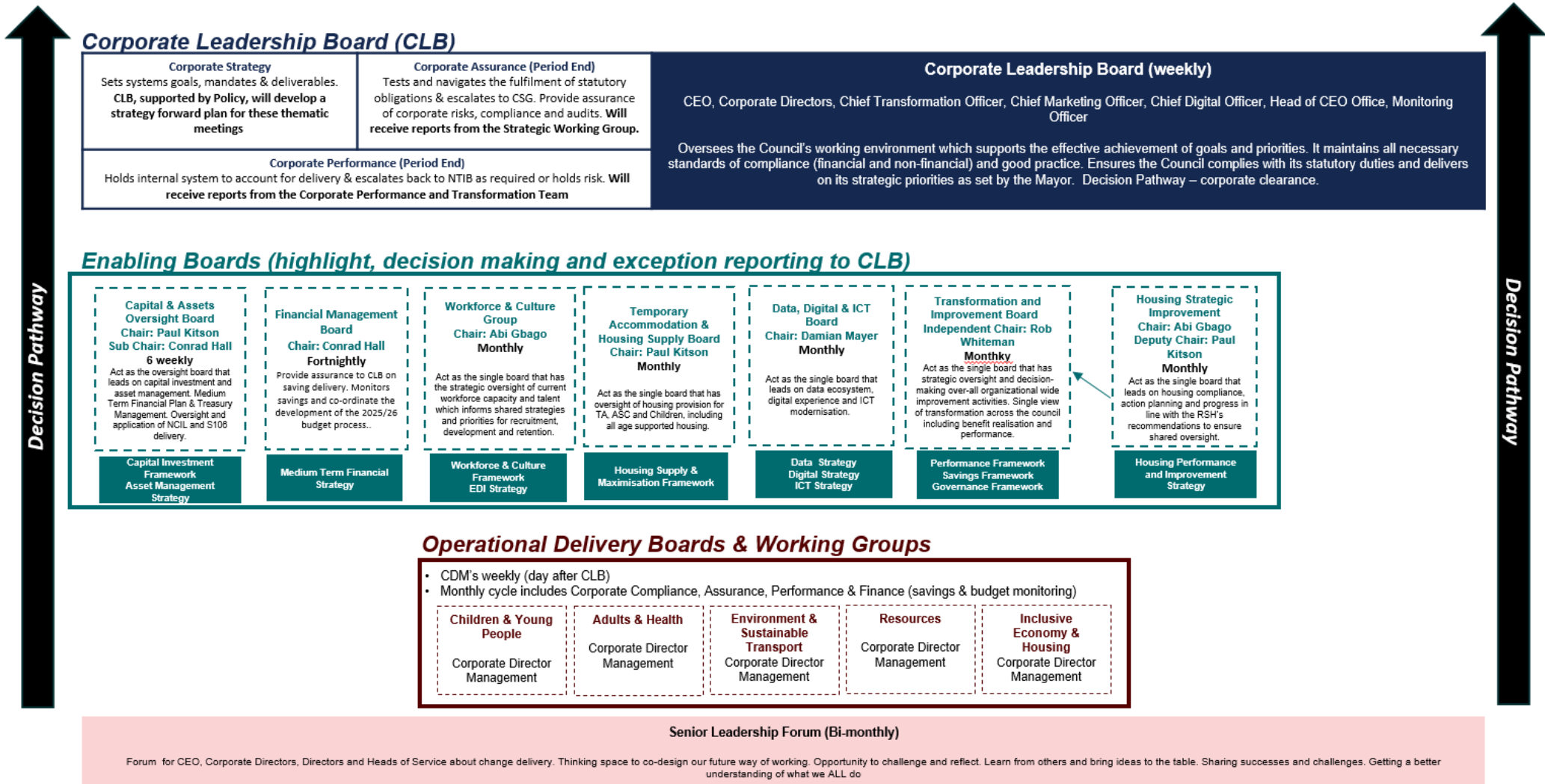
Since April 2024, new financial framework arrangements have been in place and embedded. These include new internal management boards, under the Corporate Leadership Board. These governance boards are: the Capital and Assets Oversight Board; Data, Digital and ICT Board; Financial Management Board; Housing Strategic Board; Temporary Accommodation and Housing Supply Board; Transformation and Improvement Board; and Workforce and Culture Group.

² For more information on statutory chief officers, see section 2(6)(zb) of the Local Government and Housing Act 1989.

³ In Newham Council, one Statutory Officer oversees both Adult Social Care and Public Health.

Governance for Organisation Corporate Leadership

To enable greater oversight, accountability, we need to enable Corporate Leadership Team to perform at its best. These boards reimagine our current CLB arrangement



Managing Newham Council's Finances

Statement of Accounts

The Council's audited and draft Annual Statement of Accounts, including those published alongside this document for the financial year 2024/25, can be found

on the website via this link [here](#). Notices of Public Inspection are also published there.

Annual accounts – Newham Council

The purpose of the Statement of Accounts is to give electors, local taxpayers, members of the Council and all other interested parties clear information about the Council's finances, and so enhance financial accountability. The information within them sets out Newham Council's financial position and financial direction. The Statement of Accounts include a plain English narrative statement which is used to communicate important messages about the finances and clarify technical issues, including the cost of council services, how this compares to the annual budget report and how it was financed. The accounts also contain information on the value of the Council's assets and reserves, and the short and long term liabilities including the local government pension scheme.

The audit reports to the Audit and Governance Committee for both the 2022/23 and the 2023/24 Statement of Accounts by our external auditors, Ernst and Young, issued [disclaimed audit opinions](#). This reflects national capacity issues across the whole sector affecting the audit of local authority accounts. The Value for Money report which accompanied the disclaimed opinion for 2023/24 highlighted the governance weaknesses evident in Housing Services as reflected in the regulator's C4 grading, and in the preparation of working papers to support the financial statements. Plans are in place to address both these weaknesses.

Treasury Management

The Audit and Governance Committee reviewed the development of future [Treasury Management Strategy](#) prior to its presentation to Council for approval on 27 February 2025. Our Audit and Governance Committee also received mid-term and annual reports on the extent of compliance with the approved Treasury Management Strategy and an analysis of the performance against the targets set. During the year, the Audit Committee recommended the Treasury Management Strategy and performance monitoring reports for Council approval.

