Public Document Pack

# Audit Committee

Monday, 6th October, 2025
at 5.00 pm

## PLEASE NOTE TIME OF MEETING

Conference Room 3 - Civic Centre

This meeting is open to the public

**Members of the Committee**

Councillor Leggett (Chair)
Councillor Chapman (Vice-Chair)
Councillor Evemy
Councillor Powell-Vaughan
Councillor Whitbread

Stephen Taylor
Ephraim Unuigbe

**Contacts**

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Democratic Support Officer
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# PUBLIC INFORMATION

**Role of the Audit Committee**

Information regarding the role of the Committee's is contained in Part 2 (Articles) of the Council's Constitution.
02 Part 2 - Articles
It includes at least one Councillor from each of the political groups represented on the Council, and at least one independent person, without voting rights, who is not a Councillor or an Officer of the Council.

**Access** – Access is available for disabled people. Please contact the Democratic Support Officer who will help to make any necessary arrangements.

**Public Representations** At the discretion of the Chair, members of the public may address the meeting on any report included on the agenda in which they have a relevant interest. Any member of the public wishing to address the meeting should advise the Democratic Support Officer (DSO) whose contact details are on the front sheet of the agenda

Southampton: Corporate Plan 2022-2030 sets out the four key outcomes:

- Communities, culture & homes - Celebrating the diversity of cultures within Southampton; enhancing our cultural and historical offer and using these to help transform our communities.
- Green City - Providing a sustainable, clean, healthy and safe environment for everyone. Nurturing green spaces and embracing our waterfront.
- Place shaping - Delivering a city for future generations. Using data, insight and vision to meet the current and future needs of the city.
- Wellbeing - Start well, live well, age well, die well; working with other partners and other services to make sure that customers get the right help at the right time

**Smoking policy** – The Council operates a no-smoking policy in all civic buildings.

**Mobile Telephones**:- Please switch your mobile telephones or other IT devices to silent whilst in the meeting

**Use of Social Media:-** The Council supports the video or audio recording of meetings open to the public, for either live or subsequent broadcast. However, if, in the Chair's opinion, a person filming or recording a meeting or taking photographs is interrupting proceedings or causing a disturbance, under the Council's Standing Orders the person can be ordered to stop their activity, or to leave the meeting.
By entering the meeting room you are consenting to being recorded and to the use of those images and recordings for broadcasting and or/training purposes. The meeting may be recorded by the press or members of the public.
Any person or organisation filming, recording or broadcasting any meeting of the Council is responsible for any claims or other liability resulting from them doing so.
Details of the Council's Guidance on the recording of meetings is available on the Council's website.

**Dates of Meetings: Municipal Year:**

| 2025 | 2026 |
|---|---|
| 4 August | 9 February |
| 8 September | 30 March |
| 3 November | |
| 8 December | |
| | |

# CONDUCT OF MEETING

### Terms of Reference

The terms of reference of the Audit Committee are contained in Part 3 of the Council's Constitution.

03 - Part 3 - Responsibility for Functions

### Rules of Procedure

The meeting is governed by the Council Procedure Rules as set out in Part 4 of the Constitution.

### Business to be discussed

Only those items listed on the attached agenda may be considered at this meeting.

### Quorum

The minimum number of appointed Members required to be in attendance to hold the meeting is 3.

## DISCLOSURE OF INTERESTS

Members are required to disclose, in accordance with the Members' Code of Conduct, ***both*** the existence ***and*** nature of any "Disclosable Pecuniary Interest" or "Other Interest" they may have in relation to matters for consideration on this Agenda.

## DISCLOSABLE PECUNIARY INTERESTS

A Member must regard himself or herself as having a Disclosable Pecuniary Interest in any matter that they or their spouse, partner, a person they are living with as husband or wife, or a person with whom they are living as if they were a civil partner in relation to:

(i) Any employment, office, trade, profession or vocation carried on for profit or gain.

(ii) Sponsorship:

Any payment or provision of any other financial benefit (other than from Southampton City Council) made or provided within the relevant period in respect of any expense incurred by you in carrying out duties as a member, or towards your election expenses. This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992.

(iii) Any contract which is made between you / your spouse etc (or a body in which the you / your spouse etc has a beneficial interest) and Southampton City Council under which goods or services are to be provided or works are to be executed, and which has not been fully discharged.

(iv) Any beneficial interest in land which is within the area of Southampton.

(v) Any license (held alone or jointly with others) to occupy land in the area of Southampton for a month or longer.

(vi) Any tenancy where (to your knowledge) the landlord is Southampton City Council and the tenant is a body in which you / your spouse etc has a beneficial interests.

