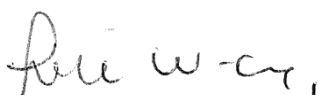


Date of issue: Friday, 24 July 2020

MEETING:	AUDIT AND CORPORATE GOVERNANCE COMMITTEE (Councillors Sabah (Chair), Wright (Vice Chair), Akram, Ali, D Parmar, S Parmar and Plenty) CO-OPTED INDEPENDENT MEMBERS: Alan Sunderland, Iqbal Zafar PARISH COUNCIL MEMBERS: Parish Councillor Ahmed (Wexham Court) Parish Councillor Escott (Colnbrook with Poyle) Parish Councillor Wright (Britwell) INDEPENDENT PERSON Dr Louis Lee
DATE AND TIME:	MONDAY, 3RD AUGUST, 2020 AT 6.30 PM
VENUE:	VIRTUAL MEETING
DEMOCRATIC SERVICES OFFICER: (for all enquiries)	SHABANA KAUSER 07821 811 259

NOTICE OF MEETING

You are requested to attend the above Meeting at the time and date indicated to deal with the business set out in the following agenda.



JOSIE WRAGG
Chief Executive

AGENDA

PART I

<u>AGENDA</u> <u>ITEM</u>	<u>REPORT TITLE</u>	<u>PAGE</u>	<u>WARD</u>
	Apologies for absence.		



<u>AGENDA ITEM</u>	<u>REPORT TITLE</u>	<u>PAGE</u>	<u>WARD</u>
1.	Declarations of Interest <i>All Members who believe they have a Disclosable Pecuniary or other Interest in any matter to be considered at the meeting must declare that interest and, having regard to the circumstances described in Section 4 paragraph 4.6 of the Councillors' Code of Conduct, leave the meeting while the matter is discussed.</i>	-	-
2.	Minutes of the Last Meeting held on 5th March 2020	1 - 8	-
CORPORATE GOVERNANCE ISSUES			
3.	Annual Governance Statement 2019/20	9 - 36	All
4.	LGA Peer Review on Governance Arrangements - Final Report	37 - 52	All
5.	Members Code of Conduct	53 - 86	All
6.	Local Government and Social Care Ombudsman - Complaints, Findings, Outcomes and Lessons Learnt	87 - 102	All
AUDIT ISSUES			
7.	Audit Findings for Slough Borough Council 2018/19	103 - 148	All
8.	Annual Internal Audit Report 2019/20	149 - 164	All
9.	Internal Audit Progress Report - Quarter 1	165 - 182	All
10.	Risk Management Update Quarter 1 2020/21	183 - 212	All
11.	Internal Audit Update Quarter 1 2020/21	213 - 222	All
12.	Housing Benefit Audit Letter 2018/19	223 - 248	All
13.	Date of Next Meeting - 17th September 2020	-	-

Press and Public

This meeting will be held remotely in accordance with the Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020. