



AUDIT AND SCRUTINY COMMITTEE

Thursday 13 November 2025 at 7.30 pm

Place: Council Chamber, Epsom Town Hall

Online access to this meeting is available on YouTube: [Link to online broadcast](#)

The members listed below are summoned to attend the Audit and Scrutiny Committee meeting, on the day and at the time and place stated, to consider the business set out in this agenda.

Councillor Steven McCormick (Chair)
Councillor Phil Neale (Vice-Chair)
Councillor Chris Ames
Councillor Steve Bridger

Councillor Tony Froud
Councillor Alison Kelly
Councillor Jan Mason
Councillor Chris Watson

Yours sincerely

Chief Executive

For further information, please contact democraticservices@epsom-ewell.gov.uk or tel: 01372 732000

EMERGENCY EVACUATION PROCEDURE

No emergency drill is planned to take place during the meeting. If the fire alarm sounds continuously, or if you are instructed to do so, you must leave the building by the nearest available exit. You will be directed to the nearest exit by council staff. It is vital that you follow their instructions.

- You should proceed calmly; do not run and do not use the lifts;
- Do not stop to collect personal belongings;
- Once you are outside, please do not wait immediately next to the building, but move to the assembly point at Dullshot Green and await further instructions; and
- Do not re-enter the building until told that it is safe to do so.

Public information

Please note that this meeting will be held at the Town Hall, Epsom and will be available to observe live using free YouTube software.

A link to the online address for this meeting is provided on the first page of this agenda. A limited number of seats will be available on a first-come first-served basis in the public gallery at the Town Hall. If you wish to observe the meeting from the public gallery, please arrive at the Town Hall reception before the start of the meeting. A member of staff will show you to the seating area. For further information please contact Democratic Services, email: democraticservices@epsom-ewell.gov.uk, telephone: 01372 732000.

Information about the terms of reference and membership of this Committee are available on the [Council's website](#). The website also provides copies of agendas, reports and minutes.

Agendas, reports and minutes for this Committee are also available on the free Modern.Gov app for iPad, Android and Windows devices. For further information on how to access information regarding this Committee, please email us at democraticservices@epsom-ewell.gov.uk.

Exclusion of the Press and the Public

There are no matters scheduled to be discussed at this meeting that would appear to disclose confidential or exempt information under the provisions Schedule 12A of the Local Government Act 1972 (as amended). Should any such matters arise during the course of discussion of the below items or should the Chair agree to discuss any other such matters on the grounds of urgency, the Committee may wish to resolve to exclude the press and public by virtue of the private nature of the business to be transacted.

Questions and statements from the Public

Up to 30 minutes will be set aside for questions and statements from members of the public at meetings of this Committee. Any member of the public who lives, works, attends an educational establishment or owns or leases land in the Borough may ask a question or make a statement on matters within the Terms of Reference of the Committee.

All questions must consist of one question only and cannot consist of multiple parts. Questions and statements cannot relate to planning or licensing committees matters, the personal affairs of an individual, or a matter which is exempt from disclosure or confidential under the Local Government Act 1972. Questions which in the view of the Chair are defamatory, offensive, vexatious or frivolous will not be accepted. Each question or statement will be limited to 3 minutes in length.

If you wish to ask a question or make a statement at a meeting of this Committee, please contact Democratic Services at: democraticservices@epsom-ewell.gov.uk

Questions must be received in writing by Democratic Services by noon on the fifth working day before the day of the meeting. For this meeting this is **Noon, Thursday 6 Nov.**

A written copy of statements must be received by Democratic Services by noon on the working day before the day of the meeting. For this meeting this is **Noon, Wednesday 12 Nov.**

For more information on public speaking protocol at Committees, please see [Annex 4.2](#) of the Epsom & Ewell Borough Council Operating Framework.

Filming and recording of meetings

The Council allows filming, recording and photography at its public meetings. By entering the Council Chamber and using the public gallery, you are consenting to being filmed and to the possible use of those images and sound recordings.

Members of the Press who wish to film, record or photograph a public meeting should contact the Council's Communications team prior to the meeting by email at: communications@epsom-ewell.gov.uk

Filming or recording must be overt and persons filming should not move around the room whilst filming nor should they obstruct proceedings or the public from viewing the meeting. The use of flash photography, additional lighting or any non-handheld devices, including tripods, will not be allowed.

AGENDA

1. QUESTIONS AND STATEMENTS FROM THE PUBLIC

To take any questions or statements from members of the Public.

2. DECLARATIONS OF INTEREST

To receive declarations of any Disclosable Pecuniary Interests or other registrable or non-registrable interests from Members in respect of any item to be considered at the meeting.

3. MINUTES OF THE PREVIOUS MEETING (Pages 5 - 20)

The Committee is asked to confirm as a true record the Minutes of the Meeting of the Committee held on the **30 September 2025** (attached) and to authorise the Chair to sign them.

4. WORK PROGRAMME - NOVEMBER 2025 (Pages 21 - 26)

This report presents the Committee with its annual Work Programme.

5. COUNTER-FRAUD AND WHISTLEBLOWING ANNUAL REPORT 2025 (Pages 27 - 34)

This report provides the Committee with an overview of the governance the council has in place to prevent, detect and address fraud.

6. CAPITAL BUDGET MONITORING QUARTER 2 (Pages 35 - 52)

This report presents the capital monitoring position at quarter 2 for the current financial year 2025/26.

7. REVENUE BUDGET MONITORING - QUARTER 2 (Pages 53 - 66)

This report presents the forecast revenue outturn position for the current financial year 2025/26, as at quarter 2 (30 September).

8. INTERNAL AUDIT PROGRESS REPORT (Pages 67 - 86)

As required by the Global Internal Audit Standards in UK Public Sector this report presents the Internal Audit Progress Report (September) 2025-26. The report provides the Audit and Scrutiny Committee with an overview of internal audit activity and assurance work completed in accordance with the approved audit plan and provides an overview of key updates relevant to the discharge of the committee's role in relation to internal audit.

9. EXCLUSION OF THE PRESS AND PUBLIC (Pages 87 - 88)

The Committee is asked to consider whether it wishes to pass a resolution to exclude the Press and Public from the meeting in accordance with Section 100A (4) of the Local Government Act 1972 on the grounds that the business involves the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A to the Act (as amended) and that pursuant to paragraph 10 of Part 2 of the said Schedule 12A the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

Minutes of the Meeting of the AUDIT AND SCRUTINY COMMITTEE held at the Council Chamber, Epsom Town Hall on 30 September 2025

PRESENT -

Councillor Steven McCormick (Chair); Councillor Phil Neale (Vice-Chair); Councillors Steve Bridger, Tony Froud, Alison Kelly and Chris Watson

In Attendance: Cllr James Lawrence

Absent: Councillor Chris Ames and Councillor Jan Mason

Officers present: Jackie King (Chief Executive), Cagdas Canbolat (Director of Corporate Services (S151)), Alex Awoyomi (Principal Solicitor), Andrew McGuire (Head of IT), Sue Emmons (Chief Accountant), Will Mace (Corporate Governance & Strategy Manager) and Phoebe Batchelor (Democratic Services Officer)

14 QUESTIONS AND STATEMENTS FROM THE PUBLIC

No questions or statements were received from Members of the Public.

15 DECLARATIONS OF INTEREST

No declarations of any Disclosable Pecuniary Interests or other registrable or non-registrable interests were declared by Members with respect to any item to be considered at the meeting.

16 MINUTES OF THE PREVIOUS MEETING

The Committee confirmed as a true record the Minutes of the Meeting of the Committee held on **17 July 2025** and authorised the Chair to sign them.

17 WORK PROGRAMME - SEPTEMBER 2025

The Committee received a report presenting its annual Work Programme.

The following matters were considered:

- a) **Proposed Changes.** The Chair highlighted that the footnotes in the report highlight any changes to the work programme and provide explanation as to why the changes have occurred.

- b) **Code of Corporate Governance.** A Member of the Committee asked when the Code of Corporate Governance will be received by the Committee, since it has been removed from the work programme for the November 2025 Committee Meeting. The Chair directed Members attention to footnote 10, where it sets out that the Code of Corporate Governance Annual Review report will be received by Committee at their February meeting and explains that it has been moved due to resource constraints on the Corporate Governance Team, who are currently working on the Community Governance Review.

Following consideration, the Committee unanimously resolved to:

- (1) **Note and agree the ongoing Work Programme as presented in Section 2.**

18 AP24/5/3 PERFORMANCE REPORT

The Committee received a report providing an update on the progress of the ICT Strategy following the request from members at the July meeting.

The following matters were considered:

- a) **Desktops.** A Member of the Committee asked what proportion of the Council are using desktops and if there is any risk associated with desktops which are not reported in the update. The Head of ICT responded to explain that the Council has very few desktops, and that there is currently a programme of work to provide small form factor desktops for specialist use such as the print room, with these units being joined to the Council's Microsoft 365 tenant and managed and deployed with Windows 11.
- b) **Local Government Reorganisation.** A Member of the Committee asked what actions are being taken to ensure EEBC's IT changes are aligned with other local authorities in preparation for Local Government Reorganisation in Surrey. The Head of ICT explained that every month the Surrey Chief Officers group meets to discuss LGR and potential ways of working in the future. This provides the opportunity to securely share information that is not feeding into the official request for information programme. There is a dedicated resource for this programme at EEBC. The Head of ICT explained that it is too early to understand what the new unitary authority will look like from an ICT point of view and that most local authorities in Surrey are taking a keep the lights on approach to the ongoing support and development of the current IT systems.
- c) **Revised Timeline.** The Chair raised that the report shows that only 60% of this year's objectives have been delivered due to delays and reprioritisation. The Chair asked what specific actions are in place to accelerate progress and what is the revised timeline to deliver the remaining objectives. The Head of ICT explained that there has been significant work undertaken to remove out of support servers and

hardware in the last six months. The Head of ICT stated that it is likely that the percentage of completion will sit at 70% for the next Committee update and that the IT Health Check remediations are well developed and the telephony piece, which represents a significant part of the planned objectives for this year, has been assigned a specific member of the ICT team to prioritise and progress.

- d) **Citrix.** A Member of the Committee asked why the Council has not moved away from the citrix environment. The Head of ICT explained that at this moment in time the intention is to stay with citrix. He shared that conversations with the other districts and boroughs have shown that most are still using citrix environments, so to move away to an alternative platform would be overly complex at this time. He highlighted that the ICT team are looking at alternatives as the Council may have need to change. He stated that there may be a change in model of use of the citrix environment, potentially moving to an always on VPN and delivering applications via citrix rather than a full desktop.
- e) **Legacy Networks.** A Member of the Committee asked what the risks are, and service continuity plans associated with decommissioning legacy networks and upgrading fibre and connectivity in the key locations. The Head of ICT explained that with any upgrade to connectivity work, it happens in conjunction with the provider to ensure works are done during times of least network traffic, which can vary from site to site. He explained that there are back up plans in place and key staff available during any swaps or changeovers, specifically in relation to our estate. The Town Hall was upgraded in 2024 with a backup secondary circuit from an alternative provider set up to run critical services in an emergency. The Depot was also upgraded in 2024; network switches and Wi-Fi access points were upgraded at the same time. The Playhouse was upgraded this year, with legacy hardware upgraded and new high-capacity Wi-Fi access points. The capacity is there to upgrade Bourne Hall at some stage if needed, meaning the Council is covered in terms of resilience, with back up plans in place. The Member followed up by asked if it is written into contracts with IT service providers regarding the salvage value of copper. The Head of ICT stated that he had not seen it in any contracts before.
- f) **Delivering IT Strategy.** The Vice Chair asked what the top three risks are currently affecting the delivery of the ICT Strategy, how they're being managed, and if they have been escalated through to the corporate risk register. The Head of ICT explained that the mitigation for the departure of experienced ICT personnel, risk delays and loss of critical knowledge, includes succession planning, documentation with key systems and active recruitment to maintain service delivery and delivery capacity. Staffing has been identified as a risk for both ICT and the wider organisation for the LGR work that is going on. A second risk would be the ongoing financial and staffing constraints that are affecting the pace and scope of ICT delivery. This is being managed by embedding ICT improvements into business as usual, prioritising high impact projects, and understanding the

overall direction of travel dictated by LGR, including the likely tupe of staff into the new organisation. The third top risk is the Local Government Reorganisation creating strategic ambiguity for the scope, timing and impact of any changes remain unclear. At this stage, we can only make informed assumptions as to what LGR will involve for ICT, whether that is structural changes, shared services, or shifts in governance. To mitigate the risk of duplication or redundancy, the ICT strategy has adopted a hybrid infrastructure model that supports both current operations and potential future integration with neighbouring authorities. He confirmed that at the moment EEBC will continue to align investments to broader regional priorities and maintain a focus on scalable future proof solutions.

Following consideration, the Committee unanimously resolved to:

(1) Note the progress that has been made on the ICT Strategy

19 PERFORMANCE AND RISK REPORT - SEPTEMBER 2025

The appendix to the report provided an overview of the council's performance with respect to its ongoing annual plan actions from 2024-25, key performance indicators, corporate risks, committee risks, and annual governance statement actions.

The following matters were considered:

- a) **Update to report.** The Corporate Governance & Strategy Manager informed the Committee that there is an action at the beginning of appendix 1 regarding the implementation of the homelessness and rough sleeper strategy, which has now been completed since the report was published.
- b) **Car Park Revenue.** A Member of the Committee asked if the contract change regarding app used for car parking payments, still make the use of an app provider the best solution financially for the Council. The Member also asked if different providers have been investigated so we are aligned with other Surrey districts and boroughs. The Corporate Governance & Strategy Manager confirmed that Ringo is still the best solution for both the Council and for users of the Council's car parks. He explained that despite the contract change, there will be absolutely no change for the users of the app and car parks. He informed the Committee that the Council continues to offer a full range of options across the town centre car parks, of paying cash, card, or Ringo, and there are associated costs with each payment method, from the maintenance of machines, cash collection costs, to credit or debit card transaction fees for Ringo. He raised that the Council does pay a small percentage transaction fee for Ringo, but there are no other associated costs, so it is still the best option.
- c) **Debit Card Fees.** A Member of the Committee raised that they did not believe there should be transaction fees for debit cards. The Chief Accountant explained that the person using the credit or debit card

doesn't get charged, but the person taking the payment does get charged. The Council are charged firstly by the company processing the debit card payment and then there is also a charge to the acquiring bank, who is getting the money off the person who used their card. Any mention of fees for using debit cards, it is the Council and not the Ringo user who is paying.

Following consideration, the Committee unanimously resolved to:

- (1) **Note and comment on the performance and risk information located at Appendix 1.**

20 REVENUE BUDGET MONITORING - QUARTER 1

The Committee received a report presenting the forecast revenue outturn position for the current financial year 2025/26, as at Quarter 1 (30 June).