(vii) Any beneficial interest in securities of a body where that body (to your knowledge) has a place of business or land in the area of Southampton, and either:

a) the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body, or
b) if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which you / your spouse etc has a beneficial interest that exceeds one hundredth of the total issued share capital of that class.

## Other Interests

A Member must regard himself or herself as having an, 'Other Interest' in any membership of, or occupation of a position of general control or management in:

Any body to which they have been appointed or nominated by Southampton City Council

Any public authority or body exercising functions of a public nature

Any body directed to charitable purposes

Any body whose principal purpose includes the influence of public opinion or policy

## Principles of Decision Making

All decisions of the Council will be made in accordance with the following principles:-

- proportionality (i.e. the action must be proportionate to the desired outcome);
- due consultation and the taking of professional advice from officers;
- respect for human rights;
- a presumption in favour of openness, accountability and transparency;
- setting out what options have been considered;
- setting out reasons for the decision; and
- clarity of aims and desired outcomes.

In exercising discretion, the decision maker must:

- understand the law that regulates the decision making power and gives effect to it. The decision-maker must direct itself properly in law;
- take into account all relevant matters (those matters which the law requires the authority as a matter of legal obligation to take into account);
- leave out of account irrelevant considerations;
- act for a proper purpose, exercising its powers for the public good;
- not reach a decision which no authority acting reasonably could reach, (also known as the "rationality" or "taking leave of your senses" principle);
- comply with the rule that local government finance is to be conducted on an annual basis. Save to the extent authorised by Parliament, 'live now, pay later' and forward funding are unlawful; and
- act with procedural propriety in accordance with the rules of fairness.

## AGENDA

1 **APOLOGIES**

To receive any apologies.

2 **DISCLOSURE OF PERSONAL AND PECUNIARY INTERESTS**

In accordance with the Localism Act 2011, and the Council's Code of Conduct, Members to disclose any personal or pecuniary interests in any matter included on the agenda for this meeting.

NOTE: Members are reminded that, where applicable, they must complete the appropriate form recording details of any such interests and hand it to the Democratic Support Officer.

3 **STATEMENT FROM THE CHAIR**

4 **MINUTES OF PREVIOUS MEETING (INCLUDING MATTERS ARISING)** (Pages 1 - 2)

To approve and sign as a correct record the Minutes of the meeting held on 4 August, 2025 and to deal with any matters arising, attached.

5 **EXTERNAL AUDIT PROGRESS UPDATE**

To receive a verbal update from the External Auditors detailing the External Audit Progress.

6 **EXTERNAL ASSURANCE REVIEW - CONSOLIDATED ACTION PLAN** (Pages 3 - 22)

Report of the Executive Director Enabling Services and S151 Officer detailing the consolidated action plan which brings together all the recommendations from external reviews.

7 **EXCLUSION OF THE PRESS AND PUBLIC - EXEMPT PAPERS INCLUDED IN THE FOLLOWING ITEM**

To move that in accordance with the Council's Constitution, specifically the Access to Information Procedure Rules contained within the Constitution, the press and public be excluded from the meeting in respect of any consideration of the exempt appendices to the following Item.

Appendix 1 'Summary - Strategic Risks' and Appendix 2 'Risk Matrix' are not for publication by virtue of category 5 paragraph 10.4 of the Access to Information Procedure Rules as set out in the Council's Constitution. The information is exempt from publication as it includes information in respect of which a claim to legal professional privilege could be maintained in legal proceedings.

**8** **STRATEGIC RISKS - SUMMARY END Q1 2025-26** (Pages 23 - 32)

Report of the Director of Legal and Governance summarising the council's Strategic Risks at End Q1 2025-26 for noting

26 September 2025 Director Legal and Governance

AUDIT COMMITTEE

MINUTES OF THE MEETING HELD ON 4 AUGUST 2025

Present: Councillors Leggett (Chair), Evemy and Whitbread

Apologies: Councillors Chapman

9. **MINUTES OF PREVIOUS MEETING (INCLUDING MATTERS ARISING)**

**RESOLVED:** that the minutes for the Committee meeting on 30th June 2025 be approved and signed as a correct record.

Matters Arising

Minute 4 – Draft Statement of Accounts.

It was noted that the Schools Forum had not agreed to attribute the Dedicated Schools Grant to meeting the equal pay claims therefore this had been referred to the Secretary of State to adjudicate which was being discussed and an outcome awaited.

10. **ANNUAL INTERNAL AUDIT OPINION 2024-25**

The Committee received and noted the report of the Chief Internal Auditor detailing the Annual Internal Audit Opinion for 2024-25. It was noted that the Standards of which Internal Audit must abide by had changed on 1st April 2025.