Organisational Assurance

Any organisation's ability to be resilient and achieve its policies and objectives will depend upon its capacity to control risk, maintain compliance with regulatory and statutory frameworks, and to exercise effective governance. This is achieved through a combination of external and internal audit. Within the organisation, we have services which evaluate the effectiveness of our risk management, control and governance processes, in line with statute.⁴ These services include Internal Audit, Counter Fraud and Corporate Resilience.

External Audit

As stated previously, our external auditors are Ernst and Young. There are national issues across the whole local government audit sector affecting the audit of local authority accounts, and as a consequence in order to clear the national backlog of audit opinions, the audit of the 2022/23 accounts will not be undertaken. Our external auditors will instead proceed to the audit of Newham Council's 2023/24 accounts.

Internal Audit, Risk Management and Counter Fraud

The Internal Audit, Risk Management and Counter Fraud team provides internal independent assurance and opinion on the adequacy and effectiveness of the Council's governance, risk management and control framework. This team delivers an annual programme of risk-based audit activity, including counter-fraud and investigation activity; makes recommendations for improvements in the management of risk; is responsible for developing and implementing the Anti-Fraud and Corruption Policy and monitoring the investigation of any reported issues; and ensures that all suspected or reported irregularities are dealt with in accordance with the Anti-Fraud and Corruption Policy.

⁴ Accounts and Audit Regulations 2015 [Online] Available at: [The Accounts and Audit Regulations 2015](#) (Accessed 21 May 2025).

Internal audit progress

The proposed audits for 2024/25 were noted by the Audit and Governance Committee⁵ at their first committee meeting on 17 April 2024 and progress was reported quarterly, thereafter. The plan was produced with reference to the strategic and directorate risk registers and emerging local government risks; and informed through discussion with Senior Leadership Teams for each directorate. Progress in implementing recommendations is also monitored. As of 31 March 2025, 140 (74%) of audit recommendations had been fully implemented and 37 (20%) were underway.

The outcome of each audit is:

Audit Name	Grading/ Status
Purchase cards	Reasonable
Complaints	Reasonable
Development Management	Limited
Client Affairs	Limited
Commercial investments income	Limited
Rental income and collection (HRA)	Limited
Parks and open spaces maintenance	Limited
Alternative provision	7 July 2025
Commercial waste income	7 July 2025
Gas servicing	7 July 2025
Housing voids	14 July 2025
Rental income and collection (GF)	21 July 2025

Managing Risks Through Internal Control

The system of internal control is designed to manage risk to a reasonable level. In any environment, it is not possible to eliminate all risk: in a local authority context, a source of risk can come from the resources required to achieve policies, aims and objectives. A system of internal control can, however, provide a reasonable assurance of effectiveness. The system of internal control within a local authority is based on an ongoing process to:

- identify and prioritise the risks to the Council of not meeting its policies, aims and objectives;
- evaluate the likelihood and potential impact of those risks being realised; and
- manage them efficiently, effectively and economically.

⁵ Formerly the Audit Committee (until 22 May 2025).

That system also gives due consideration to and acknowledges the importance and nature of risk, balanced against how the organisation manages both risk and appetite for risk.

Head of Internal Audit Opinion 2024/2025

Please see Annex I at page 25.

Counter Fraud

Management oversight and internal controls alone cannot guarantee the detection of fraud and corruption, nor can these give an overall assurance opinion on counter fraud. Managers therefore have responsibility for ensuring that there are adequate controls in place to manage the risk of fraud and corruption.

The size and complexity of the Council means that some irregularities are inevitable, and when these arise, the Counter Fraud Team deploy resources to investigate these. Whilst responding to fraud allegations raised internally and externally, the Counter Fraud Team also had a proactive schedule of activity which includes Fraud Awareness Training and intelligence-led data matching projects.

Corporate Resilience

Overview of responsibilities

The Resilience Team within Community Safety and Regulatory Services, serves as the corporate lead on matters relating to the Council's capacity and capability to prepare for and respond to emergencies and service disruptions. The team's purpose is to ensure that the Council meets its seven duties under the [Civil Contingencies Act \(2004\)](#), and to enhance the organisation's capability to respond to and recover from emergencies, whilst fostering partnership working through the Borough Resilience Forum. The team maintains a range of generic and risk-based plans to support these responsibilities. Additionally, the team trains and exercises these plans with volunteer staff to ensure an effective emergency response that meets community and business expectations. The team reports within the Environment and Sustainable Transport Directorate to ensure access to significant supporting resources such as CCTV, Delta1, Community Safety Teams, and public realm services.

Governance

A range of controls are in place to ensure effective risk management and the delivery of the team's strategic goals. A report presenting the teams programme, risks and issues is submitted to CLB twice a year. The Borough Resilience Forum, which includes emergency services, other Category 1 responders, businesses, the Voluntary, Community, and Faith Sector (VCFS), and other external partners, contributes to the development of council's risks and plans. The newly established Corporate Resilience Forum ensures that internal services and risk professionals within the organisation contribute to and oversee the development of continuity planning and risk management.

Scrutiny

Scrutiny at Newham Council is carried out by one Overview and Scrutiny Committee which scrutinises a variety of cross-cutting issues, including the Council's financial and budgetary performance. The Overview and Scrutiny Committee (the Committee) also establishes scrutiny commissions to carry out its work. Each scrutiny commission has a different remit and examines local services across the public sector, broadly mirroring Executive Members' portfolios and the services within those portfolio areas. The scrutiny commissions are made up of elected Councillors who are not part of the Council's Executive, together with some co-opted representatives from relevant local organisations, such as school governors.

The Annual Scrutiny Report 2024/2025, which was presented to full Council in May 2025, highlighted the scope and breadth of the work of the Overview and Scrutiny Committee and the scrutiny commissions. Over the course of the municipal year, the Committee and its scrutiny commissions shaped Council policy, conducted in-depth reviews and produced reports about their investigations, conclusions and recommendations. These can be found on the Council website and include the [Budget Scrutiny Commission](#) and the 'Meeting Newham's Future Needs' Reports.