The following matters were considered:

- a) **Budget overspend.** A Member of the Committee asked if the report was forecasting year end to be a £485k overspend or whether that is the current position and the overspend will be even more. The Member also asked for clarification as to how the overspend will be dealt with other than just using reserves. The Director of Corporate Services (S151) confirmed that when the finance team do the budget forecast, it is for the year end position. He explained that this will be reviewed in the Q2 report scheduled to come to Committee in November. He recognised that there is a structural challenge in the Council's housing budget with regard to the demand for temporary accommodation and the impact on the Council's finances. He acknowledged that this is a wider issue, being felt and dealt with across the country. He informed the Committee that whilst the Council is fortunate to have healthy reserves, the aim is to not dip into reserves as that would not be sustainable. He continued to explain that this structural issue has been addressed in the Medium-Term Financial Strategy, and it is understood that if it is not adequately addressed it will continue into the next financial year.
- b) **Housing and homelessness budget.** A Member of the Committee asked if there was an increase compared to last year's budget for homelessness. The Director of Corporate Services (S151) explained that the homelessness budget is based on a temporary accommodation (TA) demand of 70, meaning as soon as we are over that number, the Council does not have the budget and is overspending. He explained to the Committee that there needs to be a budget set that ensures that services aren't subject to failure every year and also recognises that services are doing their utmost to be able to manage to structural issue. The Member asked why the TA figure is set at 70 when it has been seen for years that the actual TA figure is much higher and therefore the budget should be set higher. The Director of Corporate Services (S151) informed the

Committee that for 2026/27 the budget will be higher and that is what has been reported on.

- Councillor Bridger proposed a motion to add an additional recommendation to;

‘Agree to write to the Chair of Strategy and Resources and express concerns regarding the historically low Housing and Homelessness budget and Temporary Accommodation figure and seek assurance that it will be addressed and corrected in the upcoming budget.’

Councillor Neale seconded the motion.

The Committee unanimously agreed the motion and addition of a fourth recommendation to the report.

- c) **S&R and C&W.** A Member of the Committee asked for clarification as to whether Strategy and Resources are the right committee to write to when Community and Wellbeing Committee deal with homelessness. The Chief Accountant explained that Community and Wellbeing Committee can only work within their set budget, and if the issue and concern Audit and Scrutiny Committee Members have is with the budget being set too low, then Strategy and Resources are the correct Committee to raise those concerns with.
 - d) **Temporary Accommodation forecast.** A Member of the Committee asked what the projected number was for people in temporary accommodation by the end of the financial year. The Director of Corporate Services (S151) explained that finance will closely work with the relevant service area and the housing delivery group to forecast the figures. He explained that as of the 30 June 2025 Q1, the forecast was 116 TA. He informed the Committee that the figure will change and likely go up by the end of Q2. The Member asked if it was possible to predict where numbers will be in the future. The Director of Corporate Services (S151) informed the Committee that there is an element within the Council’s control but there is a bigger element that is out of the Council’s control, particularly in regard to demand and supply of TA and the inflation rate. The Member asked for a projected figure for TA at the end of Q2, 3, and 4. The Director of Corporate Services (S151) explained that the housing and homelessness adverse variance on page 83, is in regard to a higher TA number than 70 and agreed to come back to the Member to with further detail.
 - Councillor Froud proposed a motion to add an additional recommendation to;
- ‘Agree to write to the Chair of Community and Wellbeing Committee expressing concern over the Temporary Accommodation figure of 70 and requested forecast Temporary Accommodation numbers for Q2, 3, and 4.’***

The motion was withdrawn.

- e) **Government funding.** A Member of the Committee asked if the Council receives central government funding on homelessness, which is set at one level and sometimes raised later on, which can make the financial predictions more unpredictable. The Chief Accountant confirmed that the Council does receive some grant funding called the Homelessness Prevention Grant. She explained that the government have set parameters around that grant and only a specific amount can be spent on nightly paid accommodation costs and the rest should be spent on activities to try and address the cause of homelessness and a prevent it. She continued to inform the Committee that there was a significant increase on that grant for 2025/26 compared to previous years, but a lot of that has gone into funding temporary staff that had been taken on to try and address some of the issues and making them permanent so that the Council have got those staff long term to continue the good work that they're doing. She explained that the budget was set a lot earlier and based on information from October and November last year. She informed the Committee that there is also the Homelessness Strategy that C&W Committee have been implementing to assist with bringing the number of people in nightly paid accommodation down.
- f) **Factors causing increase.** A Member of the Committee asked what factors are causing the increase in homelessness in the borough. The Chair informed the Member that the question can be taken away to get a response from the relevant officer.
- g) **S&R reports.** The Chair asked for clarification as to whether the Revenue Budget Monitoring quarterly reports are sent to Strategy and Resources Committee. The Director of Corporate Services (S151) confirmed that is correct. He explained that the setting of budgets, various updates, and the outturn (Q4) reports go to S&R Committee. The Chair raised that there may be a benefit sharing these reports with S&R Committee. The Director of Corporate Services (S151) explained that the Terms of Reference of S&R Committee don't include that so this would need to be addressed.
- h) **Revenue reserves.** The Vice Chair asked for clarification as to whether the £8.4m of the revenue reserves balance, mentioned in paragraph 8.2, will be looked at by the finance team. The Director of Corporate Services (S151) confirmed that they would be reviewed. He explained that if there are reserves which are over prudent and can be released, then this will be raised with Councillors as part of the review process.

Following consideration, the Committee unanimously resolved to:

- (1) **Receive the revenue budget monitoring report, which sets-out a projected deficit of £485,000 for 2025/26;**

- (2) **Agree that regular reports continue to be prepared for Community & Wellbeing Committee to update members on progress against the Homelessness Strategy and Action Plan;**
- (3) **Agree that the updated Quarter 2 position will be reported back to Audit and Scrutiny Committee in November.**
- (4) **Agree to write to the Chair of Strategy and Resources Committee to express concerns regarding the historically low Housing and Homelessness budget and Temporary Accommodation figure and seek assurance that it will be addressed and corrected in the upcoming budget.**

21 CAPITAL BUDGET MONITORING QUARTER 1

The Committee received a report presenting the capital monitoring position at Quarter 1 for the current financial year 2025/26.

The following matters were considered:

- a) **CIL funds.** A Member of the Committee asked if the Council hold all the CIL funds that have been promised and invoiced. The Chief Accountant explained that the table in 7.2 sets out the current CIL funds that are held by the Council, and it shows invoices outstanding as of June the 30th 2025. She informed the Committee that the reason some invoices are outstanding is because developers are allowed to pay over two or three instalments. This is normally the case with big developments because the amount of CIL due is a significant sum. The Chief Accountant explained that the Council has a good recovery rate for CIL, mainly due to there being lots of legislation governing it, so there is not a lot of outstanding debt over 12 months old. The Member asked if there have been any developers who have defaulted on their CIL payments. The Chief Accountant agreed to check with the Developer Contributions Officer and let the Member know following the meeting.

Following consideration, the Committee unanimously resolved to:

- (1) **Receive the capital monitoring position at quarter 1, as set out in the report:**
- (2) **Note the progress of capital projects as set out in Appendix 1.**

22 MANAGEMENT RESPONSE TO EXTERNAL AUDITORS' REPORT

The Committee received a report presenting the management responses to the External Auditor's recommendations as requested at the March 2025 A&S committee.

The following matters were considered:

Councillor Lawrence gave a verbal statement to the Committee.

- a) **Publishing Urgent Decisions.** The Chief Executive acknowledged that there had been confusion on occasion regarding the publishing of urgent decisions and that often the delay had been caused by human error, where the initiating officer believed the authorising officer would publish the decision and vice versa. The Strategic Leadership team have taken notice of that issue and clarified the urgent decision process so it is clear what process should be followed and to ensure that the same mistakes aren't made in the future. She also highlighted that there is a difference between an urgent decision and an urgent matter, which may take the form of a late paper being added to an agenda following publication.
- b) **Report changes.** The Chair asked what changes have been made to the report in comparison to the one presented to the Committee in July. The Director of Corporate Services (S151) explained that both reports reaffirm SLT's commitment to transparency. He highlighted that there is an explanation in the report regarding the use of exempt items and ensuring items are only made exempt where legally necessary and all other reports are discussed and received in public. He informed the Committee that both reports reference the LGA peer review and the external audit findings and make clear that any issues raised will be revisited in the next audit cycle. The September report includes additional reflections and actions following further internal consideration and recognises the discussions that happened at the Audit and Scrutiny Committee in July. The September report highlights that restricted reports and agenda items are placed at the end of the agenda, to minimise disruption to public attendees and viewers and to ensure that all of the agenda that can be discussed in public is held in the public session. The September report has added a comment about regular catch ups with external auditors throughout the year, which have been scheduled to ensure timely communication on key matters. The September report also acknowledges the rationale for exempt items and recognises that sometimes it isn't always clear as to why an item is exempt, so it is the intention and plan going forwards to ensure that it is always made clear why an item is exempt, both to Councillors and Members of the Public. The September report also welcomes external audit to commence a review of historic exempt reports for assurance and refers to training session for councillors and staff on the decision-making process. The September report also acknowledges that the issue under review should have been flagged earlier to auditors and confirms that regular meetings have now been scheduled to prevent reoccurrence. The Chair thanked officers and raised that this report is the response of a valid check and challenge from the committee.
- c) **Restricted reports.** A Member of the Committee asked what steps are being taken to ensure that all reports considered restricted are properly justified, and that the rationale for such decisions is communicated in public documents. The Chief Executive responded to say officers have improved in this area and will continue to look at every report to ascertain

what, if anything, meets the criteria for needing to be held in a restricted session. She explained that officers have experimented with putting part of reports in the public section and part in the exempt section. She confirmed that this has worked well, and officers will carry on trying to do that so that a whole report is not restricted unnecessarily. She informed the Committee that the legal reason as to why a report is restricted will always be listed, but going forwards there will also be a section to say in layman's terms why a report or part of a report has been restricted, which will be much clearer for Members and members of the public who may be looking at reports. She reiterated that the external auditors will be completing a review of restricted reports over the last 12 months to provide extra reassurance to officers and councillors that they are being used correctly. She confirmed that if anything comes out of the review, the recommendations will be taken on board.

- d) **Open dialogue.** The Vice Chair asked how the regularly scheduled catch ups with the external auditors throughout the year will be structured to promote open dialogue and ensure that key matters are raised and addressed appropriately. The Director of Corporate Services (S151) explained that the regular catch ups with the auditors will inform the conversations and discussions as part of their review, and anything picked up in their review will be reported to the Audit and Scrutiny Committee. The Chief Executive raised that catch ups with the external auditors have been scheduled with statutory officers, not just the Section 151 Officer, to ensure key matters are raised and addressed appropriately. She also highlighted that there will be a joint part of the session with external auditors and then a private part of the session which will be between the Chief Executive and the External Auditor and will promote open dialogue and allow a space where anything relevant for the auditors to know can be raised.
- e) **LGA Peer review.** The Vice Chair asked what specific actions are being taken to address the concerns Raised by the LGA peer review regarding the culture, secrecy and the lack of transparency. The Chief Executive informed the Committee that they had contacted the peer team to find out exactly what the comments were. She explained she had received an email earlier that evening from the lead peer who stated that they didn't recall making the comment about there being a culture of secrecy at EEBC and they also did not remember hearing it in any of the sessions. The lead peer clarified that they were more concerned with transparency from the aspect of clarity rather than hiding things, meaning being transparent in a way that everybody understands the processes around decision making. The Chief Executive explained that somewhere along the line the meaning of the comment has been. The Vice Chair asked if the LGA peer review was minuted and how the comment has not been able to be tracked down. The Chief Executive explained that the lead peer has gone back to their notes and stated that she did recall a conversation with three members about how they weren't clear on how members and officers had come to some decisions around one of the Council's larger

projects. She agreed to follow up with this further and provide a response to Members in writing.

- f) **Monitor effectiveness.** The Vice Chair asked how the council plans to monitor and evaluate the effectiveness of new measures aimed at improving transparency and open decision making. The Chief Executive explained that the new measures that have been introduced are the steps taken to improve the process of taking exempt reports to Committee, in terms of providing reasoning and explanation and only restricted part of reports where necessary. She explained that the monitoring of that will speak for itself because everyone will be able to see the difference in the papers being put forwards. She highlighted that there is also the new measure around meetings with the external auditors and statutory officers, where before this channel for open dialogue and communication was not there. She informed the Committee that the annual governance areas improvement is being implemented and tracked through the new performance hub and the corporate performance and risk reports, which will then be presented to A&S Committee and monitored by Members. The External Auditors have been complementary that the Council has taken positive steps.
- g) **Importance of Transparency.** A Member of the Committee asked how the council will ensure that all members and staff are adequately trained and informed about the importance of transparency and the procedures for making decisions public. The Chief Executive explained that as a result of the work done with the Corporate Peer Challenge Team, officers put together a flow chart on how decision-making works within the Council, this was then followed up with training for staff to help them understand the process around how a report gets from inception through to decision making. The Chief Executive explained that officers will continue to learn and create new controls and provide new training where necessary.
- h) **Indicators and Metrics.** A Member of the Committee asked what indicators or metrics will be used to assess the success of the initiatives aimed at enhancing transparency and openness in the Council's operations. The Chief Executive referred the member to the previous answers about monitoring and managing measures aimed at improving transparency and open decision making. She explained that it is not possible to put metrics in for meetings or restricted paper measures.
- i) **Feedback and Concerns.** A Member of the Committee asked how the Council will ensure that the feedback and concerns raised by the A&S committee are effectively addressed and incorporated in future decision-making processes. The Chief Executive responded to explain that the extra measures to be taken are outlined in the report and invited Members to raise anything else they were expecting to see in the report to officers who will be happy to take it on board.

- j) **Thanks.** The Chair expressed thanks to officers for attending the meeting at the request of the committee and stated that it has been a valuable learning curve for members and this exercise has enabled certain improvements in regard to transparency that are welcomed.

Following consideration, the Committee unanimously resolved to:

- (1) **Receive the report.**

23 INTERNAL AUDIT EXTERNAL QUALITY ASSESSMENT

The Committee received a paper providing an overview of the alternative options considered in commissioning an external assessor to undertake the pending independent assessment of the Southern Internal Audit Partnership against the Global Internal Audit Standards in the UK Public Sector.