The Committee noted that within the 2024-25 Financial Year Internal Audit & Counter Fraud had completed 25 full audits, 6 audits without assurance opinions (following management request or consultancy), 8 follow ups, 2 analytics work and 8 grant reviews. Internal Audit results had been mixed with full audit results highlighting 10 new 'limited assurance' areas which was equivalent to 40% of full audits. It was further noted that of the 8 follow up reports undertaken, 7 (88%) remained at 'limited assurance'. Whilst the audit action tracker had shown progress in mitigating risk exposure more generally it was noted that some persistent and legacy issues remained unresolved.

The Committee also noted that the opinion was also informed and influenced by wider factors, including but not limited to, the financial position of the authority together with the pace required to meet transformation savings, the Housing Regulator judgement of 'serious failings in the landlord delivering the outcomes' and the findings from the corporate peer review conducted by the Local Government Association. Considering all these factors and the additional details outlined in the appendix of the report, a 'limited assurance' opinion had been provided for 2024-25.

11. **EXTERNAL AUDIT PROGRESS UPDATE**

The Committee received and noted the report of the External Auditor detailing the External Audit 2024-25 Interim Progress Report which had seen July gathering and populating information and data quality and providing questions to management. There would be a 6-week period of work over September and October reviewing information, there had been good collaboration and positive direction of travel to date with the expectation that November's progress report would have the answers to the questions that had been posed to management.

The Committee referred to the forthcoming Local Government Re-organisation and the need for overlay and alignment of budgets each year leading up to this, together with the progression of the equal pay claim which would need significant oversight and further analysis before final payments were made.

12. **EXCLUSION OF THE PRESS AND PUBLIC - EXEMPT PAPERS INCLUDED IN THE FOLLOWING ITEM**

**RESOLVED:** that in accordance with the Council's Constitution, specifically the Access to Information Procedure Rules contained within the Constitution, the press and public be excluded from the meeting in respect of any consideration of the exempt appendix to the following item.

Appendix 5 was exempt from publication by virtue of category 3 of rule 10.4 of the Council's Access to Information Procedure Rules i.e. information relating to the financial or business affairs of any particular person. It was not in the public interest to disclose this information due to commercial sensitivity. If the information was disclosed, then the council's financial position would be available to other parties and prejudice the council's ability to achieve best value

13. **REVIEW OF PRUDENTIAL LIMITS AND TREASURY MANAGEMENT OUTTURN 2024-25**

The Committee received and noted the report of the Executive Director Enabling Services and S151 Officer detailing the Review of Prudential Limits and Treasury Management Outturn 2024-25 against the approved Prudential Indicators for External Debt and Treasury Management.

The Committee noted the Treasury Management Performance and the outturn on the Prudential indicators and the continued proactive approach to Treasury Management that had led to reductions in borrowing costs and safeguarded investment income during the year.

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| **DECISION-MAKER:** | AUDIT COMMITTEE |
| **SUBJECT:** | CONSOLIDATED ACTION PLAN |
| **DATE OF DECISION:** | 6 OCTOBER 2025 |
| **REPORT OF:** | **EXECUTIVE DIRECTOR ENABLING SERVICES & S151 OFFICER** |



| **CONTACT DETAILS** | | | | |
|---|---|---|---|---|
| **Executive Director** | **Title** | Executive Director Enabling Services & S151 Officer | | |
| | **Name:** | **Mel Creighton** | Tel: | 023 80833528 |
| | **E-mail** | **Mel.creighton@southampton.gov.uk** | | |
| **Author**: | **Title** | **Director of Finance** | | |
| | **Name:** | **Hannah Doney** | Tel: | 023 80832132 |
| | **E-mail** | **Hannah.doney@southampton.gov,uk** | | |



**STATEMENT OF CONFIDENTIALITY**

NOT APPLICABLE

**BRIEF SUMMARY**


At the meeting of the Audit Committee on 30 June, the Committee agreed to receive and monitor on a quarterly basis a consolidated action plan in relation to recommendations made in the following external reviews:

- CIPFA Financial Resilience Review (2023)
- CfGS Review of Governance and Decision Making
- Value for Money Commentary (2022/23 and 2023/24)
- External Assurance Review
- Corporate Peer Challenge

The consolidated action plan is Appendix 1 to this report.


