

Slough Borough Council

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| Report To: | Audit and Corporate Governance Committee |
| Date: | 10 September 2025 |
| Subject: | Annual Governance Statement 2024/25 – Quarter 1 Update |
| Chief Officer: | Will Tuckley – Chief Executive |
| Contact Officer: | Sarah Wilson – Assistant Director – Legal and Governance |
| Ward(s): | All |
| Exempt: | No |
| Appendices: | Appendix 1 – Update against AGS 2024/25 Action Plan |

1. Summary and Recommendations

1.1 This report presents an update against the actions set out in the Annual Governance Statement 2024/25 (AGS).

Recommendations:

Committee is recommended to:

- (a) Review, comment and note progress against actions in the AGS 2024/25 Action Plan.
- (b) Agree to inclusion of an additional recommendation relating to commissioning an external review of fraud, audit and risk review in relation to housing fraud.

Reason:

Good corporate governance is an essential in any organisation, but in particular in public sector bodies. Significant governance failings attract huge attention and inevitably lead to expense being required to correct the failings. Local authorities are complex organisations and vitally important to taxpayers and service users. It is necessary to have in place effective systems, people and culture to meet the highest standards and ensure that governance is sound and seen to be sound.

Commissioner Review

This report is outside the scope for pre-publication commissioner review; please check the [Commissioners' instruction 5 to CLT to sign off papers](#) for further details.

2. Report

Introductory paragraph

2.1 Slough Borough Council is responsible for ensuring that its operations are conducted in accordance with the law and proper standards, that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. To

achieve this the Council should ensure its governance framework supports a culture of transparent decision making.

Options considered

1. **Present an update to Committee throughout the year.** This is the **recommended option**. The Council has received updates on progress against actions throughout the year for the two previous years and it provides the Committee with detail of the level of assurance they can take on progress, as well as information which can be used to inform other assurance reporting.
2. **Do not report progress in public to Committee.** This is **not recommended** as it deprives the committee of receiving updates throughout the year and publicly debating whether it needs to utilise its powers to make recommendations to other member bodies or invite specific officers or elected members to attend and address any concerns.

Background

2.2 The AGS 2024/25 Action Plan contains specific actions under 12 governance themes. It is recommended to add an additional action relating to the risk of housing fraud.

2.3 The AGS should be used as a key improvement tool, ensuring that issues are captured, lessons learned are properly disseminated and will assist the Council to improve its corporate governance.

2.4 Appendix 1 contains a progress update against actions. The RAG rating is based on the level of risk that the action will not be fully completed during the financial year. It is not uncommon for the RAG ratings to contain more red and amber ratings earlier in the year. There is also a significant risk that some of the actions require work to take place over multiple years and therefore even if good progress is made during the financial year, it may not be sufficient to remove the action from a future AGS. The RAG ratings are summarised below:

| Date | Red | Amber | Green | Unknown / Additional |
|----------------|-----|-------|-------|----------------------|
| September 2025 | 21 | 22 | 6 | 2 |

2.5 The actions that have made the most progress are:

- Induction processes, both in terms of financial and democratic governance.
- Progress has been made in relation to company governance, particularly in relation to Slough Children First, with the commissioning of an external review confirming that significant improvements have been made in terms of financial sustainability, value for money and governance since 2022. The Council is using the new Company/Connected Entities Protocol to report to provide some assurance to this committee and respond to two key external auditor recommendations. Whilst there remain issues with governance of JEH specifically, significant work has been undertaken to identify the financial issues and restate the net loss and net assets for 2023, so there is now more clarity on the losses and the 2023/24 accounts have now been filed.
- Significant progress has been made in relation to directorates responding to internal audit recommendations and transparently presenting and attending committee to answer questions about any delays. Whilst members can see there is some

slippage on compliance, they now have an opportunity to understand the reason and risks arising from this and to hold to account the responsible officer.

- Workforce strategy and stabilising the top three tiers of leadership. Restructures are continuing in directorates and therefore there remains risk, but there is a new comprehensive leadership and management programme and induction for new starters, alongside an established programme of management and staff briefings to improve communication.