The following matters were considered:

- a) **Audit Manager.** The Internal Auditor explained that there has been a change in audit manager for the Council and introduced the new audit manager. The Chair expressed their thanks to Jo Barrett for all their work as of audit manager for the Council.
- b) **Artificial Intelligence (AI).** A Member of the Committee asked what the internal auditors' initial thought about opportunities to use AI, as mentioned in appendix one, and if it would save time and potentially reduce the costs of doing audits or allow for greater insights and depths for exploration. The Internal Auditor explained that AI is still in its infancy when it comes to audits and it must be approached with caution, as there are big issues and risks around the sharing and exposing of data. She explained that once there is confidence in it, it can be developed and embedded into processes correctly and should bring efficiency and greater depth within audits.
- c) **Best practice.** The Chair asked if there are any best practice guidelines on AI from the audit sector which could be shared with Members. The Internal Auditor agreed to look into AI best practice and provide a response to Members following the meeting.

Following consideration, the Committee unanimously resolved to:

- (1) **Note the arrangements for the pending external assessment of the Southern Internal Audit Partnership against the Global Internal Audit Standards in the UK Public Sector.**

24 REVISED INTERNAL AUDIT CHARTER 2025-2026

The Committee received a report providing the Internal Audit Charter 2025/26 (Revised).

The following matters were considered:

- a) **Standard document.** The Vice Chair asked if the Charter is a standard generic document. The Internal Auditor explained that it is a generically produced document for all partners. It is based on the requirements as set out within the global internal audit standards. It has been tailored where required for specific references and terminology, such as the Audit and Scrutiny Committee and Strategic Leadership Team.

Following consideration, the Committee unanimously resolved to:

- (1) Approve the Internal Audit Charter 2025/26 (Revised) as set out in Appendix 1.**

25 INTERNAL AUDIT STRATEGY

The Committee received a report providing the Internal Audit Strategy 2025–2028.

The following matters were considered:

- a) **Questionnaire responses.** A Member of the Committee raised that the number of respondents in Appendix B seems low and asked if there was any reason for that. The Internal Auditor responded to explain that the questionnaire was sent out, and then a reminder was sent, and these were the only responses received. The Internal Auditor raised that the response could have been low due to cybersecurity and people's hesitancy to open attachments to emails or documents and also pressures and demands on people's time.
- The Chair proposed the recommendation is corrected to say 2028 instead of 2208.

Councillor Bridger seconded the motion.

The Committee unanimously agreed the motion and the recommendation was amended.

Following consideration, the Committee unanimously resolved to:

- (1) Note the Internal Audit Strategy 2025-2028.**

26 INTERNAL AUDIT: AUDIT PLAN 2025-2026 (Q3/Q4)

The Committee received a report providing the Internal Audit Plan for 2025-26 (Q3/4).

The following matters were considered:

- a) **Cybersecurity Audit.** A Member of the Committee raised that there are two follow up items highlighted for Q4, on Information Governance and IT

Cyber Security (training and awareness), on pages 178 and 179 respectively, that relate to 2023. The Member raised that for both they received a limited assurance opinion and asked why they are scheduled for Q4. The Internal Auditor explained that these are follow up audits and full audits of these areas were completed in 2022/23 and 2023/24, which resulted in limited assurance opinions. She explained that as with all audits, there will have been a series of management actions that would have individually had a timescale for implementing, which need to be followed up on and reviewed to ensure internal audit are satisfied that all management actions have been implemented, validated, and functioning as intended. The Head of ICT confirmed that the proposed timing of the follow up audit gives the appropriate time to ensure that all management actions have been covered off sufficiently.

Following consideration, the Committee unanimously resolved to:

- (1) To provide input to and approve the Internal Audit Plan 2025-26 (Q3/4) as set out in Appendix 1.**

27 ICT AUDIT ACTIONS PROGRESS REPORT

The Committee received a report on the Progress of the ICT Audit Actions.

The following matters were considered:

- a) **Cybersecurity training.** A Member of the Committee asked why the target for cybersecurity training completion wasn't 100%, as the targets currently sit at 90% for internal staff and 80% for Councillors. The Head of ICT informed the Committee that a new platform, Boxphish, is being used to deliver the cybersecurity training. This new platform enables both ICT and HR teams to monitor training completion levels across the organisation and automatically issues reminders to the staff who have not completed the training within the designated time frame and in case of persistent non participation ICT will work with HR to determine appropriate sanctions. Based on HR's guidance and organisational policy, the original target of 90% completion was set to ensure broad coverage, whilst acknowledging that some staff may be on long term leave or otherwise unable to complete the training within the given time frame. The campaign that ICT have now launched for the staff is directed at all staff who use a computer or an electronic device that could be vulnerable to cyber threats, taking, ICT remain confident that the box fish system can achieve a 99% completion rate. The Head of ICT raised that limited engagement was received from Members in the past in regard to cybersecurity training and that informed the target of 80% completion. He explained that ICT remain confident that Boxphish will deliver a more engaging experience and the training is shorter, more relevant, and tailored to the needs of both staff and Members. There is ongoing work between ICT, Comms, and Democratic Services to deploy the training to Councillors and the first wave of training should be received by Members in the coming weeks.

- b) **Uptake of Training.** A Member of the Committee raised that when the previous training email was received by Councillors, it was deleted by some who believed it could be spam or phishing.

Following consideration, the Committee unanimously resolved to:

- (1) **Note the most recent progress that has been made on the remaining ICT audit actions as set out in Appendix 1.**

28 INTERNAL AUDIT: PROGRESS REPORT

As required by the Global Internal Audit Standards in UK Public Sector this report presents the Internal Audit Progress Report (August) 2025-26. The Committee received a report providing an overview of internal audit activity and assurance work completed in accordance with the approved audit plan and provides an overview of key updates relevant to the discharge of the committee's role in relation to internal audit.

The following matters were considered:

Councillor Lawrence made a verbal statement to the Committee.

- a) **Staff Turnover.** The Internal Auditor explained that due to a higher level of staff turnover, there may be a slight delay with the delivering of some audit reviews, during the onboarding process for new staff. The Internal Auditor reassured Members that they remained confident that the audit plan will be sufficiently delivered by the end of the year, in time for the annual conclusion to be presented to the Committee.
- b) **Food Safety Standards.** A Member of the Committee asked what happens if the Council does not complete the outstanding food safety inspections. The Member expressed concern about the impact on residents and the Council and feelings of security over the restaurants and establishments where they are purchasing food in the borough. The Corporate Governance and Strategy Manager explained that the consequences of failure to adhere to the Food Law Code of Practice could be ministerial direction, however, there is an escalation procedure established prior to this in which the Food Standards Agency engage with the authority in question at a lower level with a view to assist in the resolution of resourcing or operational difficulty causing the loss of alignment with the code.
- c) **Playground Maintenance.** The Chair asked for the management actions on playground maintenance to be shared with the Committee as soon as possible. The Internal Auditor explained that the list of management actions are not reported in detail unless they are high priority actions that become overdue, and then they will be included in appendix 1. The Internal Auditor explained that they are broadly satisfied that appropriate management actions have been identified to be implemented, which will manage any risks identified through their reviews. Management actions are then followed up through the action tracking within section 11. The

Chair asked for clarification as to when the management actions are scheduled to be completed. The Internal Auditor explained that specific dates aren't put against individual management actions in the summary, but playground maintenance management actions will be internally tracked as to whether they are completed in accordance with target dates and then any actions that become overdue will feature in future progress reports in the overdue column, and any high priority management actions that become overdue will then be listed appropriately in appendix 1, until such time as the actions have been implemented.

- d) **Playground inspections.** The Vice Chair raised that for two of the 19 sites internal auditors could find no evidence of the annual independent inspection. The Vice Chair asked if these will be followed up on through the management actions. The Internal Auditor agreed to look into the query and provide a response following the meeting.
- e) **Report Correction.** A Member of the Committee raised that there is a spelling mistake in the report summary. The Chair noted the comment.

Following consideration, the Committee resolved (5 for and the Chair not voting) to:

- (1) **Note the internal audit progress report (August) 2025-26 from Southern Internal Audit Partnership (SIAP) attached at Appendix 1.**

The meeting began at 7.30 pm and ended at 9.58 pm

COUNCILLOR STEVEN MCCORMICK (CHAIR)

COMMITTEE WORK PROGRAMME – NOVEMBER 2025

Head of Service:	Andrew Bircher, Assistant Director of Corporate Services
Report Author:	Will Mace, Corporate Governance & Strategy Manager
Wards affected:	(All Wards)
Appendices (attached):	None

Summary

This report presents the Committee with its annual Work Programme.

Recommendation (s)

The Committee is asked to:

- (1) Note and agree the ongoing Work Programme as presented in Section 2.

1 Reason for Recommendation

- 1.1 Paragraph 4.6 of the Constitution states that the Committee “can scrutinise decisions made by the Full Council or policy committees”¹. Paragraphs 1.3(i) and 1.3(iii) of Annex 4.6 of the Council Operating Framework also states that the Committee “will be responsible for arranging the overview and scrutiny functions on behalf of the council” as well as “approving an annual overview and scrutiny Work Programme”.² Therefore the Committee is able to maintain oversight of its Work Programme and make any additions or adjustments it wishes.

2 Background

- 2.1 The committee Work Programme is presented below. The programme includes reports that relate to the committee's areas of responsibility, as stipulated in its terms of reference.³

¹See *Constitution of Epsom and Ewell Borough Council*, p.3. Online available: <https://democracy.epsom-ewell.gov.uk/ieListMeetings.aspx?CId=205&info=1&MD=Constitution> [Last accessed 29/08/2025]

² See *Council Operating Framework, Annex 4.6: Overview, Audit and Scrutiny*, p.1. Online available: <https://www.epsom-ewell.gov.uk/council/about-council/governance/council-operating-framework> [Last accessed 29/08/2025].

³ See *Constitution of Epsom and Ewell Borough Council: Appendix 3 – Terms of Reference for Full Council and Committees*. Online available: [Epsom and Ewell Democracy](https://democracy.epsom-ewell.gov.uk/ieListMeetings.aspx?CId=205&info=1&MD=Constitution) [last accessed 29/08/2025].

2.2 Work Programme:

Meeting		Agenda
Past	17 July 2025	<ul style="list-style-type: none"> • Annual Internal Audit Conclusion 2024-2025 • Internal Audit: Progress Report • Annual Governance Statement 2024-2025 • Performance and Risk Report: 2024-25 End of Year Report • Use of Urgent Decisions Annual Report • Management Responses to the External Auditors' Report (6 February 2025) • Placeholder: External Audit Update – 2025/26 Audit Plan • Placeholder: LGO & ICO Updates– July 2025 • Local Government and Social Care Ombudsman Annual Letter 2024-2025 • Work Programme
Past	30 September 2025	<ul style="list-style-type: none"> • AP24/5/3 Performance Report⁴ • ICT Audit Actions Progress Report⁵ • Revenue Budget Monitoring – Quarter 1 (2025-2026) • Capital Budget Monitoring – Quarter 1 (2025-2026) • Internal Audit: Audit Plan 2025-2026 (Q3/Q4) • Internal Audit: Revised Internal Audit Charter 2025-2026 • Internal Audit: Strategy • Internal Audit: External Quality Assessment • Internal Audit: Progress Report • Management Responses to the External Auditors' Report⁶ • Performance & Risk Report - September 2025 • Placeholder: External Audit Update – 2025/26 Audit Plan⁷ • Placeholder: LGO & ICO Updates– September 2025⁸ • Work Programme
Present	13 November 2025	<ul style="list-style-type: none"> • Revenue Budget Monitoring - Quarter 2 (2025-2026) • Capital Budget Monitoring - Quarter 2 (2025-2026) • Internal Audit: Progress Report⁹ • Code of Corporate Governance Annual Review¹⁰ • Counter-Fraud and Whistleblowing Annual Report (inc. gifts and hospitality)

⁴ Added by the Committee at the 17th July 2025 meeting.

⁵ Added at the request of the Chair.

⁶ Added by the Committee at the 17th July 2025 meeting.

⁷ This item went to the July 2025 meeting; therefore, the September placeholder has been removed. This was agreed by the Chair and Vice Chair on the 15th of September 2025.

⁸ There are no LGO or ICO decisions to report on. This was agreed by the Chair and Vice Chair on the 15th of September 2025.

⁹ Added by the Committee at the 17th July 2025 meeting.

¹⁰ It's proposed that this report be moved to February meeting, to provide additional resources for the Community Governance Review project. It also has the advantage of moving the review of the Code closer to the production of the Annual Governance Statement.

		<ul style="list-style-type: none"> • Placeholder: LGO & ICO Updates – November 2025¹¹ • Work Programme
Future	5 February 2026	<ul style="list-style-type: none"> • Revenue Budget Monitoring – Quarter 3 (2025-2026) • Capital Budget Monitoring – Quarter 3 (2025-2026) • Community Safety Partnership Annual Report • Equity, Diversity and Inclusion Annual Report • Performance and Risk Report – February 2026 • Code of Corporate Governance Annual Review¹² • Placeholder: External Audit Update • Placeholder: LGO & ICO Updates – February 2026 • Work Programme
Future	26 March 2026	<ul style="list-style-type: none"> • Internal Audit: Annual Plan 2026-2027 & Internal Audit Charter¹³ • Internal Audit: Progress Report • Internal Audit: External Quality Assessment – Results¹⁴ • FSAG Annual Treasury Management Report¹⁵ • Performance and Risk Report – March 2026 • Committee Annual Report 2025-2026 (to be presented to Full Council) • Regulation of Investigatory Powers Act (2000) Annual Report • Annual Complaints Report • Annual Procurement Waiver Report 2025 • Placeholder: External Audit Update • Placeholder: LGO & ICO Updates – March 2026 • Placeholder: Priority Projects Update¹⁶ • Work Programme

3 Call-in Requests

¹¹ There are no items to report at the November 2025 meeting. This was agreed by the Chair and Vice Chair on 29th October 2025.

¹² Ibid fn. 9.

¹³ As discussed at the September 2025 meeting, the Internal Audit plan will revert to an annual plan.

¹⁴ Requested to be added to the agenda by the Southern Internal Audit Partnership (29/09/25).

¹⁵ Proposed (Nov. 2025) to be added to the March 2026 meeting to fulfil this aspect of the Committee's terms of reference. This was agreed by the Chair and Vice Chair on 29th October 2025.

¹⁶ New 'placeholder' proposed (Nov. 25) to provide an update on the council's priority projects, and fulfil the performance monitoring aspect of the Committee's terms of. This was agreed by the Chair and Vice Chair on 29th October 2025.

- 3.1 The Scrutiny Officer received two Call-in requests since the last Committee meeting. They both related to the S&R committee meeting on the 25th September. One concerned Item 5 on the agenda (CIL funding) and one concerned Item 10 on the agenda (Council referred motion). The requests were reviewed by the Chair and Vice Chair of this committee as per the process set out in [Annex 4-6](#) of the Council's Operating Framework, and both were assessed as invalid.