As referenced elsewhere in this [Draft] Annual Governance Statement, in December 2023, the LGA undertook a Corporate Peer Challenge of Newham Council. The LGA report referred to the findings of an organisational review by the Centre for Governance and Scrutiny. The LGA Corporate Peer Challenge report recommended a series of Governance and Scrutiny Development Workshops to coproduce an action plan for improvements in 2024 and beyond. Workshop sessions led by the Centre for Governance and Scrutiny were held over the summer in 2024, attended by Scrutiny and Executive Members as well as senior officers. A final session supported and led by the Centre for Governance and Scrutiny to discuss and launch the Road Map was held in May 2025 and work is underway to progress and embed the outcomes, learning and actions from the CfGS Road Map session.

OVERVIEW AND SCRUTINY COMMITTEE

- **Budget Scrutiny Commission** – an annual scrutiny commission which is a key part of the Committee's annual work programme. The Budget Scrutiny Commission conducted review of in-year budget performance review which involved questioning leading members and officers about the draft budget proposals.
 - **Crime, Environment and Transport Scrutiny Commission**
 - **Education, Children and Young People Scrutiny Commission**
 - **Health and Adult Social Care Scrutiny Commission**
 - **Housing and Regeneration Scrutiny Commission**
 - **Inner North-East London Joint Health Overview and Scrutiny Committee (participatory member of this external scrutiny committee)**
 - **Relationship Between Black Boys and the Borough Scrutiny Commission (task group)**
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- **Call-in requests: Royal Victoria Dock Bridge, Carpenters Estate, People Powered Places, Populo Living Business Plan and Juniper Ventures**

Procurement Rules

The Contract Procedural Rules (the 'CPR') and the Contract Standing Orders (the 'CSO') together set out how the Council authorises and manages third party spending. This includes all types of goods, works and services. These standing orders are made under s135 of the Local Government Act 1972 and provide the instructions and rules which officers must follow in relation to procurement activities. All Members and Officers are required to comply with these CPR/CSO and to abide by the Public Contracts Regulations 2015 or any subsequent revisions that come into force from time to time. We have a responsibility to do this in a transparent way that offers best value to residents.

During the year, the Procurement Team provided service areas with a quarterly report of all active contracts which includes those that are due to expire within the next 18 months. The Team proactively maintained the contracts register with any periodic updates from services. Quarterly reports of contract procedure rule waivers and breaches are provided to the Audit and Governance Committee.

In February 2024, the new [Procurement Act 2023](#) came into force which provides a new framework for public sector procurement with new requirements. In order to be compliant for the new Act the following activities have been completed:

- procurement staff are all training to Government Commercial College – Practitioner Level;
- training for key staff has been delivered;
- the Annual Procurement Pipeline has been published on Central Digital Platform; and
- the Contract Standing Orders are being reviewed in 2025 to update and simplify the document and supporting guidance.

Managing our Council Companies

The Investment Activities Oversight Board (the IAOB) is mandated to provide a key governance function for Newham Council's investment portfolio. It ensures correct application of the associated governance framework providing the Council with strategic oversight of all interests and investments; increasing transparency and communication, governance, and control.

The IAOB provides scrutiny and direction on the Council's wholly owned Local Authority Trading Companies (LATCOs), with the exception of Populo which is governed by a separate shareholder board. The IAOB through appointment of Non-Executive Directors receives assurance of compliance with existing agreements. The IAOB oversees an annual review of each company covering the following key areas:

- board effectiveness;
- business plan assessment;
- governance arrangements;
- commercial viability;
- dividend policy; and
- external audit findings.

The Council's portfolio currently includes wholly owned companies, one limited shareholding (49%) company and one company which is limited by guarantee.

Since the last Annual Governance Statement, the Council has taken the decision to insource staff from Early Start Group Limited and close the company. The transfer took place in October 2024 and the Council and the company board will take measures to take the company through voluntary liquidation arrangements.

Since externalisation, the IAOB has overseen the dividend return by LATCOs of over £1.6m into Newham Council. In addition, all LATCOs pay the London Living Wage to their staff

The companies are:

- Populo Living Limited (wholly owned development vehicle) and Design and Build Limited (Populo subsidiary)
- Wholly-Owned Local Authority Trading Companies:
 - Early Start Education Limited
 - Enabled Living Healthcare Limited
 - Juniper Ventures Limited and its subsidiaries
 - London Network for Pest Solutions Limited
- The Language Shop Limited (limited shareholding)
- Better Together Limited (limited by guarantee)

Learning Lessons

The Council has been active in improving and strengthening our governance and commissioned external reviews of our organisation, taking a full-system approach.

At the end of the 2022/23 cycle, Newham Council had commissioned the Centre for Governance and Scrutiny (CfGS) to undertake a review of the organisation and its scrutiny function (the Scrutiny Improvement Review). The aim of this review was to help evaluate and guide the function's development in accordance with the Council's ambitions for accountability, transparency and greater engagement. Following the report of the CfGS in October 2023, an action plan and learning was implemented and embedded.

Local Government Association (LGA) Corporate Peer Challenge

In November 2023, the Local Government Association (LGA) conducted a Corporate Peer Challenge within Newham Council. Following the LGA's three-day visit, Newham Council published the Corporate Peer Challenge report with the findings. The [LGA Report](#) in March 2024 referenced the findings of the Scrutiny Improvement Review and recommended a series of governance and scrutiny development workshops for improvements in 2024 and beyond. The Council's [Action Plan](#) was published on 2 May 2024, setting out how the Council planned to address the 11 recommendations in the LGA report.

Since then, the Council has continued to work towards delivering the 11 recommendations from the LGA Report, This delivery is monitored through quarterly progress updates to Cabinet. In October 2024, the LGA Peer Review team came back to Newham Council for a progress visit and its [Progress Review](#) was published in December 2024.

At the time of this draft Annual Governance Statement, four of the 11 recommendations have been completed, with seven of the remaining recommendations on track to be completed no later than Summer 2025. The final two recommendations are on track for completion by Autumn 2025.

Sector Regulators

In the 2024/2025 period, Newham Council underwent one significant inspection by the Regulator of Social Housing (RSH). This inspection took place in May 2024, with the findings published on 16 October 2024.⁶ The inspection focused on various consumer standards, including the Neighbourhood and Community Standard, Safety and Quality Standard, Tenancy Standard, and the Transparency, Influence and Accountability Standard.