**RECOMMENDATIONS:**

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| | (i) | To consider the Consolidated Action Plan and note the progress achieved. |
| | (ii) | To consider requesting a deep dive into specific recommendations and actions at a future committee. |

**REASONS FOR REPORT RECOMMENDATIONS**

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| 1. | Item two of the terms of reference of the Audit Committee sets out the Committee should be satisfied and provide assurance that appropriate controls and actions are being taken on risk and internal control related issues identified by internal or external auditors or other review and inspection bodies, including the acceptance of significant risk. The Consolidated Action Plan falls within this remit. |

**ALTERNATIVE OPTIONS CONSIDERED AND REJECTED**

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| 2. | This paper is for information and discussion. |

| DETAIL (Including consultation carried out) | |
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| 3. | The Consolidated Action plan at Appendix 1 consolidates 88 recommendations made across the external reviews undertaken of the Council since 2023 into 21 overarching recommendations across six themes:<br>• Governance<br>• Financial Management<br>• Financial Resilience<br>• Risk and Audit<br>• Workforce and Leadership<br>• Housing Improvement Plan |
| 4. | Of the 21 recommendations, 9 are complete or have become established processes which have been moved into business as usual. For the remaining 12 actions key milestones to be achieved over the next 12 months have been set in the action plan. |
| 5. | In addition to the oversight provided by this Committee, the Housing Improvement Board will continue to monitor the detailed actions and progress towards addressing the findings of the Regulator of Social Housing. |
| 6. | Cabinet will continue to have oversight of the Corporate Peer Challenge Action Plan which was approved by Cabinet in May 2025. Progress against these actions will be reviewed by the Corporate Peer Challenge Team in November on a follow up visit to the Council. |
| 7. | The next update will be presented to the Committee at the meeting in February 2026. This will reflect progress and further actions noted in the Council's Value for Money Commentary for 2024/25. |
| **RESOURCE IMPLICATIONS** | |
| **Capital/Revenue** | |
| 8. | There are no direct capital or revenue implications arising from the action plan. |
| **Property/Other** | |
| 9. | None. |
| **LEGAL IMPLICATIONS** | |
| **Statutory power to undertake proposals in the report:** | |
| 10. | Not applicable. |
| **Other Legal Implications:** | |
| 11. | None. |
| **RISK MANAGEMENT IMPLICATIONS** | |
| 12. | The Consolidated Action Plan contains recommendations in relation to risk management arrangements, specifically recommendations 17 and 18. |
| **POLICY FRAMEWORK IMPLICATIONS** | |
| 13. | None. |

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| **KEY DECISION?** | **Yes/No** |

| **WARDS/COMMUNITIES AFFECTED:** | |
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| SUPPORTING DOCUMENTATION |

**Appendices**

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| 1. | Consolidated Action Plan |

**Documents In Members' Rooms**

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| 1. | None. |

**Equality Impact Assessment**

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| **Do the implications/subject of the report require an Equality and Safety Impact Assessment (ESIA) to be carried out.** | No |

**Data Protection Impact Assessment**

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| **Do the implications/subject of the report require a Data Protection Impact Assessment (DPIA) to be carried out.** | No |

**Other Background Documents**
**Other Background documents available for inspection at:**

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| **Title of Background Paper(s)** | | **Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)** |
| 1. | None | |

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**Appendix 1**

## External Reviews – Consolidated Action Plan

This action plan outlines ongoing improvements in governance, financial management, financial resilience, risk and audit, and workforce and leadership to enhance decision-making, accountability, and operational effectiveness within the organisation.

### Governance

| Recommendations | | Actions | Milestones | Status |
|---|---|---|---|---|
| 1. | Reflect on formal systems for decision-making (including the constitution) and consider changes to facilitate other actions. | Annual reviews take place a full Governance & Constitution Review is underway with Centre for Governance and Scrutiny (CfGS) support. | • Revised "informal" decision making and Cabinet Member briefing processes in place by **November 2025**<br>• Revised Constitution including Financial Regulations approved by Council – **November 2025** | In Progress |
| 2. | Ensure professional advice on law, finance, and equality in governance changes. | Legal and Finance clearance is embedded and being further strengthened. | • Informal Governance arrangements approved by Management Board and Cabinet – September 2025 but further detailed work will be presented to Management Board in **October 2025** | In Progress |
| 3. | Negotiate and agree a revised member-officer protocol clarifying roles and responsibilities. | Dialogue and workshops are ongoing as part of the Governance & Constitution Review. | See above (integral element of Constitution) | In Progress |

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| 4. | Use EMB/SLG meetings to anticipate policy priorities and assign directors to shepherd decisions. | A forward-looking corporate plan is now formally adopted and owned by Management Board. | Specific actions are completed. | Complete |
| 5. | Increase frequency of meetings between Group Leaders and statutory officers to maintain oversight. | Chief Officers and Head of Audit meet regularly; Group Leaders meetings scheduled three times a year. | Specific actions are completed. | Moved into business as usual. |
| 6. | Revisit officer report formats to support decision-making, including business case, risks, and legal/financial info. | Updated report template and guidance developed, to be rolled out with training and mentoring. | Report template rolled out - **November 2025** | In Progress |
| 7. | Systematically embed pre-decision scrutiny for complex decisions. | Implemented through OSMC work programme and Forward Plan. | Specific actions are completed. | Moved into business as usual. |

## Financial Management

| Recommendations | | Actions | Milestones | Status |
|---|---|---|---|---|
| 8. | Target 95% Council Tax collection rate and reduce levels of debt. | The Debt Management Centre was implemented during 2024/25 and restructured in Q1 2025/26 as part of wider Operational Finance restructure that included the Billing and Benefits team with the objective of increasing collection rates and reducing levels of debt. In addition, significant improvements in reporting have been achieved in relation to housing debt which will enable improved targeted recovery and a 'single view of the customer' has been created which enables Officers to have a holistic view of a customer's debts to the Council when undertaking case work. During Autumn 2025 two key projects are underway:<br>• expand the use of property charges to provide security over debt where appropriate<br>• use of an external agency to support recovery of housing debt in relation to former tenants and leaseholders | • DWP attachment to earnings pilot - **December 2025**<br>• Completion of property charges project - **March 2026**<br>• Annual collection rates - **31 March 2026** | Ongoing monitoring |

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| | | The Council is also taking part in a DWP pilot in relation to the use of attachment to earnings for Council Tax which is expected to improve collection rates. The timing of the pilot is dependent on DWP but is currently expected to start in December 2025.<br><br>The following Corporate KPIs are agreed which will be monitored and reported on to Cabinet throughout the year:<br><br>• Council Tax Collection (In year) %<br>• Business Rate Collection (In Year)<br><br>In addition, the following KPIs are monitored and reported to the Cabinet Member Briefing and Directorate Leadership team monthly:<br><br>• Collection Rate<br>• % of debt over 12 months (excluding housing)<br>• % of debt written off<br>• Debtor days | | |

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| | | • Tenant arrears as a proportion of total rent<br>• Creditor days | | |
| 9. | Integrate finance into change programmes from the outset, not just at business case stage. | The Finance team are integral to the delivery and monitoring of transformation programmes and fully embedded in the transformation governance framework. | Specific actions are completed. | Moved into business as usual. |
| 10. | Strengthen budget setting with greater ownership and engagement across the Council. | The Council has adopted a rigorous and collaborative budget setting process with strong engagement at Management Board and Extended Management Board. This includes collective ownership of assumptions in the Medium Term Financial Strategy (MTFS) and scenario modelling undertaken to assess financial risk and agree the approach to budget setting for 2026/27.<br>Accountability statements were introduced for the 2024/25 financial year and have been embedded in 2025/26. | Accountability Statements for 2026/27 issued and signed off by **31 March 2026** | In Progress |
| 11. | Improve financial awareness and consistency across directorates. | A suite of new reports has been developed for budget managers including detailed budget packs. | Finance Business Partner Training completed for all directorates by **March 2026** | In Progress |

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| | | The Business Planning and Performance Group which is attended by Directors and Heads of Service has been strengthened to improve engagement, awareness and consistency of approach and messaging.<br>Following the restructure within Finance, additional training is being provided to the Finance Business Partners Teams, currently being scoped with CIPFA and will include directorate service managers.<br>As per action 20 below, Financial Essentials training will be delivered to senior managers and staff with budget responsibilities in Autumn 2025. | | |

## Financial Resilience

| Recommendations | | Actions | Milestones | Status |
|---|---|---|---|---|
| 12. | Replenish reserves through a planned programme. | The General Fund Reserve has been increased to £12M which is in line with the recommended minimum balance and represents 5% of Net Revenue Expenditure. For 2025/26, the Council applied for an extension to Exceptional Financial Support o help cover potential financial risks. At the Q1 MTFS update for 2025/26 it is not anticipated that EFS will be required for this purpose in 2025/26. The General Fund Reserve is expected to remain at £12M and the Medium Term Financial Risk Reserve is forecast to increase from £10.98M to £16.48M.<br>As set out in the 2025/26 budget report to Council in February 2025, additional work is 'needed during 2025/26 and onwards to find ways to continue to strengthen reserves for the general fund and the housing revenue account, in future iterations of the MTFS, and move to a position where reserves are adequate both for risks faced and the capacity needed to invest in services and the city.' This work is being undertaken through the 2026/27 budget setting process. In addition, the council continues to strengthen reserves | Agreement of 2026/27 budget - **February 2026** | In progress |

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| | | through a policy of taking one off gains to reserve. | | |
| 13. | Improve scrutiny and reporting of capital programme under/overspends and slippage. | A project has been undertaken to enhance the project management framework supporting the delivery of the capital programme.<br><br>Greater visibility of project risks will facilitate enhanced monitoring and reporting to Cabinet. | Scorecard enhanced to include more detail on reasons for movements, impact of changes to profile and risks to delivery - **January 2026** | In progress |
| 14. | Develop a transformation plan, supported by robust delivery plans, to underpin savings into the medium term. | A transformation plan has been developed with 28 programmes which is currently in implementation and on track to deliver savings in excess of £50M over the MTFS. The programmes are closely monitored, and a quarterly update is provided to Cabinet. Officers have established a Benefits Realisation Group chaired by the Executive Director of Enabling Services which tracks the key performance indicators that deliver financial and non financial benefits. The group is supported by Projects and Change and Finance with programme leads held to account for progress and escalation to Transformation Board when benefits are not on track to be achieved or additional action is required to manage the risk.<br>The Council will continue to take a transformational approach to the delivery of savings over the MTFS and themes for a | Specific actions are completed | Moved into business as usual |

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| | | Phase 2 of the programme have been agreed. | | |
| 15. | Monitor and control expenditure to operate within planned budget.<br>The Council needs to ensure that it holds officers to account regarding delivering services within the agreed budget. | The Council has established a internal governance framework that includes the creation and monitoring of deficit recovery plans to address forecast adverse variances. | Specific actions are completed | Moved into business as usual |

## Risk & Audit

| | Recommendations | Actions | Milestones | Status |
|---|---|---|---|---|
| 16. | Use a management action tracker for Internal Audit actions and emphasise continuous improvement, including addressing findings in a timely manner. | An Internal audit tracker is in place and routinely discussed in directorate management teams.<br>Audit Committee receives quarterly progress reports and holds management to account for the timely completion of actions through undertaking deep dives into specific audits. Areas called in for a deep dive during 2025 include:<br>• Asbestos Management<br>• Temporary Accommodation Action Plan<br>• Parking and Penalty Charge Notices<br>In addition, the proportion of audit recommendations completed, as recorded in the action tracker, is measured as a corporate Key Performance Indicator and reported to Cabinet quarterly. The audit tracker for 2024/25 included 134 agreed actions<br>of which 64% were closed at year end, an increase of nearly 20% compared to the previous financial year. | Specific actions are completed | Moved into business as usual |
| 17. | Regularly review and monitor risk management practices, including risk registers. | 'Directorate Risk Registers' for all directorates are either in place or are actively being developed. All directorate risks are held on a SharePoint site which | Specific actions are completed | Moved into business as usual |

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| | | provides greater visibility and transparency and allows for any emerging cross cutting risks to be identified.<br><br>An associated Power BI Risk Dashboard provides a consistent and easily accessible view of the directorate risks.<br><br>Information on Strategic Risks is reported to the Audit Committee on at least a six-monthly basis with members of the Governance Committee are being sighted on the risks. A more consistent approach to the sharing of risk information with individual Cabinet Members is being developed and agreed. | | |
| 18. | Publish a Risk Appetite Statement to support informed decision-making. | The council's Risk Management Policy is currently being reviewed and updated with this work being supported by external risk management consultants (at no cost, as part of the council's insurance contract). | Updated Risk Strategy will be presented to Management Board for review and approval and then to the Audit Committee in **quarter 4 2025/26**. | In Progress |

## Workforce & Leadership

| Recommendations | | Actions | Milestones | Status |
|---|---|---|---|---|
| 19. | Begin succession planning for interim leadership roles and invest in permanent recruitment and retention. | During the past 12 months, the Council has successfully appointed permanently to senior leadership roles which were previously fulfilled by interims. This includes the Chief Executive (April 2025), Executive Director of Resident Services (August 2025), Director of People and Culture (November 2024), Director of Finance (March 2025). In addition, the Council has appointed a Director of Education who will take up post in January 2026. | Specific actions are completed. In addition to work in progress:<br>• A new enhanced recruitment service offering with experienced recruitment and temporary staffing expertise added into the team and a new recruitment (ATS) system being procured.<br>• The new draft in development People Strategy has an organisational process for talent management for all roles including apprenticeships and care leavers.<br>• The revised 25/26 annual business planning process will include training and development plans to align with service development. This includes talent management and succession planning.<br>• Nominations for the leadership development | Moved into business as usual |

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| | | | programmes has included the start of succession planning conversations.<br>• A key element of the leadership development culture change programme, starting with Management Board is to have a nominated success and supportive development plan in place for each of our EMT roles. With the plan to refresh the annual appraisal organisational process to have a central succession/ next identified role for all colleagues. | |
| 20. | Provide a comprehensive training and development programme for councillors and officers, including financial awareness. | **Councillor training:**<br>There is an annual training and development programme for members which includes specific training for scrutiny committee members.<br>For 2025/26 municipal year, a new 'Role of the Audit Committee' training session was introduced for members of the committee. In addition, annual Treasury Management training continues to be delivered and is open to all members.<br><br>**Officer training:** | Specific actions are completed but the programme is reviewed annually by Group Leaders supplemented by the creation of a cross party Members Training Group to both develop further and monitor uptake | Moved into business as usual |

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| | | A comprehensive leadership development programme has been developed and is the process of being rolled out. The programme is a two part programme starting with a foundation element 'Leadership Essentials' and leading to 'Brilliant Leaders'. The programme is nationally accredited.<br>A masterclass programme is in development to complement the leadership development courses and will be focused sessions on specific topics.<br>In addition, a Business Partnering training programme has been developed to enhance business partnering skills across the organisation with delivery due to commence in October.<br>To support the strengthening of financial management, a Finance Essentials training session is being developed for delivery in Autumn 2025 which is aimed at all senior leaders and staff with budget management responsibility. | • First cohort to have completed Leadership Essentials by **December 2025**<br>• First cohort to have completed Brilliant Leaders by **March 2026**<br>• Full suite of masterclasses available by **February 2026**<br>• All business partners to have completed the business partnering training by **September 2026** with a fast-track option available<br>• Finance Essentials to have been delivered and available to all new starters by **January 2026** | In Progress |

## Housing Improvement Plan

| Recommendations | Actions | Milestones | Status |
|---|---|---|---|

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|---|---|---|---|---|
| 21. | Continue to engage with the Regulator of Social Housing and embed the actions already started, including through its transformation plans. | The Council has established a Housing Improvement Board and during 2025/26 a dedicated Housing Scrutiny Panel is sitting to provide member oversight. | • 2024/25 VfM Commentary provided by External Audit – **November 2025** | In Progress |

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| **DECISION-MAKER:** | **AUDIT COMMITTEE** |
| **SUBJECT:** | **STRATEGIC RISKS SUMMARY - END Q1 2025-26** |
| **DATE OF DECISION:** | **6th October 2025** |
| **REPORT OF:** | **DIRECTOR OF LEGAL & GOVERNANCE** |

| **CONTACT DETAILS** | | | | |
|---|---|---|---|---|
| **Executive Director** | **Title** | **Chief Executive** | | |
| | **Name:** | **Jillian Kay** | **Tel:** | **023 8083 3220** |
| | **E-mail** | **Jillian.kay@southampton.gov.uk** | | |
| **Author:** | **Title** | **Risk & Insurance Manager** | | |
| | **Name:** | **Peter Rogers** | **Tel:** | **023 8083 2835** |
| | **E-mail** | **peter.rogers@southampton.gov.uk** | | |

| **STATEMENT OF CONFIDENTIALITY** | |
|---|---|
| Appendix 1 ‘Summary - Strategic Risks’ and Appendix 2 ‘Risk Matrix’ are not for publication by virtue of category 5 paragraph 10.4 of the Access to Information Procedure Rules as set out in the Council’s Constitution. The information is exempt from publication as it includes information in respect of which a claim to legal professional privilege could be maintained in legal proceedings. | |
| **BRIEF SUMMARY** | |
| Strategic risks are those risks that are of significant, cross-cutting importance that they are considered to require the attention and oversight of the council’s Management Board. | |
| Both the Audit Committee and the Governance Committee have previously had sight of the council’s Strategic Risks as part of the Annual Risk Management Report however it is considered appropriate for these Committees to be sighted on these risks more frequently. This also reflects comments in the 2025 Corporate Peer Challenge report and the current wider governance review regarding increased member visibility of the strategic risks. | |
| **RECOMMENDATIONS:** | |
| (i) | To note the End Q1 2025-26 Strategic Risks (Appendix 1) and the associated Risk Matrix (Appendix 2). |
| **REASONS FOR REPORT RECOMMENDATIONS** | |
| 1. | This report is presented to the Audit Committee as the member body responsible for providing independent assurance on the adequacy of the risk management framework and the internal control and reporting environment. This includes being satisfied and providing assurance that appropriate controls and actions are being taken on risk. |
| 2. | The appendices will also be shared with members of the Governance Committee recognising that risk management forms part of the council’s overall governance arrangements and it is therefore appropriate for them to be sighted on the strategic risks. |

| ALTERNATIVE OPTIONS CONSIDERED AND REJECTED | |
|---|---|
| 3. | The option of reporting to the Audit Committee on a quarterly basis was considered. However, following a communication with the chairs of both the Audit Committee and the Governance Committee, it was determined that initially the strategic risks would be presented on a six-monthly basis. The Audit Committee will then guide whether they require more frequent updates. |
| **DETAIL (Including consultation carried out)** | |
| 4. | The Strategic Risk Register is a document that captures and reports on the status of the council's key strategic risks. Strategic risks are defined as those risks that are of significant, cross-cutting importance to the council that they are considered to require the attention and oversight of the council's senior management team (the Management Board). Strategic risks reflect a combination of 'resilience' and 'governance' type risks together with risks that are more transient in nature. 'Resilience' type risks typically include business continuity and disaster recovery whilst organisational 'Governance' risks typically relate to those areas where ongoing assurance, in respect of risk management arrangements in place, is appropriate e.g. safeguarding, information governance, health and safety. |
| 5. | In addition, there will be risks that are more transient in nature and may reflect new or emerging risks where Management Board oversight is considered necessary. These risks may only require oversight for a limited period whilst suitable risk mitigations are developed and implemented. |
| 6. | The Strategic Risk Register is presented in an 'Assurance' type format with each Strategic Risk having an overall 'Current Risk Score' based on an assessment of the likelihood of the risk event occurring and its potential impact. The risk scores are captured on a 'Weighted Risk Matrix' (Appendix 2) that illustrates how the risks compare with each other in terms of impact and likelihood. |
| 7. | Each strategic risk has its own individual assurance report which includes 'Expected Key Controls' (that inform and direct the type and nature of the required mitigating actions), 'Sources of Assurance' (that reflect the existing controls in place to manage the risk) and 'Further Mitigating Actions' (detailing further actions being undertaken or planned to manage the risk). |
| 8. | The Strategic Risk Register is updated and reviewed on a quarterly basis by the council's 'Management Board' who are responsible for identifying and agreeing the council's strategic risks and for ensuring that appropriate actions are in place, or are being taken, to manage the risks in line with the council's risk appetite. |
| 9. | The Management Board is also responsible for ensuring that any new or emerging risks are identified and considered. Individual Executive Directors may also seek to escalate a significant 'directorate risk' for proposed inclusion on the Strategic Risk Register. Any such risk would however be expected to be of significant, cross-cutting importance to the council such that it is considered to require Management Board oversight. |
| 10. | On an annual basis a review is undertaken of a sample of 'Key Cities Strategic Risks' to compare and contrast the type and number of strategic risks identified against the council's Strategic Risk Register. The last review, in Q4 |

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| | 2024-25, identified that there was commonality in terms of the type and number of key risks identified. |
| 11. | The End Q1 Strategic Risks 2025-26 were presented to the council's Management Board for review on 29th July 2025 as an appendix to the 'Quarterly Governance Report' presented by the Director of Legal and Governance. The End Q2 report will be presented to the Management Board on 28th October 2025. |
| **RESOURCE IMPLICATIONS** | |
| **Capital/Revenue** | |
| 12. | None |
| **Property/Other** | |
| 13. | None |
| **LEGAL IMPLICATIONS** | |
| **Statutory power to undertake proposals in the report:** | |
| 14. | The Accounts and Audit (England) Regulations 2015 Part 2 Section 3A(c) require the Council to have in place a 'sound system of internal control which includes effective arrangements for the management of risk' |
| **Other Legal Implications:** | |
| 15. | None |
| **RISK MANAGEMENT IMPLICATIONS** | |
| 16. | Appendix 1. is intended to provide the Committee with information and assurance that the council's key Strategic Risks have been identified and are being managed. |
| **POLICY FRAMEWORK IMPLICATIONS** | |
| 17. | None |

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| **KEY DECISION?** | **No** |
| **WARDS/COMMUNITIES AFFECTED:** | Not applicable |

SUPPORTING DOCUMENTATION

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| **Appendices** | |
| 1. | 2025-26 End Q1 Strategic Risks (exempt) |
| 2. | Risk Matrix (exempt) |

**Documents In Members' Rooms**

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| 1. | Not applicable |
| **Equality Impact Assessment** | |
| **Do the implications/subject of the report require an Equality and Safety Impact Assessment (ESIA) to be carried out.** | No |
| **Data Protection Impact Assessment** | |

<table>
<tr><td colspan="3">Do the implications/subject of the report require a Data Protection Impact Assessment (DPIA) to be carried out.</td><td>No</td></tr>
<tr><td colspan="4">Other Background Documents<br>Other Background documents available for inspection at:</td></tr>
<tr><td colspan="2">Title of Background Paper(s)</td><td colspan="2">Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)</td></tr>
<tr><td>1.</td><td colspan="2">Not applicable</td><td></td></tr>
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Appendix 1

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Appendix 2

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