4 Risk Assessment

Legal or other duties

4.1 Equality Impact Assessment

- 4.1.1 No direct implications arising from this report.

4.2 Crime & Disorder

- 4.2.1 The next annual report of the Community Safety Partnership is proposed to be held at the February 2026 committee meeting.

4.3 Safeguarding

- 4.3.1 No direct implications arising from this report.

4.4 Dependencies

- 4.4.1 The committee does rely on some of the council's partners, and other committees, such as internal and external audit, and the Community Safety Partnership.

4.5 Other

- 4.5.1 No other direct implications arising from this report.

5 Financial Implications

- 5.1 None for the purposes of this report.

- 5.2 **Section 151 Officer's comments:** None arising from the contents of this report.

6 Legal Implications

- 6.1 None for the purposes of this report.

- 6.2 **Legal Officer's comments:** None arising from the contents of this report.

7 Policies, Plans & Partnerships

- 7.1 **Council's Key Priorities:** The following Key Priorities are engaged: N/A

- 7.2 **Service Plans:** The report is not included within the current Service Delivery Plan, although several items contained within are.
- 7.3 **Climate & Environmental Impact of recommendations:** No direct implications arising from this report.
- 7.4 **Sustainability Policy & Community Safety Implications:** See Para. 3.2.1.
- 7.5 **Partnerships:** No direct implications arising from this report.

8 Background papers

- 8.1 The documents referred to in compiling this report are as follows:

Previous reports:

- Committee Work Programme, *Audit and Scrutiny Committee*, 30th September 2025. Online available: [Epsom and Ewell Democracy](#) [last accessed 10/10/2025].

Other papers:

- None.

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COUNTER-FRAUD AND WHISTLEBLOWING ANNUAL REPORT 2025

Head of Service:	Andrew Bircher, Assistant Director of Corporate Services
Report Author	Will Mace, Corporate Governance and Strategy Manager
Wards affected:	(All Wards);
Appendices (attached):	None

Summary

This report provides the Committee with an overview of the governance the council has in place to prevent, detect and address fraud.

Recommendation (s)

The Committee is asked to:

- (1) Note and comment on the contents of the report, which outlines the work being undertaken to prevent and detect fraud.

1 Reason for Recommendation

- 1.1 To provide the Committee with assurance that effective governance is in place regarding the prevention and detection of fraud.

2 Background

- 2.1 In common with all other public bodies, the council is potentially vulnerable to fraud. Receiving an annual report on the council's counter-fraud arrangements is included within this committee's [terms of reference](#).
- 2.2 As stated by the Local Government Association, "[a]ll councils have a duty to protect the public purse and a major part of this is by limiting exposure to fraud and corruption and reducing risk through effective prevention and detection." Fraud can reduce the money available to support local communities.¹

- 2.3 Fraud can be defined as “any intentional act or omission designed to deceive others, resulting in the victim suffering a loss and/or the perpetrator achieving a gain.”² The main legislation covering fraud is the Fraud Act 2006,³ however there are other specific pieces of legislation which cover particular council activities. Within the Act there are three core sections: fraud by false representation, fraud by failing to disclose information, and fraud by abuse of position. There are other types of fraud that can fall within these definitions, such as corruption, bribery, theft and money laundering.⁴
- 2.4 There has been a new legislative development since last year’s edition of this report. Local authorities must now comply with the ‘failure to prevent’ fraud offence (FTPF), which came into force from 1 September 2025.⁵ The duty forms part of the Economic Crime and Corporate Transparency Act 2023. It means that councils and other public bodies could be held “criminally liable where an employee, agent, subsidiary, or other “associated person”, commits a specified fraud offence intending to benefit (indirectly or directly) the organisation and the organisation did not have reasonable fraud prevention procedures in place.”⁶ Following an initial assessment of sector guidance, officers are confident that the governance measures outlined in Section 3 of this report provide reasonable and proportionate fraud prevention with respect to this new duty. This has been demonstrated by marking each measure in Section 3 that applies to the ‘reasonable procedures’ that the sector guidance identifies in relation to the FTPF offence, which are categorised as: Top-level commitment (TLC), Risk assessment (RA), Proportionate procedures (PP), Due diligence (DD), Communication (C), Training (T), Monitoring and review (MR). Notwithstanding this review, the counter-fraud action for 2026-27 will be to conduct an additional FTPF mapping exercise.
- 2.5 *Fighting Fraud and Corruption Locally: a strategy for the 2020s*, provides a blueprint for a tougher response to fraud and corruption perpetrated against local authorities.⁷ The Strategy focuses on five pillars of activities or strategic objectives, namely: Acknowledge, Prevent and Pursue, Govern and Protect. Govern focuses on those charged with leadership to ensure robust arrangements are in place and that senior leadership and members support antifraud, bribery and corruption measures, and their embeddedness throughout the organisation. Protect is the overarching responsibility to protect the public from fraud.
- 2.6 Nonetheless it remains the case that “[t]he Council has a zero tolerance attitude to fraud and is totally opposed to any form of fraud and corruption.”⁸
- 2.7 The Audit and Scrutiny Committee has “[o]verall responsibility for audit and governance frameworks”, which includes fraud, corruption and whistleblowing.⁹ Therefore this report has been brought to the committee to help it fulfil these responsibilities.

3 The Council's Counter-fraud Governance

- 3.1 The Chartered Institute of Public Finance & Accountancy (CIPFA) published a code of practice in “managing the risk of fraud and corruption” in 2014, which sets out the following principles that embody good governance and effective management regarding fraud.¹⁰ These principles can be used to demonstrate what activities the council has in place to manage the risk of fraud.
- 3.2 The bold capitalised letters at the end of each bullet point refer to the relevant aspect of the sector guidance on the FTPF offence (see para. 2.4).

3.2.1 Acknowledge responsibility (A)

- Responsibility acknowledged within statements and policies published on a dedicated fraud webpage and intranet page.¹¹ **[TLC]**
- Member's and officer's codes of conduct incorporated into the council's constitution and employment policies respectively. Codes include reference to principles such as the seven principles of public life, declaration of interests, gifts and hospitality and political neutrality (for officers).¹² **[TLC]**
- Whistleblowing policy incorporated into the employment policies. **[TLC]**
- Annual fraud report brought to Audit & Scrutiny Committee. **[MR]**
- Specific goal for fraud 2025-2026: conduct fraud risk reviews with all service managers. **[TLC]**

3.2.2 Identify risks (B)

- Fraud risks are included in each Service's risk register. There are no red / high risks. **[RA]**
- Divisional assurance statements are completed as part of the production of the Annual Governance Statement. The statements confirm that Heads of Service are aware of their responsibilities to report upwards any unresolved matters of concern about internal control or fraud, and to deal with any matters reported to them in an expeditious manner. **[TLC]**
- Counter-fraud implications included in policy and procurement templates. **[PP]**

3.2.3 Develop a strategy (C)

- Anti-Fraud and Anti-Corruption Strategy & Fraud Response Plan in place. **[PP]**

- Mandatory fraud awareness e-learning for staff (also included in the refresher e-learning package): approximately 93% of staff completed the training between 01/11/2024 – 09/10/2025. This figure is approximate as it does not include staff who completed the training and then left the council, and that some staff are not required to complete the training due to the nature of their role. In addition, the council's headcount varies throughout the year. Managers are being sent reminders if any members of their team have not completed the training. **[T]**

3.2.4 Provide resources (D)

- National Anti-Fraud Network (NAFN) member. **[C]**
- National Fraud Initiative. **[PP]**
- Environmental health enforcement and PACE interview equipment. **[PP]**
- Commissioned neighbouring Borough council to undertake housing fraud reviews/investigations (with the potential for additional fraud work). **[PP]**

3.2.5 Take Action (E)

- [Counter-fraud policies](#) in place: **[TLC]**
 - Anti-Fraud and Anti-Corruption Strategy & Fraud Response Plan.
 - Anti-Bribery Policy.
 - Anti-Money Laundering Policy.
- Code of Conduct for Members. **[TLC]**
- Officers' Code of Conduct. **[TLC]**
- Gifts and hospitality policy and declarations (declarations are recorded individually without a summary document due to the size of the organisation). **[PP]**
- Pecuniary interest and conflicts of interest policies and register for Members. **[PP]**
- Whistleblowing Policy. **[TLC]**
- ICT Security & Acceptable Use Policy (inc. cyber). **[TLC]**
- Password policy. **[PP]**
- Segregation of duties for financial transactions. **[PP]**
- Cyber: ICT mitigations tested and in place. **[PP]**
- External Audit, including financial fraud risk assessments. **[MR]**
- Internal Audit. **[MR]**

- National Fraud Initiative data matching. **[PP]**
- Revenues and benefits: in-house reviews undertaken, partnership with Department of Work & Pensions, ICT-based checks and balances. **[PP]**
- Post-assurance checks completed for Government grants. **[MR]**
- Procurement: Strategy, Contract Standing Orders, anti-collusion clauses in tender documents and contracts, officer training, access to credit safe, and procurement oversight Board in place. **[PP]**
- Homelessness assessments and eligibility checks, and multi-agency networks. **[PP]**
- Housing Allocation Policy and criteria; applications involve supporting documents and ID checks. **[PP]**
- Pre-employment checks undertaken, e.g.: right to work, references, DBS checks as appropriate. **[DD]**
- Corporate stress risk assessment being delivered 2025/26. **[DD]**
- Internal fraud reporting email address in place for employees to use to report potential fraud. **[PP]**
- Fighting Fraud and Corruption Locally Knowledge Hub group member. **[T]**
 - Procedure notes on how to process potential frauds in place for Contact Centre team **[T]**
 - Fraud risk register and counter-fraud performance dashboard in place. **[RA]**
 - Fraud transparency data available on the council's website. **[C]**
 - Cases of corporately reported fraud and/or whistleblowing in the last year:
 - Council Tax: One significant fraud identified in October 2025, currently being investigated.
 - Car parks: one customer received a scam text saying they had been fined.
 - Housing and homelessness (2024-2025):
- Total cases investigated and closed: 378
- Positive outcomes: 66

- Total notional savings: £213,840.00 saved for Epsom & Ewell Borough Council Borough Council. This equates to 17% of the cases looked at by fraud being prevented or closed due to fraud investigation.13
 - Whistleblowing: no reports this year.
 - Review of Officer and Councillor's declarations of gifts, hospitality and interests: no material anomalies found.
- Fraud activities underway / completed in the last year:
 - Counter-fraud risk assessment reviews held with all service managers. **[RA]**
- Counter-fraud activity for 2026: conduct a failure to prevent fraud (FTPF) mapping exercise and then complete an internal FTPF checklist. **[MR]**

4 Risk Assessment

Legal or other duties

4.1 Equality Impact Assessment

4.1.1 No direct implications.

4.2 Crime & Disorder

4.2.1 The contents of the report refers to fraud risks.

4.3 Safeguarding

4.3.1 No direct implications.

4.4 Dependencies

4.4.1 None.

4.5 Other

4.5.1 None.

5 Financial Implications

5.1 Fraud prevention work helps to avoid additional costs to the council.

5.2 **Section 151 Officer's comments:** None arising from the contents of this report.

6 Legal Implications

6.1 No direct implications.

6.2 **Legal Officer's comments:** None arising from the contents of this report.

7 Policies, Plans & Partnerships

7.1 **Council's Key Priorities:** The following Key Priorities are engaged:

- N/A

7.2 **Service Plans:** The matter is included within the current Service Delivery Plan.

7.3 **Climate & Environmental Impact of recommendations:** No direct implications.

7.4 **Sustainability Policy & Community Safety Implications:** No direct implications.

7.5 **Partnerships:** Reigate and Banstead Borough Council's fraud team.

7.6 **Local Government Reorganisation Implications:** None.

8 Background papers

8.1 The documents referred to in compiling this report are as follows:

Previous reports:

- Epsom & Ewell Borough Council (2024) *Counter-Fraud and Whistleblowing Annual Report*, Audit & Scrutiny Committee, 14th November 2024. Online available: <https://democracy.epsom-ewell.gov.uk/ieListDocuments.aspx?CId=157&MIId=1631> [last accessed 11/10/25].

Other papers:

¹ Local Government Association [LGA] (2017) *A councillor's workbook on bribery and fraud prevention*, p. 4.

² The Institute of Internal Auditors et al. (no date) *Managing the Business Risk of Fraud: A Practical Guide*, p. 6. Online available: <https://grants.az.gov/sites/default/files/media/managing%20the%20business%20risk%20of%20fraude%20a%20pratical%20guide.pdf> [last accessed 22/10/2025].

³ HM Government (2006) *Fraud Act 2006*. Online available: <https://www.legislation.gov.uk/ukpga/2006/35/contents> [last accessed 22/10/2025].

⁴ Ibid., LGA (2017).

⁵ HM Government (2025) *Guidance: Offence of 'failure to prevent fraud' introduced by ECCTA*, Home Office. Online available:

<https://www.gov.uk/government/publications/offence-of-failure-to-prevent-fraud-introduced-by-eccta> [last accessed 30/10/2025].

⁶ Fighting Fraud and Corruption Locally (2025) *Briefing Note Failing to Prevent Fraud: Avoiding Corporate Criminal Liability*, KnowledgeHub.

⁷ CIFAS (2020) Fighting Fraud and Corruption Locally. Online available: <https://www.cifas.org.uk/insight/public-affairs-policy/fighting-fraud-corruption-local-authorities/ffcl-strategy-2020> [last accessed 22/10/2025].

⁸ Epsom & Ewell Borough Council [EEBC]a (2024) *Anti-fraud and anti-corruption strategy*. Online available: <https://www.epsom-ewell.gov.uk/council/about-council/anti-fraud-and-corruption-strategy> [last accessed 22/10/2025].

⁹ EEBCb (2023) *Constitution: Appendix 3 – Terms of Reference for Full Council and Committees*, p. 5. Online available: <https://democracy.epsom-ewell.gov.uk/ieListMeetings.aspx?CId=205&info=1&MD=Constitution> [last accessed 22/10/2025].

¹⁰ CIPFA (2014) *Code of practice on managing the risk of fraud and corruption*. Online available: <https://www.cipfa.org/policy-and-guidance/reports/code-of-practice-on-managing-the-risk-of-fraud-and-corruption> [last accessed 22/10/2025].

¹¹ See endnote 7.

¹² EEBC (2023) *Constitution of Epsom and Ewell Borough Council: Appendix 1 – Members Code of Conduct*. Online available: <https://democracy.epsom-ewell.gov.uk/ieListMeetings.aspx?CId=205&info=1&MD=Constitution> [last accessed 22/10/2025].

¹³ Data provided by Reigate & Banstead Borough Council, who are commissioned to undertake counter-fraud work on behalf of Epsom & Ewell Brough Council.