2.6 The actions that are at most risk are:

- Appropriate systems to close off historic statements of accounts. Members are aware of the issues that have arisen in relation to the 2023/24 statement of accounts, which put at risk the timetable for auditing the 2024/25 accounts. The commissioning of a balance sheet review is one step to mitigate the issues caused by several years of unaudited accounts.
- Increasing opportunities for resident engagement and scrutiny of budget proposals – Cabinet received a report in July setting out a range of figures for the estimated budget gap for next year and over the medium-term. This increased level of transparency highlights the difficulty for local authorities in setting a medium-term financial strategy in the absence of multi-year financial settlements, as well as specific issues in Slough. In addition, the 2024/25 draft outturn and budget monitoring indicates overspends in key service areas. Moving forward there needs to be increased alignment between budget setting and transformation and service planning and this is highlighted in the improvement and recovery plans. This should provide increased opportunities for resident engagement and scrutiny on individual service delivery proposals which inform the budget.
- There has been delay in implementing a refreshed officer governance programme due to staff turnover, however democratic governance is covered in induction for new starters.
- The scrutiny arrangements are at risk due to staff changes and relatively frequent changes in the chair. The committee's self-assessment has concluded that there are too few recommendations given the number of reports, no public scrutiny in relation to Adult Social Care, no input from the public and member engagement being reliant on the work of a small number of members.
- Service planning – whilst the Council has implemented a corporate system, it is too early to say whether this will lead to effective and consistent service planning across directorates to inform decisions on service priorities and budgets.
- Training and support on business case preparation, to include reference to cost comparisons and informed options appraisals, remains a gap, albeit there are skills and good practice in specific directorates.
- There has been a lack of progress on approving a strategic asset strategy, which is at least in part caused by a need to approve a clear target operating model and service delivery model in key services.
- Company governance remains an area of risk. The Council is still not in a cycle of regular reporting for all its companies and there has been a lack of clarity on losses and a lack of strategic decision-making on the role of individual entities in the Council's future operating model.
- The committee is now receiving CAFT updates, however the assessment and information informing the recent Regulator of Social Housing judgement raises concerns about the systems and culture in place to combat fraud. This emphasises the need to consider an external review of policies, procedures and practices to ensure the approach is sufficiently preventative based and proactively managing risks. It should be noted that this is not about a single team, rather it is about a system wide, corporate approach to combating fraud. A new action has been

recommended responding to the specific risk of housing fraud and steps have already been taken to commission the external audit. This work may inform wider recommendations in this area.

- There remains a high reliance on interim staff in some directorates. It should be noted that reliance on interim staff is not necessarily an issue as long as this is part of a wider workforce plan. However, there is a lack of consistency in relation to workforce planning across directorates and how restructure proposals are presented to the Design Board. Restructures do not yet appear to be consistently linked to service delivery needs, succession planning or addressing capability and skills gaps.
- Despite a structure in place to maintain internal schemes of delegation to ensure that more junior officers are empowered to take decisions, there is more work to ensure schemes are owned and updated by Executive Directors and part of driving a “permission culture”.
- Improvements in data and digital are hindered by a lack of capacity and funding to focus on key improvements.
- Improvements in procurement and strategic commissioning are not consistent across the directorates and there remains a lack of corporate strategy and internal governance to ensure improvements.

2.7 It should be noted that the scale of the challenges for the Council are wide and it has a need to focus its resources on those areas that are likely to make the most significant difference both over the medium and longer term. One of the issues has been the level of resource required to fix some of the basics, including creating systems to ensure records are maintained and used and restructuring and re-creating teams with the capacity and capability to fulfil statutory functions. Many of the actions relate to areas of focus in the Council’s current improvement and recovery plans and key elements of a proposed new operating model. As work is underway on this with reporting due in prior to the end of the calendar year, the next update should provide more detail on those areas that are being prioritised in this financial year and those that will need to be de-prioritised.

3. Implications of the Recommendation

3.1 Financial implications

3.1.1 There are no direct financial implications resulting from this report. However, a failure to respond to actions in the AGS is likely to result in a failure of financial governance and a risk that the Council makes decisions that are not in its financial interests.

3.2 Legal implications

3.2.1 There is a legal requirement to prepare an AGS and for this to be incorporated in the Council’s financial statements.

3.2.2 The Council has a best value duty under the Local Government Act 1999 and this includes making arrangements to secure continuous improvement in the way in which its functions are exercised. The draft best value guidance states that authorities should be transparent in their AGS about how they are delivering improvements over time against any recommendations, including those made by external parties. A characteristic of a well-functioning authority is one whose AGS is prepared in accordance with the CIPFA / SOLACE Good Governance Framework, is the culmination of a meaningful review designed to stress test both the governance framework and the health of the control environment.

3.3 *Risk management implications*

3.3.1 The AGS is a statutory document. Failure to respond to the action plan could increase the risk of financial exposure as a result of poor decision-making and lack of action to make improvements. The quarterly review allows members to question officers on progress and to consider whether focus and resource should be allocated differently. The Committee is permitted to report to other member bodies if it is concerned about lack of progress.

3.3.2 Several of the matters highlighted in the action plan also appear on the Council's corporate risk register. Members should review this document to establish whether appropriate mitigations are in place.

3.4 *Environmental implications*

3.4.1 There are no environmental implications as a result of this report.

3.5 *Equality implications*

3.5.1 Improvement in the control environment will ensure that decisions are informed by evidence. This should include information on impact on residents and service users with protected characteristics. One of the actions relates to resident engagement and progress includes engagement on equality objectives and updates on engagement activities and strategies with key groups, including older persons, carers, people with learning disabilities, children and young people and housing tenants.

4. Background Papers

None