In the same period, there was a Local Area SEND Inspection. On 23 September 2024, Newham's Local Area Partnership received notice of its Ofsted and CQC Local Area SEND inspection which finished on 11 October 2024, with the findings published on 28 November 2024.⁷ These inspections evaluated various aspects of Newham Council's services, including the effectiveness of their support for children and young people with special educational needs and disabilities (SEND). Inspectors discussed SEND processes and experiences with Newham partners and key stakeholders including:

- Children and young people with SEND and their families.
- Elected members and senior leaders.
- Practitioners and professionals from Education, Health and Social Care settings.

⁶ Regulator of Social Housing: Regulatory Decision, London Borough of Newham: 16 October 2024. [Online] Available at: [London Borough of Newham \(00BB\) - Regulatory Judgement: 16 October 2024 - GOV.UK](#) (Accessed 21 May 2025).

⁷ Please see Newham Council's SEND and CQC update. [Online] Available at: [Newham's SEND and CQC inspection update - NHS North East London](#) (Accessed 21 May 2025)..

The overall outcome of the inspection confirmed that, “The local area partnership’s arrangements lead to inconsistent experiences and outcomes for children and young people with special educational needs and/or disabilities (SEND)”. This is a fair judgement and reflects the current phase of our Local Area’s improvement journey. Several strengths were identified as well as areas of recommended improvement.

Newham Council is currently preparing for a CQC inspection of Adult Social Care in July 2025. This is beyond the timeframe of this Draft Annual Governance Statement and will be reported next year.

Governance Issues Identified Throughout 2024/2025

The table below summarises the specific governance issues identified. These have been categorised as:

- New or Amended Issue – identified in 2024-2025
- Ongoing Issue – previously identified in 2023-2024
- Closed Issues – issue is now closed on the Annual Governance Statement but is being managed as ‘Business as Usual’.

Key Governance Issues 2024/25

Control Area	Governance Issue	Update	Responsible Officer(s)
Finances and Resources	Best Value	<p>Issue: On 8 May 2025 the Ministry of Housing, Communities and Local Government issued a non-statutory Best Value notice to Newham Council. This is available here and so the detail is not repeated in this document. The Council needs to respond to this by improving its financial sustainability, implementing and measuring its cultural change work, focusing on the work around continuous improvement, and delivering recommendations from various inspection regimes.</p> <p>Update: N/A</p>	Abi Gbago / Conrad Hall
Finances and Resources	Budget	<p>Issue: Newham Council has applied for a total of £67.2m Exceptional Financial Support for the years 2024/25 and 2025/26, to be funded, if approved, by the flexible use of capital receipts rather than borrowing. However, as at February 2025 there was still an identified funding gap of £132 m for the period 2026/27 and 2027/28 (£61m in 26/27 and £71m in 27/28). This figure will be refreshed as the financial strategy is reviewed in July 2025. Whilst considerable savings have been identified, including with the benefit of significant external challenge, as yet no means have been identified to reduce this gap to nil and set a conventionally balanced budget.</p> <p>Update: N/A</p>	Conrad Hall / Andrew Ward
Inclusive Economy, Housing and Culture	RSH, C4 grading	<p>Issue: In October 2024, the Regulator for Social Housing identified a number of failings against the required consumer standards and issued Newham Council with a C4 judgement.⁸</p> <p>Update: Since this judgement, Newham Council has been required to work intensively with the Regulator to agree a comprehensive Improvement Plan. This Plan will be submitted to Cabinet for approval in June 2025.</p>	Paul Kitson / David Padfield
Legal	Governance	<p>Issue: A claim was lodged at the Employment Tribunal by the Executive Mayor against the Council. The claim alleged sex and race discrimination against Newham Council, arising from an alleged matter at a Council meeting in 2022. The Council robustly defended the claim, which was settled without admission of liability, through mediation in December 2024.</p> <p>Update: The parties are committed to create a positive working environment for all elected officials and those who work for the Council as demonstrated through their joint commitment to work together collaboratively for the benefit of the residents, businesses and service users of the borough. This has been demonstrated by the establishment of an effective</p>	Rachel Mckoy

⁸ For an explanation of the Regulator of Social Housing's scheme of gradings, see the RSH website. [Online] Available at: [How we approach regulatory judgements and gradings - GOV.UK](#). (Accessed on 25 May 2025).

		Members Development Strategy and Programme, comprising part of the LGA Improvement Plan, and the bolstering of the Council's Code of Conduct arrangements through recent changes made to the Constitution via its cross-party member working group and subsequent approval by Full Council.	
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Key Governance Issues 2023/24

Control Area	Governance Issue	Update	Responsible Officer(s)
The Dedicated Schools Grant	Deficit	<p>Issue: There is a £12.8m deficit on the High Needs block of the Dedicated Schools Grant (DSG). A temporary legislative provision enables the Council to carry this forward, against normal accounting practice, but under current plans this is scheduled to expire in 2026. Although the issue is a national one, Newham Council is taking steps to reduce this deficit in a reasonable manner over the medium term.</p> <p>Update: The deficit is at £8.7 million; the directorate budgeted a reduction of £2 million but overachieved by twice as much. Another £2 million is budgeted for this year. However, the £6.7million deficit will have to be found by General Fund unless there is an extension to the national policy.</p>	Laura Eden
Temporary Accommodation	Overspend	<p>Issue: National policy which has a financial impact on all local authorities, including Newham Council. As a result, Newham Council experiences financial consequences of central government funding and policy (in the form of budgetary overspend)</p> <p>Update: The Homelessness Response Programme has been successful in increasing Newham Council's ability to prevent people / households becoming homeless. Additionally, the financial and demand modelling has ensured more accurate financial forecasting for planning purposes, though that has not resulted in the Temporary Accommodation (TA) budget becoming sustainable. The TA and Housing Supply Board, alongside regular reporting to the Housing and Regeneration Scrutiny Commission, has strengthened both the visibility of the challenge and also the ownership of this particular housing challenge across the Council.</p>	Paul Kitson
Housing	Standards	<p>Issue: Assurance about Newham Council's compliance with the 'Good Home standards' and continuing oversight of key areas such as damp and mould, fire safety, etc. Implementation and oversight of any recommendations and/or plan which may emerge from the Housing Regulator's report.</p> <p>Update: The Housing Services Improvement Plan addresses the issues arising from the Regulator of Social Housing inspection and those issues raised in 2023/2024.</p>	Paul Kitson / David Padfield
Greenhill and John Street	Contract Variations	<p>Issue: Loss of controls in management of costs in two capital programmes resulted in increased costs. Deeds of variation were entered into the two following contracts with Higgins:</p> <ul style="list-style-type: none"> • Greenhill revised and varied from £32.3m to £43.1m, plus a 5% contingency of £2.2m • John Street revised and varied from £23.4m to £32.2m, plus a 5% contingency of £1.6m <p>These resulted in substantial overspends.</p> <p>Amendments to the John Street and Greenhill contracts are being progressed by way of a deed of variation to the existing Joint Contracts Tribunal (JCT) Design and Build Contract (with council amendments). Authority to enter into the deeds of variation was agreed at</p>	Paul Kitson / Darren Mackin

Control Area	Governance Issue	Update	Responsible Officer(s)
		<p>Cabinet in April 2024. Delegated approval through a non-key decision is presently being obtained from the Corporate Director of Inclusive Economy & Housing, in consultation with the Cabinet Member for Housing and the Portfolio Lead for Inclusive Economy, Housing Delivery and Climate Emergency and Performance and Transformation.</p> <p>Update: The deed of variation for these contracts has been signed and implemented. As per the Cabinet decision, this means that the Greenhill scheme is paused and John Street continues under the terms of the revised contract.</p>	
LGA Corporate Peer Challenge	Organisational improvement	<p>Issue: The LGA Corporate Peer Challenge Review, identifying areas for improvement across the organisation, including governance and culture, was a major event in November 2023. Newham Council had not been reviewed by the LGA for ten years and the organisation is approaching this review as a learning and improvement opportunity. The LGA Report was published on 1 March 2024 and the Action Plan was published on 2 May 2024. The Council is working towards the 11 recommendations in the LGA report.</p> <p>Update: The Council continues to work towards delivering the 11 recommendations from the LGA Report and is monitored through quarterly progress updates to Cabinet. Since the publication of the LGA Report and the Council's Action Plan, the LGA Peer Review team came back to Newham Council for a progress visit in October 2024 and published a progress review.</p> <p>At the time of drafting, four of the 11 recommendations have been completed, with seven of the remaining recommendations on track to be completed no later than Summer 2025. The final two recommendations are on track for completion by Autumn 2025.</p>	Abi Gbago/CLB
Human Resources: Appraisals	Organisational improvement	<p>Issue: Delivery of the Workforce Strategy. Persistent failure to meet an internal organisational target identified as important by CLB. The rate of appraisals conducted within the organisation is below the target previously set by CLB and has been mentioned as an issue of concern by the Audit Committee.</p> <p>Until the oneSource split, Newham Council did not have a dedicated workforce strategy and, as part of this, the framework around our people processes and cultural transformation lacked an aligned approach and focus. For example the approach to the performance review was perceived as a task and a one-off activity as opposed to a critical opportunity to coach and to align objectives to our corporate plan, to ensure that our focus on activity was measured and prioritised with clear performance outcomes, that colleagues had a motivational conversation with quality feedback to enable their best contribution. As a result of a lack of aligned approach, engagement with the process and completion rates were lower than our desired benchmark of 90%.</p>	CLB/Julie Harris / Gordon McFarlane

Control Area	Governance Issue	Update	Responsible Officer(s)
		<p>We anticipate as we take a robust approach to finessing our performance process, developing our performance culture and embedding our workforce planning that we will enable and execute a better engagement with review completion. We will be focused on performance recognition and management of capability and will be ensuring that our values and the behaviours of leaders place an accountability and empowerment culture within their teams. Part of this will be to continue to enforce that a quality performance review completion for all team members and for those in SMR grades and above will be a requirement in order to receive a salary increment.</p> <p>Update: In May 2024, the Council launched a three-year Workforce Strategy setting out key people objectives. Annual action plans are in place and delivery is being monitored by the Workforce & Culture Board, chaired by the Chief Executive.</p> <p>In relation to performance appraisals, following a review of best practice in other organisations, including a number of Local Authorities, a decision has been taken, endorsed by CLB, to move away from the once-a-year event, and to focus on all year-round meaningful conversations which will take place on a monthly basis. Training for managers has been run. These discussions should aid staff motivation, retention, and increase the feeling of connection to the organisation, service and team, and what role each member of staff plays. Managers are expected to record on Oracle that these conversations have taken place, and compliance will be centrally monitored.</p>	

Conclusion

TO BE CONFIRMED UPON FINALISATION [August 2025]



Rokhsana Fiaz OBE
Mayor



Abi Gbago
Chief Executive

Newham Council

Internal Audit Annual Opinion Report 2024/25

Contents

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Internal Audit Annual Opinion 2024/25: 'At a Glance'

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Executive Summary

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Internal Audit Annual Opinion 2024/25

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Summary of Audit Opinion and Actions 2024/25

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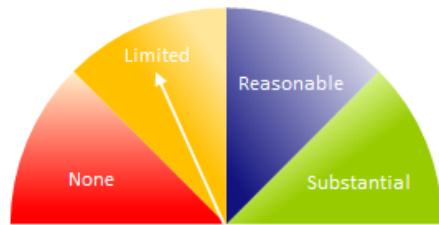


Overview of Audits Completed 2024/25

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Internal Audit Annual Opinion – 2024/25: ‘At a Glance’

Annual Opinion 2024/25



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

The Headlines

	19 reviews delivered in accordance with the 2024/25 Internal Audit Plan. Whilst 7 Reasonable and 7 Limited audit opinions were provided, an overall ‘Limited’ annual opinion has been provided, based upon the greater corporate significance of the audit areas comprising the Limited opinions.
	A substantial number of Priority 1 (18) or Priority 2 (69) actions raised.
	Two corporate risk areas were identified across the audits completed (see page 9 for further details).
	All actions were accepted by management.

Internal Audit Assurance Opinions

Substantial	0
Reasonable	7
Limited	7
No Assurance	0
Follow Up	5
Internal Audit Agreed Actions	
Priority 1	18
Priority 2	69
Priority 3	31

Executive Summary

Internal Audit provides an independent and objective opinion on the effectiveness of the Service's risk management, control and governance processes.



Purpose

The Global Internal Audit Standard 11.3 and section 10B of the UK Public Sector Application Note direct Chief Audit Executives to provide an annual opinion at the level of the whole organisation. That opinion must incorporate the components listed below:

- An explanation of why the opinion is requested:
 - We provide this conclusion both because of the specific direction at section 10B noted above, and to support Newham Council in preparing its Annual Governance Statement.
- The criteria used as the basis for the conclusion:
 - We have based the conclusion around our assurance ratings, as defined in this report at page 7.
- The scope of the opinion, and any limitations to that scope:
 - This opinion has been based on the work completed throughout the year, based solely upon the delivery of the 2024/25 Internal Audit Plan. The contents of the plan was determined by the Audit Manager, Newham Council and contracted to SWAP Internal Audit Services for delivery.
- A summary of the information that supports the opinion:
 - We have provided further detail on specific work supporting the conclusion on pages 11-13.
- A disclosure of reliance on the work of other assurance providers, if any:
 - We have placed no specific reliance on any other assurance provider.
- Confirmation that the opinion informs the Annual Report:
 - We provided our opinion to the Audit Manager, Newham Council on 12 June 2025 to inform the Annual Governance Statement.
- Confirmation that the opinion addresses the effectiveness of governance, risk management and control:
 - We can confirm that page 6 is a combined opinion addressing the effectiveness of governance, risk management and control.

Executive Summary

- Confirmation that audit work completed is in conformance with relevant professional standards:
 - Until 31 March 2025, the relevant Standards for UK public sector internal audit were the Public Sector Internal Audit Standards. Standard 1312 required auditors to commission an external quality assessment on conformance with the Standards at least every five years. SWAP's most recent assessment was published in December 2024 and concluded that SWAP "generally conforms", the highest grade then available in the IIA's Quality Manual. We can therefore confirm that our work for 2024/25 was completed in conformance with relevant professional standards.
 - From 1 April 2025 the new Global Internal Audit Standards apply, alongside the UK Public Sector Application Note and the CIPFA Code of Practice for the Governance of Internal Audit in UK Local Government.

The purpose of this report is to satisfy this requirement and Members are asked to note its content and the Annual Internal Audit Opinion given.

Executive Summary

Three Lines Model

To ensure the effectiveness of an Service's risk management framework, the Finance and Audit Committee and senior management need to be able to rely on adequate line functions – including monitoring and assurance functions – within the organisation.

The 'Three Lines' model is a way of explaining the relationship between these functions and as a guide to how responsibilities should be divided:

- the first line – functions that own and manage risk.
- the second line – functions that oversee or specialise in risk management, compliance.
- the third line – functions that provide independent assurance.

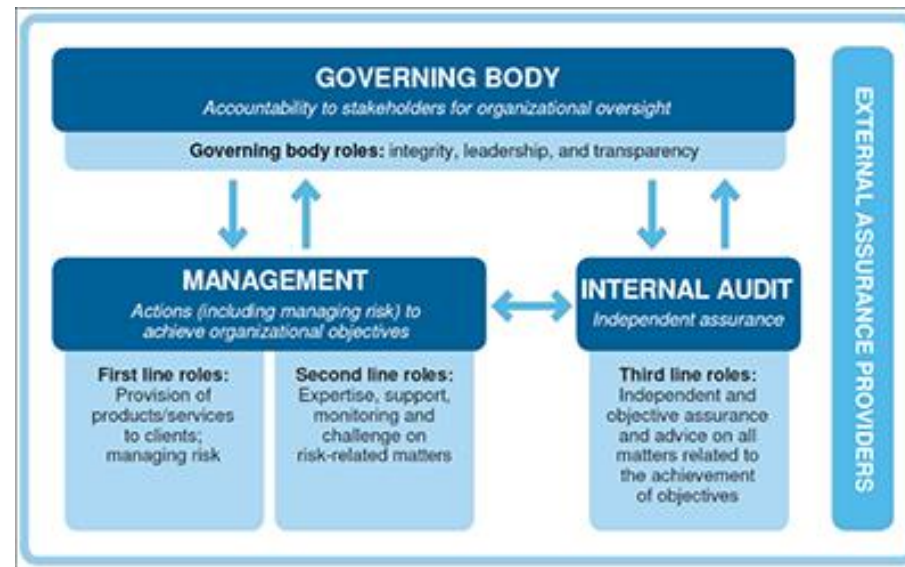


Background

The Internal Audit service for Newham Council was co-sourced with SWAP Internal Audit Services for 2024/25. The team's work is completed to comply with the new Global Internal Audit Standards, alongside the UK Public Sector Application Note and the CIPFA Code of Practice for the Governance of Internal Audit in UK Local Government. The work of the team is guided by the Internal Audit Charter which is reviewed annually.

Internal Audit provides an independent and objective opinion on the Service's control environment by evaluating its effectiveness. This report summarises the activity of the Internal Audit team for the year 2024/25.

The position of Internal Audit within an organisation's governance framework is best summarised in the Three Lines model shown below.



Internal Audit Annual Opinion 2024/25

Internal Audit is required to provide an opinion to support the Annual Governance Statement.



Annual Opinion

On the balance of our 2024/25 audit work for Newham Council, I am able to offer a **Limited Assurance** opinion in respect of the areas reviewed during the year.

The 2024/25 Internal Audit Plan was produced by the Audit Manager, Newham Council and provided to SWAP Internal Audit Services for the delivery of these predefined audits. This audit opinion is based solely upon the outcomes of the 19 completed audits within the period (7 Council, 7 Schools, and 5 Follow Ups). A further four audits were at draft report at the time of compiling this Annual Opinion report. It is important to note that each of these four draft reports also have indicative Limited audit opinions.

The Audit Manager, Newham Council monitors and reports on the progress made to implement internal audit actions raised, therefore progress made in this regard has not been detailed within this report or considered within the scope of this annual audit opinion (with the exception of the 5 Follow Up reviews).

We would like to take this opportunity to thank management for their support throughout the year to assist with the undertaking of this plan.

Summary of Audit Opinion and Actions 2024/25

At the conclusion of audit assignment work each review is awarded a “Control Assurance Definition”;

Assurance Definitions

No Assurance	The areas reviewed were found to be inadequately controlled. Risks are not well managed, and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.
Limited	In relation to the areas reviewed and the controls found to be in place, some key risks are not well managed, and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.
Reasonable	Most of the areas reviewed were found to be adequately controlled. Generally, risks are well managed, but some systems require the introduction or improvement of internal controls to ensure the achievement of objectives.
Substantial	The areas reviewed were found to be substantially controlled. Internal controls are in place and operating effectively and risks against the achievement of objectives are well managed.



Summary of Audit Opinion

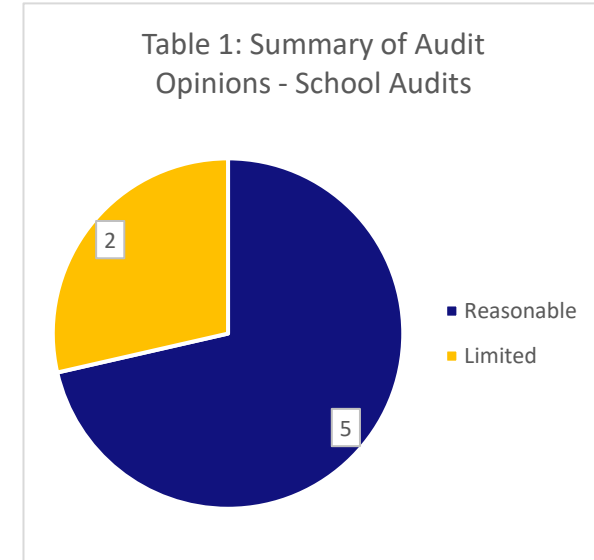
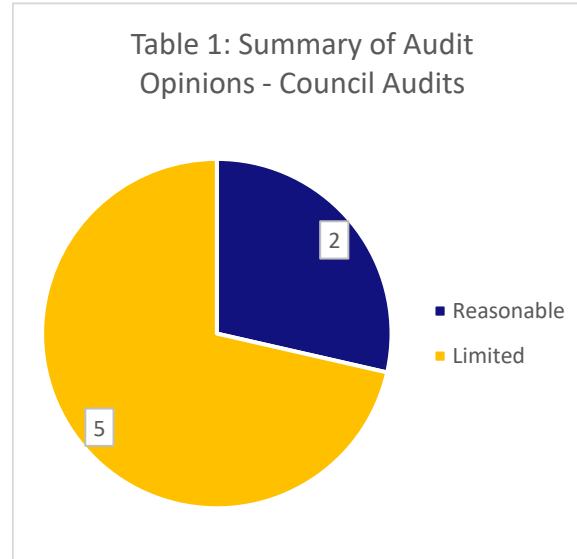


Table 1 above indicates the spread of assurance opinions across our work during the past year across the 7 finalised Council audits (2 Reasonable and 5 Limited opinions were awarded). Table 2 provides the opinions for the 7 school audits performed (5 Reasonable and 2 Limited opinions were awarded).

There were no Substantial or No Assurance opinions provided across 2024/25.

5 Follow Ups were also performed, which are not provided with an audit opinion; however we are pleased to note the overall positive position against the completion of previous actions for all of these reviews.

Summary of Audit Opinion and Actions 2024/25

SWAP Performance - Summary of Audit Actions by Priority



Priority Actions

Categorisation of Actions

Priority 1	Findings that are fundamental to the integrity of the service's business processes and require the immediate attention of management.
Priority 2	Important findings that need to be resolved by management.
Priority 3	Finding that requires attention.

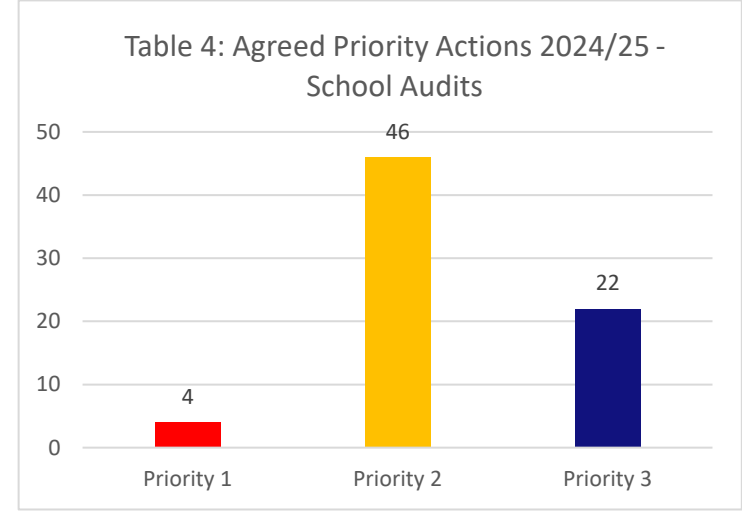
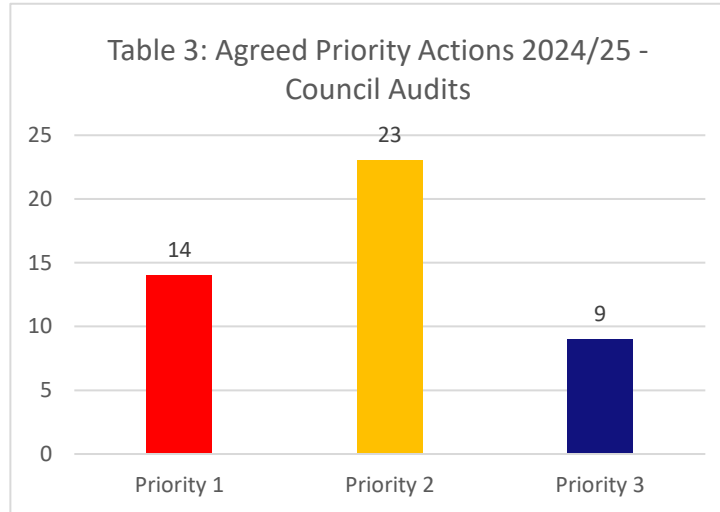


Table 3 outlines the actions provided throughout 2024/25 for the 7 finalised Council audit reviews, along with their priority ratings. Table 4 provides this information for the 7 school audits.

Responsibility for tracking the completion of outstanding actions resides with the Audit Manager, Newham Council, therefore has not been commented upon within this report (with the exception of the 5 Follow Up reviews performed).

Summary of Audit Opinion and Actions 2024/25

Definitions of Corporate Risk

High Risk

Issues that we consider need to be brought to the attention of both senior management and the Audit Committee.

Medium Risk

Issues which should be addressed by management in their areas of responsibility.

Low Risk

Issues of a minor nature or best practice where some improvement can be made.



Significant Corporate Risks

Our audits examine the controls that are in place to manage the risks that are related to the area being audited. We assess the risk/impact at a 'Corporate' level once we have tested the controls in place. For those audits completed through the year, we have assessed the following risks as 'High':

Audit	Summary
Development Management	<p>Evidence has shown that application caseloads are not being delivered within reasonable timeframes. There is an over reliance on the agreed extension period afforded by national reporting standards. Without extensions only 31% of Minor and 28.6% Major applications were decided within National targets in Q1 2024/25.</p> <p>Payments are being taken outside of the Fusion system, posing a fraud risk due to the lack of audit trail. This is also causing issues with the monthly system reconciliation, with no reconciliation balance since February 2023.</p>
Client Affairs	<p>As per the Office of the Public Guardian Deputy Standards (2023), Public Authority deputies <i>'must make sure that P (the person who lacks mental capacity) is visited as often as reasonably necessary, and at least once a year'</i>, and <i>'You should make sure that there are regular reviews of P's needs, spending, and capacity to handle money'</i>. The review found that between 1st April 2024 – 31st October 2024, 29 of 187 visits had been undertaken, which would provide an annual visit completion rate of 27%.</p> <p>At the time of testing there was also a backlog of 49 unactioned new referrals to be dealt with, with considerations ongoing regarding the potential need to stop taking new referrals.</p> <p>At the time of producing this Annual Opinion report, the service area provided the following verbal update: <i>As of June 2025 the waiting list has reduced to 24 people. In addition all cases are risk assessed, and those with any safeguarding or other urgent financial requirements are prioritised for immediate action.</i></p>

Summary of Audit Opinion and Actions 2024/25

Internal Audit is responsible for conducting its work in accordance with the Code of Ethics and Standards for the Professional Practice of Internal Auditing as set by the Institute of Internal Auditors and further guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS).



SWAP Performance

SWAP’s performance is subject to regular monitoring and review by both the SWAP Board of Directors and the Owners Board. The respective outturn performance results for Newham Council for the 2024/25 year are as follows:

Performance Target	Performance
<u>Audit Plan – Percentage Progress</u>	
Final report	76%
Draft report	16%
In progress	8%
Yet to complete	0%

Only audits at Final Report stage have been included within this Annual Opinion report.

SWAP work was completed to comply with the International Professional Practices Framework (IPPF) of the Institute of Internal Auditors, further guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS) and the CIPFA Local Government Application Note.

Until 31 March 2025, the relevant Standards for UK public sector internal audit were the Public Sector Internal Audit Standards. Standard 1312 required auditors to commission an external quality assessment on conformance with the Standards at least every five years. SWAP’s most recent assessment was published in December 2024 and concluded that SWAP “generally conforms”, the highest grade then available in the IIA’s Quality Manual. We can therefore confirm that our work for 2024/25 was completed in conformance with relevant professional standards.

From 1 April 2025 the new Global Internal Audit Standards apply, alongside the UK Public Sector Application Note and the CIPFA Code of Practice for the Governance of Internal Audit in UK Local Government.

Overview of Audits Completed 2024/25

Audit Name	Status	Opinion	No of Actions	Actions		
				1	2	3
Council Audits						
Purchase Cards	Final	Reasonable	3	-	2	1
Complaints	Final	Reasonable	7	-	3	4
Development Management (IE&H)	Final	Limited	11	6	5	-
Client Affairs (Adults)	Final	Limited	4	2	1	1
Commercial Investments Income (IE&H)	Final	Limited	8	3	2	3
Parks & Open Spaces Maintenance (E&ST)	Final	Limited	6	2	4	-
HRA Rental Income & Arrears (IE&H)	Final	Limited	7	1	6	-
School Audits						
Sheringham Nursery	Final	Reasonable	12	-	8	4

Audit Name	Status	Opinion	No of Actions	Actions		
				1	2	3
Kay Rowe Nursery	Final	Reasonable	6	-	4	2
Oliver Thomas Nursery	Final	Reasonable	9	-	6	3
Plaistow Primary	Final	Reasonable	11	1	8	2
St James' CoE Junior	Final	Reasonable	11	1	4	6
Ronald Openshaw Nursery	Final	Limited	8	1	6	1
Plasbet Secondary	Final	Limited	15	1	10	4

Audit Name	Status	Opinion	No of Actions	Actions		
				1	2	3
Follow Ups						
Contract Waivers & Extensions (Resources)	Final			The audit reviewed progress against 19 previous actions, finding that 15 had been fully implemented and 1 withdrawn/superseded. 1 action was in progress (P2 action) and 2 actions had not been started however there were future plans to do so (1x P1 and 1x P2 action).		
Recruitment (Adults)	Final			The audit reviewed progress against 9 previous actions, finding that 6 had been fully implemented and 2 withdrawn/superseded. The remaining 1 action was in progress (P2 action).		
Car Pound (ES&T)	Final			The audit reviewed progress against 9 previous actions, finding that 7 had been fully implemented, 1 action was in progress (P2 action) and 1 action had not been started however there were future plans to do so (P2 action).		
Cyber Security (Resources)	Final			The audit reviewed progress against 23 previous actions, finding that 19 had been fully implemented, with the remaining 4 in progress (4x P2 action).		
LATCo Governance – Populo (Resources)	Final			The audit provided an update on the 7 observations made in the LATCO Governance: Populo Contextual Addendum Report dated December 2023. It found that good progress had been made against each of the observations.		



WE ARE NEWHAM.