CAPITAL BUDGET MONITORING QUARTER 2

Head of Service:	Cagdas Canbolat Director of Corporate Services and Section S151 Officer (Chief Finance Officer)
Report Author	Vanessa Newton, Senior Accountant
Wards affected:	(All Wards);
Appendices (attached):	Appendix 1: Update on Capital Projects

Summary

This report presents the capital monitoring position at quarter 2 for the current financial year 2025/26.

Recommendation (s)

The Committee is asked to:

- (1) Receive the capital monitoring position at quarter 2, as set out in the report:**
- (2) Note the progress of capital projects as set out in Appendix 1.**

1 Reason for Recommendation

- 1.1 To present the capital budget monitoring position to members for quarter 2 and to provide an update on the progress of individual capital projects.

2 Background

- 2.1 This report summarises the capital monitoring information at the end of the second quarter of 2025/26. It details actual capital expenditure and receipts against capital budgets and financing. The report also provides the forecast outturn position and variances as at 30 September 2025.
- 2.2 The core capital programme does not include investments made through the property acquisition fund, this activity is summarised within section 6.

3 Core Capital Programme

- 3.1 The expenditure budget per Committee for the core capital programme is shown below:

Committee	2025/26 Original Budget £'000	Carry forwards from 2024/25 £'000	Additions during 2025/26 £'000	2025/26 Current Approved Schemes £'000
Strategy & Resources	0	541	0	541
Environment	654	22	0	676
Community & Wellbeing	1,199	1,360	810	3,370
Licensing & Planning Policy	0	0	0	0
Total	1,853	1,923	810	4,587

- 3.2 The 2025/26 core capital programme budgets were agreed by full Council in February 2025. The budgets carried forward from 2024/25 were approved at Strategy & Resources Committee on 15 July 2025.
- 3.3 A budget addition of £45,000 was agreed in quarter 1 for the Epsom Playhouse lighting scheme to include the upgrade of the house lights, to be funded from revenue reserves. In quarter 2, there were three further budget additions: £340,000 for Bourne Hall lodge refurbishment as agreed at S&R committee on 15th July 2025; and two allocations of grant funding from the Local Authority Housing Fund (LAHF3) - £375,000 grant to Town & Country Housing for the Afghan Resettlement property; and £50,000 for the refurbishment of a temporary accommodation property as agreed at S&R committee on 25 September 2025
- 3.4 Actual expenditure on the core capital programme to the end of September 2025 and a full year forecast is summarised below:

Committee	2025/26 Current Approved £'000	YTD Expenditure £'000	Forecast Outturn £'000	Forecast Variance £'000
Strategy & Resources	541	29	417	(124)
Environment	676	25	156	(520)
Community & Wellbeing	3,370	1,442	2,377	(993)
Licensing & Planning Policy	0	0	0	0
Total	4,587	1,496	2,950	(1,637)

3.5 On the core capital programme, the forecast outturn for the full year is £2.95m. The forecast variance of £1.64m comprises of:

- 3.5.1 **Underspends** due to reprofiling of spend into future financial years comprise: £421,000 for the construction of three temporary accommodation units; £124,000 on ICT projects; and £310,000 on Bourne Hall lodge refurbishment.
- 3.5.2 **Underspends** resulting from schemes being delivered under budget include: £23,000 on Court Recreation 3D pitch surface renewal; and £20,000 on the sewerage contamination works at the depot. These are offset by an adverse variances of £20,000 for Bourne Hall Window replacements due to the window type change required to adhere to the conservation officer's specifications after the tender was approved; and £8,000 for the Playhouse lighting and dimmers due to the lighting upgrade.
- 3.5.3 Schemes that have been paused include: £170,000 on the Alexander Recreation Dojo scheme due for review at Environment committee in January 2026; and the two Wellbeing centre schemes totalling £120,000 being deferred awaiting asset review.
- 3.5.4 Schemes deferred to the next financial year due to additional funds being required: £184,000 Ashley centre car park Waterproof membrane; and £150,000 Uppermill Pond Bank replacement. Additional capital funding for these projects will be requested at FSAG committee meeting for final capital proposals review in November 2025.

3.5.5 Stew Ponds removal of silt project which shows an underspend of £143,000 required additional capital funding which was not recommended to be progressed following FSAG committee's review of initial proposals on 26th September 2025. FSAG committee have requested that the Environment committee consider next steps at its January 2026 meeting.

4 Movements in the year-end forecasts since Q1 are detailed in the table below:

4.1

Committee	Forecast Outturn Q1 £'000	Forecast Outturn Q2 £'000	Change £'000
Strategy & Resources	513	417	(96)
Environment	179	156	(23)
Community & Wellbeing	1,909	2,377	468
Licensing & Planning Policy	0	0	0
Total Core Capital Programme	2,601	2,950	349

4.2 The change in forecasts are as follows:

4.3 Strategy & Resources – a decrease in forecast of £124,000 for ICT projects.

4.4 Environment – a decrease in forecast of £23,000 for Court Recreation Ground 3G pitch surface renewal.

4.5 Community & Wellbeing – an increase of £468,000 mainly due to £375,000 grant for Temporary accommodation, £50,000 for a temporary accommodation refurbishment, £30,000 for Bourne hall lodge, both projects had not been agreed at quarter 1. Additional costs incurred for Playhouse lighting and dimmers £8,000 and Bourne Hall window replacement £3,000.

4.6 An update on the progress of individual schemes is set out in Appendix 1.

5 Financing of Capital Expenditure 2025/26

- 5.1 The provisional financing of the 2025/26 core capital programme is summarised below:

Financing of Core Capital Programme	2025/26 Current Approved Budget £'000
Capital Receipts Reserves	1,581
Capital Grants-DFG	1,271
Budgeted Revenue Contributions	500
Revenue Reserves	45
Section 106	918
External Grant	272
Total	4,587

6 Property Acquisition Fund

Commercial Property

- 6.1 The Council retains one in-Borough commercial property acquisition fund, which has a remaining balance of £49.6m available borrowing headroom for investment. Please note, this is not a reserve that the Council holds; it is a limit (approved by Full Council) up to which borrowing could be undertaken.
- 6.2 The £49.6 million referenced is not a reserve or cash holding, but rather a borrowing facility. Any utilisation of this facility would require the Council to undertake borrowing, which would be subject to interest charges and ongoing debt repayment obligations.
- 6.3 Furthermore, each proposed use of the facility would need to be brought forward through a separate, detailed report for Member approval.
- 6.4 Given the current context of Local Government Reorganisation, it is increasingly unlikely that this facility will be progressed in the near term.

7 S106 Developer Contributions

- 7.1 The balance of S106 funds held by the authority are set out in the following table:

	£'000	£'000
Section 106 funds held as at 1 April 2025		1,703
Section 106 net receipts to 30 September 2025		0
Balance of S106 Funds held as 30 September 2025		1,703
Less:		
Funds held due to SCC and other organisations	(130)	
Funds committed and approved for specific schemes	(1,556)	
		(1,686)
Unallocated S106 funds as at 30 September 2025		17

- 7.2 The balance of unallocated S106 balances are all within Affordable Housing; this funding is used to facilitate provision within the borough where the development is not financially viable without additional funding. Planning officers work with providers to identify schemes where the affordable housing would not be deliverable without the additional support.

- 7.3 The £1.5m funds allocated for specific schemes include:

7.3.1 £1.04m of Affordable Housing S106 funds to part match government grant of £1.5m under the Local Authority Housing Fund 3, as agreed at Strategy & Resources Committee on 12 November 2024.

7.3.2 £422k of Affordable Housing S106 funds which has been earmarked for temporary accommodation use microhomes at Fairview Road;

7.3.3 The remaining balance comprises of small schemes such as park bench and signage replacement and maintenance of play equipment.

8 Community Infrastructure Levy

- 8.1 The Council raised demand notices totalling £544,490 for Community Infrastructure Levy (CIL) for the period 1 April 2025 to 30 September 2025.

- 8.2 5% is used for administering the scheme and 15% is ring fenced for a local CIL Neighbourhood Scheme. CIL balances are set out in the following table:

	Main Fund (80%) £'000	Community Fund (15%) £'000	Admin Fee (5%) £'000	Total £'000
CIL funds held at 1 April 2025	7,843	1,471	490	9,804
CIL invoices raised to 30 September 2025	436	82	26	544
Invoices outstanding at 30 September 2025	(312)	(59)	(19)	(390)
Receipt held as charge against property	(1)	0	0	(1)
CIL Payments made to 30 September 2025	0	0	0	0
CIL Funds held at 30 September 2025	7,966	1,494	497	9,957
<i>Less commitments:</i>				
<u>Strategic CIL Fund 2024/25</u>				
Ewell Village Public Realm Enhancements	(1,250)	0	0	(1,250)
Priest Hill Football Development – Full size 3G football pitch	(405)	0	0	(405)
New Clubhouse at Old schools Lane, Ewell	(100)	0	0	(100)
<u>CIL Neighbourhood Fund 2024/25</u>	0	(332)	0	(332)
<u>Strategic CIL Fund in 2025/26</u>				
Ash Dieback Essential Safety works and Treescape Restoration	(200)	0	0	(200)
ANPR Surrey Police	(36)	0	0	(36)
B284 Ruxley Lane, West Ewell, Epsom – Road Safety Scheme	(75)	0	0	(75)
Parks recreation and play for young people and families	(1,060)	0	0	(1,060)
<u>CIL Neighbourhood Fund 2025/26</u>	0	(237)	0	(237)
Monitoring CIL scheme in 2025/26	0	0	(103)	(103)
Unallocated CIL funds at 30 September 2025	4,840	925	394	6,159

- 8.3 Large sums are collected in instalments so not all the cash has been received at this date. Of the £544k of invoices/demand notices raised not yet collected, £184k relates to 2025/26, £191k relates to 2024/25, £15k relates to financial years prior to 2024/25.

8.4 At the S&R committee meeting on 12 November 2024, 2024/25 strategic CIL funding allocations of £1.755m were approved and have been added as commitments in the table above.

8.5 At the S&R committee meeting on 25 September 2025, 2025/26 strategic CIL funding allocations of £1.371m were approved and have been added to the above table.

9 CIL Neighbourhood Scheme (15%)

9.1 At the S&R committee meeting on 12 November 2024, 2024/25 neighbourhood CIL funding allocations of £332k were approved. This amount has been added as commitments in the table above.

9.2 At the S&R committee meeting on 25 September 2025, 2025/26 neighbourhood CIL funding allocations of £237k were approved and have been added into the table above. Updates have been made through the Member News channel.

10 Capital Receipts

10.1 The expected balance of capital receipt reserves is shown below:

Capital Reserves	Capital Receipts Reserve £'000
Balance brought forward at 1 April 2025	3,461
Funding of 2025/26 capital programme	(1,581)
Capital receipts received to 30 September 2025	95
Forecast balance at 30 September 2025	1,975

10.2 During 2025/26, the Council has received a net receipt of £95k for the release of a restrictive covenant on a residential property.

11 Treasury Management Performance

11.1 The Council's budget for 2025/26 includes income of £1,000,000 to be generated on reserves, working balances and cash flow. The budget was based on an assume average return from investments of 4% for the year.

11.2 The performance for the first half of 2025/26 on the council's investments is as follows:

01 April to 30 September 2025	Average Investment £'000	Interest Receivable £'000	Average Rate of Return %

Internally Managed Funds			
Money Market Funds	16,032	337	4.20%
Fixed Rate Deposits	10,833	257	4.74%
Interest Bearing Account	277	3	2.06%
Total	27,142	596	4.39%

11.3 During the first half of the year, £596,084 of interest had been earned, overachieving the profiled budgeted target of £500,000 for the same period.

11.4 Whilst the Council has been able to capitalise on greater returns available in the market for the first half of 2025/26, the current forecast is for base rates to drop to 3.75% by the end of the financial year.

12 Risk Assessment

Legal or other duties

12.1 Equality Impact Assessment

12.1.1 The impact of each scheme is assessed during the capital appraisal process.

12.2 Crime & Disorder

12.2.1 None arising directly from the contents of this report.

12.3 Safeguarding

12.3.1 None arising directly from the contents of this report.

12.4 Dependencies

12.4.1 None arising directly from the contents of this report.

12.5 Other

12.5.1 Global events and rising inflation have caused firms to significantly increase their quotes for works, having a major impact on the Council's ability to source contractors within budget. This is likely to impact on both current and future capital projects.

13 Financial Implications

13.1 Financial implications are set out in the body of the report.

- 13.2 **Section 151 Officer's comments:** If members have detailed question(s) on particular capital projects, it is requested that these be submitted in advance where possible, to enable officers to investigate with the relevant scheme manager.

14 Legal Implications

- 14.1 There are no direct legal implications arising from this report.
- 14.1 **Legal Officer's comments:** None arising from the contents of this report.

15 Policies, Plans & Partnerships

- 15.1 **Council's Key Priorities:** The following Key Priorities are engaged:
- Effective Council.
- 15.2 **Service Plans:** The matter is included within the current Service Delivery Plan.
- 15.3 **Climate & Environmental Impact of recommendations:** The impact of each scheme is assessed during the capital bidding process.
- 15.4 **Sustainability Policy & Community Safety Implications:** None for the purposes of this report.
- 15.5 **Partnerships:** None arising directly from the contents of this report.
- 15.6 **Local Government Reorganisation Implications:** LGR introduces a significant degree of uncertainty and transition risk that must be carefully considered in the management of the Council's capital programme.
- 15.7 As the structure and governance of local authorities evolve, there may be changes to funding arrangements, asset ownership, delivery responsibilities, and strategic priorities. These changes could directly affect the viability, scope, and timing of capital schemes currently in development or delivery.

16 Background papers

- 16.1 The documents referred to in compiling this report are as follows:

Previous reports:

- [Budget Report to Full Council – 11 February 2025](#)
- [2024-25 Provisional Financial Outturn – carry forward capital balances, Strategy & Resources Committee, 15th July 2025](#)

[Audit & Scrutiny -Capital Budget Monitoring Quarter 1](#)

Other papers:

- [Residential property repair and maintenance fund report, Strategy & Resources Committee, 12 November 2024.](#)
- [Local Authority Housing Fund: Round 3 report, Strategy & Resources Committee, 12 November 2024.](#)
- [2024/25 Mid-year Treasury Management, Financial Strategy Advisory Group, 22 November 2024.](#)

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Capital Project Progress – 2025/26 Quarter 2

Project	Current Approved Budget £	Actuals to Q2 2025/26 £	Year End Forecast 2025/26 £	Variance Estimate £	Comments from Manager	Target Completion
Disabled Facilities Grants and Small Repairs Grants	1,270,999	474,110	1,270,999	0	The DFG programme continues to support residents requiring adaptations to enable them to continue living in their own homes. This year's £1.27m spend is for the Home Improvement Agency to assist disabled, elderly and vulnerable residents to stay in their homes safely and independently. This is achieved through home assessments by the team, using the various forms of grant assistance that are available along with the Handy Person service. In addition, the team has teamed up with Action Surrey to replace condemned and inefficient boilers to eligible households across the borough. Budget includes rolled over 2024/25 budget of £296,591.	Ongoing
Stew Ponds Removal of Silt	150,000	6,839	6,839	(143,161)	To carry out initial surveys, sampling, Bathymetric surveys, Options appraisal Report, programme, and budget costs. The 2026/27 proposal for additional funding of £150k was discounted as an initial proposal at FSAG committee on 30 th September and it was requested that Environment Committee consider next steps at January 2026 meeting.	N/A
Uppermill Pond Bank Replacement	150,000	0	0	(150,000)	Works estimated higher than budget allocation at a cost of £300,000. The project has been deferred until the following financial year. Additional funding of £150,000 has been applied for in the 2026-27 final capital proposals This is to be reviewed at FSAG committee in November 2025.	December 2026
Ashley Centre Car park Waterproof Membrane	184,000	0	0	(184,000)	Works tendered over budget at £350,000 therefore project deferred for next financial year. Additional funding of £166,000 has been applied for in 2026-27 final capital proposals. This is to be reviewed at FSAG committee in November 2025.	December 2026

Capital Project Progress – 2025/26 Quarter 2

Project	Current Approved Budget £	Actuals to Q2 2025/26 £	Year End Forecast 2025/26 £	Variance Estimate £	Comments from Manager	Target Completion
Court Recreation 3G Pitch Surface Renewal	130,000	16,305	107,000	(23,000)	Works have commenced but have been delayed due to a dispute over workmanship to the base course.	November 2025
Playhouse Lighting and Dimmers	270,000	241,625	278,486	8,486	The tenders for the lighting works identified that the house lights were linked to the dimmer works so have to be actioned simultaneously. To facilitate this, a decision had to be taken to upgrade the house lights alongside the budgeted works and £45,000 of reserve funding was approved to cover the additional works, raising the overall budget for the scheme to £270,000. Works have been completed in September 2025.	Completed September 2025
Sewerage contamination prevention- Longmead depot	22,355	1,516	1,804	(20,551)	Additional works were required to provide bund for ad-blue containment and waterproofing structure to prevent bund filling up with water. All works are completed in September 2025.	Completed September 2025
Playground renovations	40,000	0	40,000	0	This project is currently at procurement stage and a mini tender is to be actioned. Works consist of replacement of playground surface and defective equipment.	March 2026

Capital Project Progress – 2025/26 Quarter 2

Project	Current Approved Budget £	Actuals to Q2 2025/26 £	Year End Forecast 2025/26 £	Variance Estimate £	Comments from Manager	Target Completion
ICT Programme of Works	278,065	14,429	253,000	(25,065)	<p>The Firewall Replacement Programme is essential to prevent security vulnerabilities from ageing infrastructure and must be completed by the end of 2025 to ensure continuity and alignment with broader upgrades.</p> <p>Replacing the two core switches by the end of 2025 is crucial to maintain network reliability and security as the current hardware nears end-of-support.</p> <p>Updating physical servers in the 2025/2026 capital plan is necessary to avoid performance and security risks due to their approaching end-of-support status.</p> <p>The timely replacement of additional switches and network hardware is vital to prevent issues from using unsupported equipment and to maintain secure operations.</p> <p>The revised softphone rollout modernises communications in line with the 2023 ICT Strategy, enabling flexible, cloud-based voice services that support hybrid working and sustainability</p>	<p>December 2025</p> <p>December 2025</p> <p>December 2025</p> <p>December 2025</p> <p>March 2026</p>

Capital Project Progress – 2025/26 Quarter 2

Project	Current Approved Budget £	Actuals to Q2 2025/26 £	Year End Forecast 2025/26 £	Variance Estimate £	Comments from Manager	Target Completion
Replacement of CRM and Data Warehouse	262,487	14,574	164,000	(98,487)	<p>The My Council Services (MCS) project will enhance digital service through new MCS v5 forms, supported by consultancy and temporary roles, with phased delivery from mid 2025 to early 2026.</p> <p>The Data Warehouse underpins infrastructure upgrades vital for secure, scalable services and continuity during the LGR including Citrix and VMware upgrades due in the last quarter.</p>	<p>March 2026</p> <p>December 2025/March 2026</p>
Bourne Hall Window replacement – First and Second Phases	348,814	347,997	368,660	19,846	<p>Phase 1 -completed in March 2025. Both removal of Asbestos works and Phase 2 were completed in August 2025.</p> <p>Additional spend has been incurred due to a change to the window type as specified by the conservation officer after the tender was approved. Budget 2024/25 was £611,234 of which £262,420 was spent leaving rolled over balance of £348,814.</p>	<p>Phase 1 completion March 2025</p> <p>Phase 2 completion August 2025</p>
Construction of Temporary Accommodation units	424,975	2,945	3,754	(421,221)	<p>Planning permission for 3 modular family units was granted on 7 November 2024. Each unit will contain two bedrooms. Project on hold due to a legal challenge, awaiting a land registry tribunal. Budget 2024/25 was £435,000 of which £10,025 was spent leaving a rolled over balance of £424,975.</p>	To be advised

Capital Project Progress – 2025/26 Quarter 2

Project	Current Approved Budget £	Actuals to Q2 2025/26 £	Year End Forecast 2025/26 £	Variance Estimate £	Comments from Manager	Target Completion
Acquisition of temporary accommodation	375,000	375,000	375,000	0	Property purchase completed in July for use as temporary accommodation.	July 2025
Bourne Hall Lodge refurbishment	340,000	0	30,000	(310,000)	As this building is listed, building consent is required and two separate procurements. Works will continue into 2026/27.	To be advised
Wellbeing Centre windows replacement	60,000	0	0	(60,000)	Works have been deferred due to the uncertainty created by the Local Government Reorganisation.	Waiting Asset Review
Wellbeing Centre solar panel installation	60,000	0	0	(60,000)	Works have been deferred due to the uncertainty created by the Local Government Reorganisation.	Waiting Asset Review
Alexandra Rec Dojo	170,000	0	0	(170,000)	The old building has been demolished; a planning application was submitted for the new proposal at committee in November 2023. Quotes for works amounted to £390,000. As this is higher than budget, other sources of grant funding have been investigated. In September 2025, FSAG committee requested that Environment Committee consider next steps for this project at their January 2026 meeting.	N/A

Capital Project Progress – 2025/26 Quarter 2

Project	Current Approved Budget £	Actuals to Q2 2025/26 £	Year End Forecast 2025/26 £	Variance Estimate £	Comments from Manager	Target Completion
Refurbishment of temporary accommodation	50,000	0	50,000	0	Refurbishment of a property used for Temporary accommodation	October 2025

REVENUE BUDGET MONITORING - QUARTER 2

Head of Service:	Cagdas Canbolat, Director of Corporate Services and Section 151 Officer (Chief Finance Officer)
Report Author	Sue Emmons, Chief Accountant
Wards affected:	(All Wards);
Appendices (attached):	Appendix 1 – Temporary Accommodation

Summary

This report presents the forecast revenue outturn position for the current financial year 2025/26, as at quarter 2 (30 September).

Recommendation (s)

The Committee is asked to:

- (1) Receive the revenue budget monitoring report, which sets-out a projected deficit of £510,000 for 2025/26;
- (2) Agree that regular reports continue to be prepared for Community & Wellbeing Committee to update members on progress against the Homelessness Strategy and Action Plan;
- (3) Agree that the updated quarter 3 position will be reported back to Audit and Scrutiny Committee in February.

1 Reason for Recommendation

- 1.1 To present the 2025/26 forecast revenue outturn position to members, as at quarter 2.

2 Background

- 2.1 In February 2025, Full Council agreed a net expenditure budget of £10.269m for 2025/26. The budget included a contribution of £79,000 from earmarked reserves.

- 2.2 At quarter 2, the Council is expected to be 5% above budget at year-end, with a £510,000 deficit forecast. The projected deficit is mainly due to the higher demand for housing/ homelessness services. This adverse variance is partially offset by two contingency budgets which are not required for 2025/26 and can be earmarked to mitigate the pressures elsewhere within the Council.
- 2.3 The budget position will continue to be monitored closely, with forecasts updated and reported to Chairs accordingly through the year.

3 Forecast Position

- 3.1 A summary of the forecast outturn position by service area for 2025/26 is shown in the following table:

Forecast Outturn by Service	Current Approved Budget	Forecast Outturn	Forecast Variance
	£'000	£'000	£'000
<u>Strategy & Resources Committee</u>	-		
Democratic & Civic	778	778	0
Corporate Functions	830	830	0
Corp Financial Management	749	249	(500)
Tax Collection & Benefits	1,313	1,313	0
Land Charges	22	22	0
Land & Property	(3,211)	(3,211)	0
Economic Dev. & Prosperity	74	74	0
Employee and Support Services	(126)	(126)	0
Building Control Contract	106	106	0
Community Safety	120	120	0
Subtotal Strategy & Resources	656	156	(500)
<u>Environment Committee</u>			
Car Parking	(2,606)	(2,606)	0
Environmental Services	3,512	3,332	(180)
Contract Management	62	62	0
Environmental Health	730	730	0
Countryside, Parks & Open Spaces	2,445	2,445	0
Subtotal Environment	4,143	3,963	(180)
<u>Community and Wellbeing Committee</u>			
Housing	2,845	4,020	1,175
Community Services (Route Call, Meals from Home, Community Alarm)	520	535	15
Support for Voluntary Orgs.	233	233	0
Community Centre	454	454	0
Health & Wellbeing	339	339	0
Sports, Leisure & Cultural	1,309	1,309	0
Precepting & Levying Bodies (NJMC & EWDC)	415	415	0
Subtotal Community & Wellbeing	6,115	7,305	1,190
<u>Licensing & Planning Policy Committee</u>			
Place Development	1,291	1,291	0
Licensing	6	6	0
Subtotal Licensing & Planning Policy	1,297	1,297	0
Capital Charges	(1,941)	(1,941)	0
Total General Fund	10,269	10,779	510

- 3.2 The £510,000 projected budget deficit across services for 2025/26 would require a contribution from reserves. As the General Fund reserve currently stands as £1.555m, only £55,000 above the £1.5m minimum balance recommended by Council in July 2025; it is suggested that this deficit is met from the Corporate Projects reserve, decreasing the uncommitted balance from £811,000 to £301,000.

The following section of the report details the individual budget variances that make up the projected deficit of £510,000 within services.

4 Budget Variances

- 4.1 The main variances to budget are shown by Committee in the following tables:

Strategy & Resources Committee	Adverse / (Favourable) Variance £'000	Detail
Corporate Financial Management	(500)	A contingency created to mitigate any losses from a contract negotiation is no longer required. It is proposed that this is ringfenced to offset pressures within Housing, alongside a further corporate of contingency that is held for in year pressures, totalling £400,000. In addition to this, income from Treasury Management is forecast to achieve £100,000 more income than budgeted.
Total Strategy & Resources Variance	(500)	

Environment Committee	Adverse / (Favourable) Variance £'000	Detail
Environmental Services, Cemeteries	20	<p>The £10,000 adverse variance for cemetery income is forecast to be higher than forecast at quarter 1 by another £10,000, giving an overall adverse position at quarter 2 of £20,000.</p> <p>Officers will continue to monitor the income throughout the year and report back if the situation worsens. Income levels will also be considered during the 2026/27 budget setting process.</p>
Environmental Services, Waste Services	(200)	<p>Trade waste income is forecast to under recover by up to £70,000 due to heavy competition from other providers. Officers are analysing the data to understand whether it is a long-term impact and this will be taken into account during the 2026/27 budget setting process.</p> <p>In addition, an historic saving within the service which was derailed by the government's delayed waste strategy, is not expected to be realised, creating a £100,000 adverse variance. In previous years this was mitigated by recycling credit gains from Surrey CC, but as the price of materials has fallen, no income is expected this year.</p> <p>Furthermore, whilst at quarter 1 it was believed that these adverse positions would net off against higher than expected grant income from the new Extended Producer Responsibility grant which the Council is receiving for the first time this year, updated estimates of this income are that there will actually be a favourable variance of £200,000 once these adverse positions are netted off.</p>
Total Environment Variance	(180)	

Community & Wellbeing Committee	Adverse / (Favourable) Variance £'000	Detail
Housing/Homelessness	1,175	<p>In terms of performance monitoring, the Q1 report projected an average of 116-118 net placements (NP) based on April–June data, with the expectation that this figure would decline over the remainder of the year.</p> <p>However, now that April–September data is available, the average remains at 116, and it is now anticipated that this level will persist through year end, contrary to earlier expectations in Q1 reporting, see details in Appendix 1.</p>
Community Services (Meals from Home)	15	<p>Although income budgets were reduced within the Meal from Home service through the 2025/26 budget setting process, demand continues to fall due to competition in the field. This will be revisited during the 2026/27 budget setting process to ensure a realistic budget is set for the new financial year.</p>
Total Community & Wellbeing Variance	1,190	

5 Employee Costs

- 5.1 At the end of quarter 2, the Council is tracking in line with its year-to-date employee budget of £8.03m.
- 5.2 Employee costs are monitored monthly to ensure any adverse variances are flagged promptly to Heads of Service, thereby enabling prompt mitigating action to be taken.

6 Epsom & Ewell Property Investment Company (EEPIC)

- 6.1 The Council's 2025/26 budget includes £1.35m expected dividend income from Epsom and Ewell Property Investment Company, generated from its two commercial properties.

7 Update on 2025/26 Savings/Additional Income Delivery

- 7.1 The 2025/26 budget requires new savings/additional income totalling £126,000 to be delivered during the year. The delivery status of these savings is summarised in the following table.

Summary of Budgeted Additional Income/Savings - 2025/26	Committee	Achieved	In progress	Unlikely to be achieved in current year
		£000	£000	£000
Income from Commercial Property	S&R		38	
Additional rental income from Parks buildings	ENV		30	
Other Operational Efficiencies	All		58	
Total Savings		0	126	0

- 7.2 The RAG rating indicates whether the additional income/saving is considered at either low risk of non-delivery (green), medium risk (amber), or high risk of not being delivered in year (red). Commentary on the highest value and highest risk savings is provided in the following paragraphs:

7.2.1 The income from Commercial Property target is on track to be achieved, through higher rental income following a rent review agreed in 2024/25. Officers closely monitor the quarterly rental income due for collection, with no issues currently anticipated for the remainder of the year.

7.2.2 Additional rental income from buildings within Parks is currently forecast to be on budget by year end and therefore the expectation is that this target will be achieved.

7.2.3 The other operational efficiencies relate to energy savings in the Town Hall; the removal of an historic HR initiative, now delivered via other mechanisms; and a change of supplier for legal publications yielding a small saving.

8 Revenue Reserves

- 8.1 In July 2025, Full Council agreed to maintain a minimum balance of the general fund working balance reserve of £1.5m, after revoking a previous decision in May 2025 to reduce it from £2.5m to £1m. After using £242,000 to fund the 2024/25 deficit and transferring £1.2m to create a Strategic Priorities reserve, the balance currently stands at £1.555m.
- 8.2 Other revenue reserves are projected to stand at £11.4m at 31 March 2026, however, £8.4m of this balance is to manage specific risks and contingencies, including the loss of commercial property income and business rates income in future years.
- 8.3 Other than the additional £25,000 required from the corporate projects reserve to fund the increase in overall deficit from quarter 1 to quarter 2, there has been no movement in the reserves position since quarter 1. A report will be considered at Strategy Resources committee on 11 November 2025 that will review reserve balances and make recommendations for these going forward.
- 8.4 The following table shows a breakdown of the council's revenue reserves, with only the General Fund working balance and corporate projects reserve available for general use:

General Fund Revenue Reserves	01 April 2025 Opening Balance	31 March 2026 Forecast Uncommitted Balance
	£'000	£'000
General Fund	2,755	1,555
Corporate Projects Reserve	3,838	301
Subtotal - Reserves available for general use	6,593	1,856
Contingencies unavailable for general use	13,591	11,431
Ringfenced funds/grants for specific use	1,892	2,756
Subtotal - Reserves unavailable for general use	15,483	14,187
Total	22,076	16,043

- 8.5 The commitment to maintain a minimum balance on the general fund reserve of £1.5m leaves just £356,000 of available reserves (£55,000 of general fund and £301,000 of corporate projects reserve), which the Council allocates on a business case basis, to ensure limited resources are utilised in line with corporate priorities.

9 Actions and Next Steps

- 9.1 To address the projected budget deficit for 2025/26, the Council's senior management is progressing the following key initiatives:
 - 9.1.1 Regular reports will continue to be prepared for Community & Wellbeing Committee to update members on progress against the Homelessness Strategy and Action Plan; and consider how current pressures can be addressed through the 2026/27 budget setting process.
 - 9.1.2 Strategy & Resources Committee agreed in July 2025 a budget setting framework for 2026/27 which is being progressed by officers accordingly;
 - 9.1.3 Finance officers will continue to monitor the funding landscape to ensure the Council is kept aware of any new government (or other external) funding opportunities.
- 9.2 The Council's budget position is continuously monitored by the finance team and budget managers. It is expected that the next budget monitoring report to members will be the updated quarter three forecasts to Audit & Scrutiny Committee in February 2026.

10 Risk Assessment

Legal or other duties

10.1 Equality Impact Assessment

10.1.1 None arising directly from the contents of this report.

10.2 Crime & Disorder

10.2.1 None arising directly from the contents of this report.

10.3 Safeguarding

10.3.1 None arising directly from the contents of this report.

10.4 Dependencies

10.4.1 None arising directly from the contents of this report.

10.5 Other

10.5.1 Ultimately, all services will be impacted in some way by the Council's overall budget position over the long term.

10.5.2 A full budget risk assessment is presented to Full Council within February's budget report each year.

11 Financial Implications

11.1 Financial implications are set out in the body of the report.

11.2 **Section 151 Officer's comments:** The continued rise in temporary accommodation placements is placing unsustainable pressure on the Council's financial and operational resources. This trend is not only challenging our ability to deliver statutory services effectively but also risks undermining the long-term stability of our budget. Without decisive and coordinated action the situation will escalate further, with serious implications for service delivery and fiscal resilience.

12 Legal Implications

12.1 There are no direct legal implications arising from this report.

12.2 **Legal Officer's comments:** None arising from the contents of this report.

13 Policies, Plans & Partnerships

13.1 **Council's Key Priorities:** The following Key Priorities are engaged:

- Effective Council.

13.2 **Service Plans:** The matter is included within the current Service Delivery Plan.

13.3 **Climate & Environmental Impact of recommendations:** None arising from the contents of this report.

13.4 **Sustainability Policy & Community Safety Implications:** None arising from the contents of this report.

13.5 **Partnerships:** None arising from the contents of this report.

13.6 **Local Government Reorganisation Implications:** Local Government Reorganisation (LGR) presents a significant degree of uncertainty and transition risk, which must be actively considered throughout the Council's revenue budget monitoring process. These risks may affect both short-term financial performance and longer-term budget planning.

13.7 As the structure and governance of local authorities continue to evolve, potential changes to funding streams, service delivery responsibilities, and strategic priorities may emerge. These developments could directly influence the assumptions underpinning the revenue budget, requiring ongoing review and adjustment to ensure financial sustainability and responsiveness to change.

14 Background papers

14.1 The documents referred to in compiling this report are as follows:

Previous reports:

- [Budget Report to Full Council – February 2025.](#)
- [Revenue Budget Monitoring – Quarter 1 to Audit & Scrutiny Committee – September 2025.](#)

Other papers:

- [EEBC Strategic Priorities 2025-2027 report to Full Council - May 2025.](#)
- [2026/27 Strategic Financial Planning report to Strategy & Resources - July 2025.](#)
- [Recommendation from Strategy and Resources Committee, 15 July 2025 report to Full Council - July 2025.](#)

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Temporary Accommodation Q2 Performance

The updated forecast for quarter 2 is an adverse variance of £1.175m, an increase of £300,000 since the last forecast, due to the continued elevated numbers of households in temporary accommodation (TA).

The first half of 2025/26 saw an average of 116-118 households in Nightly Paid (NP), peaking at 128 in June, with the Council's budget is set to accommodate an average of 70 households.

As at Q2, the latest forecast for the year assumes the numbers will not fall and will stay at an average of c116 households in NP for the whole year.

The chart below shows the total number of homeless households in all types of temporary accommodation (*in borough) 2025/2026:

	NPA	*Housing Association TA	*EEBC owned TA	*PSL TA	*Defoe Court	Total
April	110	125	10	14	12	271
May	118	125	10	14	12	279
June	128	125	10	14	12	289
July	119	125	10	13	13	280
August	113	125	10	13	13	274
September	117	125	10	13	13	278

A report detailing the expenditure and an action plan is going to the Community and Wellbeing Committee on 19 November 2025. This report includes a summary of a recently completed service review, which focusses on homelessness prevention as well as move-on from temporary accommodation, with the aim of reducing not only the numbers but also the length of time spent in TA. It also provides details of priority action points and proposed next steps.

Nevertheless, there is concern that homelessness numbers may rise again, particularly with the onset of winter, which historically sees increased demand. The root causes are both national and local, including a prolonged shortage of newly developed affordable housing, such that only two units were delivered last year.

The review of service delivery highlights that without access to sufficient affordable accommodation, and with the private rental sector remaining unaffordable, temporary accommodation (TA) usage may increase further.

This situation has developed over several years and reflects broader systemic issues. Continued efforts to improve service delivery are ongoing, but structural housing challenges remain a significant barrier. There is a service review to address some of the challenges, see appendix 1.

Its worth noting that as part of MTFS we have already agreed to increase TA budget by at least £500k for 2026/27 to address some of the structural deficit in this area.

Housing & Homelessness Service Review

In response to the extraordinary pressure which the housing service is and has been under, a service review has recently been completed. The review highlights the areas of the service where the pressures are most acute, where resources are most stretched and where the proposed changes could have the most significant impact.

The review proposes a more proactive and creative approach to spending Homelessness Prevention Grant (HPG) in line with government guidance to spend up to 49% of HPG on prevention-based activity and in anticipation of the Renters Reform Bill, which is likely to become an Act by early 2026.

The review advocates a One Council approach to the housing crisis, which brings together multiple disciplines of the Council, recognising that there are several parallel actions which can be taken to reduce the instances and cost of homelessness.

The review focusses on the length of time spent in temporary accommodation rather than solely the total number of households, and specifically highlighted the following priority areas:

- Increased emphasis on prevention-based activity, including expanding the portfolio of private sector landlords to increase availability and access to the private rented sector.
- Increased emphasis on move-on from temporary accommodation, including assisting households into employment to increase their housing options.
- The requirement for a specific role to work with the resource intensive cohort of hospital discharge to cover both physical and mental health discharge.
- Increased focus of front of house triage, to ensure officers are able to intervene at an earlier stage for the more time pressured homelessness approaches.
- Increased resource for the management of temporary accommodation placements and the administration of the housing needs register, to help improve the link between temporary and settled accommodation, and to process the increase in housing register related activity.
- A requirement to revise and update existing policies, which includes a review of the rent deposit offer to landlords, updating the processes for managing and terminating temporary accommodation placements and implementing an out of area settled accommodation policy.

INTERNAL AUDIT PROGRESS REPORT

Head of Service:	Andrew Bircher, Assistant Director of Corporate Services
Report Author	Iona Bond, Deputy Head of Southern Internal Audit Partnership
Wards affected:	(All Wards);
Appendices (attached):	Appendix 1 - Internal Audit Progress Report (October) 2025-26 Appendix 2 – Restricted Item

Summary

As required by the Global Internal Audit Standards in UK Public Sector this report presents the Internal Audit Progress Report (October) 2025-26. The report provides the Audit and Scrutiny Committee with an overview of internal audit activity and assurance work completed in accordance with the approved audit plan and provides an overview of key updates relevant to the discharge of the committee's role in relation to internal audit.

Recommendation (s)

The Committee is asked to:

- (1) Note the internal audit progress report (October) 2025-26 from Southern Internal Audit Partnership (SIAP) attached at Appendix 1.**

1 Reason for Recommendation

- 1.1 In accordance with the Global Internal Audit Standards in the UK Public Sector the Chief Internal Auditor is required to provide a written status report to the Audit & Scrutiny Committee.

2 Background

- 2.1 The mandate for internal audit in local government is specified within the Accounts and Audit [England] Regulations 2015, which states:

'A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.'

- 2.2 From 1 April 2025, the 'standards or guidance' in relation to internal audit are those laid down in the Global Internal Audit Standards (GIAS), Application Note: Global Internal Audit Standards in the UK Public Sector (Application Note) and the Code of Practice for the Governance of Internal Audit in UK Local Government. The collective requirements shall be referred to as the Global Internal Audit Standards in the UK Public Sector (the Standards).
- 2.3 The Southern Internal Audit Partnership have made all necessary adaptations to its processes, procedures and practices to ensure it is best placed to conform with these requirements with effect from 1 April 2025.
- 2.4 In accordance with proper internal audit practices (Global Internal Audit Standards in the UK Public Sector), the Chief Internal Auditor is required to provide a written status report to the Audit & Scrutiny Committee, summarising
- ongoing confirmation or otherwise regarding independence, and impairments [Standard 7.1].
 - a summary of significant issues and escalation of matters of importance [Standard 8.1].
 - overview and sufficiency of resourcing [Standards 8.2, 10.1, 10.2, and 10.3].
 - communication of unresolved issues that fall outside of the Council's risk tolerance [Standard 11.5].
 - update on progress and any changes to the annual audit plan [Standard 9.4].
 - internal audit performance measures [Standard 12.2].
 - status of 'live' internal audit reports and status on the implementation of management actions [Standard 15.2.]
- 2.5 Appendix 1 summarises the activities of internal audit for the period up to October 2025.

3 Risk Assessment

Legal or other duties

3.1 Equality Impact Assessment

3.1.1 None for the purposes of this report.

3.2 Crime & Disorder

3.2.1 None for the purposes of this report.

3.3 Safeguarding

3.3.1 None for the purposes of this report.

3.4 Dependencies

3.4.1 None for the purposes of this report.

3.5 Other

3.5.1 None for the purposes of this report.

4 Financial Implications

4.1 There are no financial implications in this report.

Section 151 Officer's comments: None arising from the contents of this report.

5 Legal Implications

5.1 There are no legal implications arising from this report.

5.2 **Legal Officer's comments:** The council is required by statute (under the Regulations 3 & 5 of the Accounts and Audit Regulations 2015 and section 151 of the Local Government Act 1972) to have an adequate and effective internal audit function. Regulation 3 of the Accounts and Audit Regulations 2015 requires the council to ensure that it has a sound system of internal control which (a) facilitates the effective exercise of its functions and the achievement of its aims and objectives; (b) ensures that the financial and operational management of the authority is effective; and (c) includes effective arrangements for the management of risk. Regulation 5 of the Accounts and Audit Regulations 2015 requires the council to undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.

5.3 In addition, the council must each financial year conduct a review of the effectiveness of the system of internal control and prepare an annual governance statement (Regulation 6 (1) of the Accounts and Audit Regulations 2015). SIAP are the appointed council's internal auditors. The purpose of this report is to detail the summary findings of completed audit reports and follow-up reviews since the report submitted to the last meeting of this Committee.

6 Policies, Plans & Partnerships

6.1 **Council's Key Priorities:** The following Key Priorities are engaged:

6.1.1 Effective Council: Engaging, responsive and resilient Council.

6.2 **Service Plans:** The matter is not included within the current Service Delivery Plan.

6.3 **Climate & Environmental Impact of recommendations:** not applicable.

- 6.4 **Sustainability Policy & Community Safety Implications:** not applicable.
- 6.5 **Partnerships:** not applicable.
- 6.6 **Local Government Reorganisation Implications:** not applicable.

7 Background papers

- 7.1 The documents referred to in compiling this report are as follows:

Previous reports:

Audit and Scrutiny Committee (2025) *Internal Audit Plan 2025-2026 (Q1-2) and Internal Audit Charter 2025-2026*, 27th March 2025. Audit and Scrutiny Committee (2025) *Internal Audit Plan 2025-2026 (Q3-4)* 30th September 2025. Online available: <https://democracy.epsom-ewell.gov.uk/ieListDocuments.aspx?CId=157&MId=1523>

Other papers:

- None.



Southern Internal Audit Partnership

Assurance through excellence
and innovation

Internal Audit Progress Report

Epsom & Ewell Borough Council – October 2025

Prepared by: **Iona Bond, Deputy Head of Partnership**

Agenda Item 8
Appendix 1

1. Internal Audit Mandate

The mandate for internal audit in local government is specified within the Accounts and Audit [England] Regulations 2015, which states:

'5. (1) A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.

(2) Any officer or member of a relevant authority must, if required to do so for the purposes of the internal audit—

(a) make available such documents and records; and

(b) supply such information and explanations

as are considered necessary by those conducting the internal audit.'

The role of internal audit is best summarised through its definition within the Standards, as an:

'An independent, objective assurance and advisory service designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes.'

The Council is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements. Internal audit plays a vital role in advising the Council that these arrangements are in place and operating effectively.

The Council's response to internal audit activity should lead to the strengthening of the control environment and, therefore, contribute to the achievement of the organisation's objectives.

2. Internal Audit Standards

With effect from 1 April 2025, the 'Standards' against which internal audit within the public sector must conform are those laid down in the Global Internal Audit Standards, Application Note: Global Internal Audit Standards in the UK Public Sector and the Code of Practice for the Governance of Internal Audit in UK Local Government. The collective requirements are referred to as the Global Internal Audit Standards in the UK Public Sector.

3. Purpose of Report

In accordance with proper internal audit practices (Global Internal Audit Standards in the UK Public Sector), and the Internal Audit Charter the Chief Internal Auditor is required to provide a written status report to Senior Management and the Audit and Scrutiny Committee, summarising:

- The monitoring of 'live' internal audit reports
- an update on progress against the annual audit plan and any subsequent revisions
- acknowledgement of any actual or perceived impairments to internal audit independence
- internal audit performance, planning and resourcing issues
- results of audit assignments and insights.

Internal audit reviews culminate in an opinion on the assurance that can be placed on the effectiveness of controls in place focusing on those designed to mitigate risks to the achievement of management objectives of the service area under review. Assurance opinions are categorised as follows:

Substantial

A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.

Reasonable

There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.

Limited

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

No

Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

4. Resourcing

As Chief Internal Auditor I maintain responsibility for ensuring that there is a sufficient level of resource available, supported by an appropriate range of knowledge, skills, qualifications and experience to deliver the internal audit plan (2025-26) and in the fulfilment of the audit mandate and delivery of the internal audit strategy.

- **Human Resource** - the Southern Internal Audit Partnership has access to an appropriate range of knowledge, skills, qualifications and experience required to deliver the internal audit strategy and risk-based audit plan.
- **Financial Resource** - the Head of Southern Internal Audit Partnership will manage the internal audit budget to enable the successful implementation of the internal audit mandate and achievement of the plan. The budget includes the resources necessary for the function's operation, including training and relevant technologies and tools.
- **Technological Resource** - the internal audit function has the technology to support the internal audit process and regularly evaluates technological resources in pursuit of opportunities to improve effectiveness and efficiency.

As previously reported, the Southern Internal Audit Partnership experienced a higher than average level of attrition earlier in the year resulting in vacancies at auditor, senior auditor and audit manager level.

Positively, all posts at auditor and senior auditor level have now been filled with additional resource also being added to our specialist IT and data analytic teams. The advert for internal audit manager is currently live with interviews scheduled for November.

It will inevitably take a period of time to fully onboard and induct new staff. The Southern internal Audit Partnership have enacted contingency arrangements for additional support through the appointment of short-term agency staff to manage this period of onboarding.

Whilst there will be no financial impact to the Council, there may be some slippage in delivery of quarter 2 / 3 reviews.

I remain confident as your chief internal auditor that the 2025-26 internal audit plan will be sufficiently delivered enabling me to provide a timely Annual Conclusion.

5. Independence

As your chief internal auditor, I retain no roles or responsibilities that have the potential to impair my independence, either in fact or appearance. Internal auditors engaged in the delivery of the 2025-26 internal audit plan have had no direct operational responsibility or authority over any of the activities reviewed. I can confirm there has been no interference encountered relating to the scope, performance, or communication of internal audit work during the year to date in the delivery of the internal audit plan or the fulfilment of the internal audit mandate.

6. Impairments

There have been no impairments to internal audit activity during the year. The internal audit function has remained free from all conditions that threaten our ability to carry out responsibilities in an unbiased manner, including matters of engagement selection, scope, procedures, frequency, timing, and communication. The internal audit team have maintained an unbiased mental attitude allowing them to perform engagements objectively enabling them to believe in their work product, with no compromise to quality, and no subordination to their judgment on audit matters, either in fact or appearance.

7. Rolling Work Programme

The internal audit plan for 2025-26 (quarter 1 & 2) was originally presented to Senior Management and approved by the Audit and Scrutiny Committee in March 2025, with the plan for quarter 3 & 4 presented accordingly in September 2025. The audit plan remains fluid to provide a responsive service that reacts to the changing needs of the Council. Progress against the plan is detailed below.

Audit Review	Sponsor	Scoping Held	ToR Issued	Fieldwork Start	Draft Report	Final Report	Assurance Opinion	Comment
2024/25 Reviews								
Playground Maintenance	HofOS	15.08.24	10.09.24	09.10.24	28.05.25	27.08.25	Limited	
EEPIC Governance Arrangements	HofP&R	10.10.24	20.11.24	20.11.24	03.07.25			Awaiting management response
Payroll	HofP&OD	15.01.25	11.02.25	14.03.25	29.10.25			
Asset Management	HofP&R	16.01.25	04.04.25	09.05.25	09.10.25			
HR Use of Volunteers	HofP&OD	27.02.25	20.03.25	12.05.25	28.08.25			Draft final report issued 24.10.25
2025/26 Reviews								
Tree Preservation Orders	HofDM&E	08.11.24	17.01.25	27.05.25	31.07.25	09.09.25	Reasonable	
Car Parking	HofH&C	15.05.25	13.06.25	30.06.25	15.09.25	15.10.25	Reasonable	
Environmental Health – Houses in Multiple Occupation	HofH&C	13.05.25	12.06.25	09.07.25	27.10.25			
Development Management	HofPD	08.05.25	04.06.25	13.06.25	01.08.25	16.09.25	Reasonable	
Climate Change Strategy	HofPD	01.09.25	17.09.25	03.11.25				Fieldwork moved to Q3 at management request
Procurement	ADCS	18.07.25	30.07.25	27.08.25				In review
Council Tax	DofCS	09.07.25	31.07.25	05.08.25	21.10.25			
National Non-Domestic Rates	DofCS	23.07.25	01.08.25	19.08.25	22.10.25			
Fees and Charges	DofCS							Q3
IT – Cyber Security (Patch Management)	HofICT							Q3
Follow Up – Information Governance	ADCS							Q4
Follow Up – IT Cyber Security (Training and Awareness)	HofICT							Q4
HR – Organisational Capacity/Resilience	HofP&OD							Q4 (moved from Q2)

8. Adjustment to the Internal Audit Plan 2025-26

Internal Audit focus continues to be proportionate and appropriately aligned. The plan remains fluid and subject to on-going review and amendment, in consultation with the relevant audit sponsors, Senior Management, and Audit and Scrutiny Committee, to ensure internal audit are able to react to new and emerging risks and the changing needs of the Council.

Such amendments to the 2025-26 internal audit plan are detailed below with explanations for the proposed amendments.

Additions	Audit Review	Reason for inclusion in the plan
	None	
Withdrawals	Audit Review	Reason for removal from the plan
	None	

9. Acceptance of Risk

Internal audit reporting protocols are in place to ensure that the scope of work and findings for all assignments are reported appropriately and that agreed management actions are approved by senior management.

Every effort will be made to resolve disagreements that may arise during the audit process. However, if, unresolved issues are considered by internal audit to fall outside of the Council's risk tolerance, these will be escalated to Senior Management and Audit and Scrutiny Committee as deemed necessary.

There are no such instances to report from our delivery of the 2025–26 internal audit plan to date.

10. Executive Summaries of reports published concluding a 'Limited' or 'No' assurance opinion

No final reports have been published concluding with a 'no' or 'limited' assurance opinion since our previous progress report.

11. Analysis of 'Live Audit Reviews' (September 2025)

Audit Review	Report Date	Audit Sponsor	Assurance Opinion	Management Actions											
				Agreed			Pending			Complete			Overdue		
				L	M	H	L	M	H	L	M	H	L	M	H
2021/22 Reviews															
Information Security	30/05/2022	HofICT	Reasonable	2	2	1				1	2	1	1		
Affordable Housing Delivery	03/01/2023	HofH&C	Limited		7	7					6	7		1	
2022/23 Reviews															
Ethical Governance	11/05/2023	HofP&CR	Reasonable	2	7	2				2	5	2		2	
2024/25 Reviews															
Information Governance	07/10/2024	ADCS	Limited	5	4	1				5	2	1		2	
Safeguarding	27/03/2025	HofH&C	Reasonable		5			1			4				
Housing Allocations Policy	12/05/2025	HofH&C	Reasonable	5			1			2			2		
Planning Enforcement	11/07/2025	HoPD	Reasonable		1	1		1							1
Playground Maintenance	27/08/2025	HoPD	Limited		3	3		2			1				3
Decision Making & Accountability	11/09/2025	HoL	Reasonable	1	1		1				1				
2025/26 Reviews															
Tree Preservation Orders	09/09/2025	HofDM&E	Reasonable		3	1		2	1		1				
Development Management	16/09/2025	HoPD	Reasonable	1	2		1				2				
Exempt/Restricted Items				4	22	6		6	1	2	10	4	2	6	1
Total				20	57	22	3	12	2	12	34	15	5	11	5

Overdue 'High Priority' Management Action

Planning Enforcement – Reasonable Assurance

Observation:

In the 2023/24 internal audit it was found that there was no documented guidance to set out the expectations of management regarding the administration of planning enforcement cases and the evidence required to support action taken, or on where the supporting evidence should be retained. At the time of this review, it was discussed with the Planning Development and Enforcement Manager to find that although a manual has been started (November 2024) it has yet to be signed off and completed. Further to this, we tested a sample of enforcement complaints which had gone through the appeals process to ensure that when an appeal is processed, assessment and evidence has been retained and signed off within Uniform. However, we were advised by the Enforcement Officer, that there had been some inconsistencies related to sending notifications to the stakeholders involved in the appeals process, and that the current process therefore requires an update. We understand that this is known and is planned to be resolved, but at the time of our review had not yet been completed.

Risk: Misunderstanding of how and when to complete activities within the end-to-end enforcement process will cause inconsistencies, error and delay.

Management Action	Original Due Date	Revised Due Date	Latest Service Update
An Enforcement Manual is currently being drafted and will be completed shortly. The Manual will include details of how to deal with appeals.	11/07/2025	31/08/2025 30/09/2025 31/10/2025 31/01/2026	Ongoing resourcing issue preventing completion.

Playground Maintenance – Limited Assurance

Observation:

Whilst our review has found that there is an established process in place regarding inspections and maintenance, there is no agreed policy to confirm the current approach. There are also no documented procedures for staff to follow and therefore the current process is reliant on the team's knowledge and awareness and if anything did change there is a risk that these standards are not retained.

We were advised that the risk rating of repair works is mirrored to the criteria provided within the RoSPA training and whilst this appears reasonable, without this being documented there is no evidence to confirm this aligns with the Council's overall risk tolerance. By documenting this process and clearly expressing within policy and procedure documentation this could help to ensure consistency.

In addition, no documented strategy is in place to set the overall direction and objectives of the service.

Risk:

Provision and/or availability of playground equipment does not align with need or with current safety or accessibility standards. If roles and responsibilities are not defined, staff maybe unaware of the tasks to be undertaken and inconsistencies could occur.

Management Action	Original Due Date	Revised Due Date	Latest Service Update
Create a policy document to reflect the established process regarding inspections and maintenance.	30/09/25	30/11/25	All documents have been created and are being submitted to Senior Leadership Team on 30/10/25 for review.
Create documented procedures for staff to follow.	30/09/25	30/11/25	
Develop an overall strategy to set the direction and objectives of the service.	30/09/25	30/11/25	

Annex 2

Overdue 'Low & Medium Priority' Management Actions

Audit Review	Report Date	Opinion	Priority		Due Date	Revised Due Date
			Low	Medium		
IT Information Security			Low		31/12/2022	30/05/2024 01/09/2024 31/12/2024 28/02/2025 28/03/2025 31/08/2025 31/10/2025
Affordable Housing Delivery *	03/01/2023	Limited		Medium	31/12/2024	31/12/2025 30/04/2026
Ethical Governance	11/05/2023	Reasonable		Medium	31/07/2023	30/06/2024 30/09/2024 31/03/2025 30/09/2025 31/10/2025
				Medium	31/03/2024	31/10/2025
Information Governance	07/10/2024	Limited		Medium	31/12/2024	31/03/2025 31/08/2025
				Medium	31/07/2025	30/09/2025 31/10/2025
Housing Allocations Policy	12/05/2025	Reasonable	Low		30/09/2025	31/10/2025
			Low		30/09/2025	28/10/2025
Total			3	5		

* The likelihood is that this outstanding management action will not be implemented as it can only be considered once the local plan has been adopted and therefore timing may be prohibitive in light of LGR.

Annex 3

Southern Internal Audit Partnership - Performance Measures

Performance Measure	Regularity	Target	Actual 25/26	Status	Direction of Travel
1. Percentage of the agreed audit plan completed (issue of draft / final report)	Ongoing	90%	46% *		
2. Audits delivered within agreed timescales (% year to date)					
○ To issue of draft report	Ongoing	80%	33% *		
○ To issue of final report	Ongoing	80%	33% *		
3. Conformance with the Global Internal Audit Standards in the UK Public Sector	Annual	Conforms	Conforms**		
4. Audits conducted optimising the effect use of data analytics (% year to date)	Ongoing	60%	60% *		n/a
5. Stakeholder satisfaction (annual survey)					
○ Audit Committee	Annual	90%	99%		
○ Senior Management		90%	99%		
○ Key Contacts		90%	97%		
6. Internal audit effectively communicates with key stakeholders					
○ Audit Committee	Annual	90%	99%		n/a
○ Senior Management		90%	99%		n/a
○ Key Contacts		90%	97%		n/a
7. Sufficiency of input to and discussion of the internal audit plan					
○ Audit Committee	Annual	90%	97%		n/a
○ Senior Management		90%	98%		n/a
8. Appropriate focus on key risks					
○ Audit Committee	Annual	90%	97%		n/a
○ Senior Management		90%	100%		n/a
○ Key Contacts		90%	97%		n/a

* Cumulative through the year

** Any external quality assessment undertaken under the Public Sector Internal Audit Standards remains valid for the duration of the successive five years (from the date it was undertaken). The Southern Internal Audit Partnership will be commissioning an external quality assessment against the Global Internal Audit Standards in the UK Public Sector during 2025.

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EXCLUSION OF THE PRESS AND PUBLIC

Under Section 100(A)(4) of the Local Government Act 1972, the Committee may pass a resolution to exclude the press and public from the Meeting on the grounds that the business involves the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A to the Act (as amended) and that pursuant to paragraph 10 of Part 2 of the said Schedule 12A the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

The following document is included on the private agenda pack and has not been published publicly:

Item 8 – Internal Audit: Progress Report – Appendix 2
The report deals with information relating to the financial or business affairs of the Council.

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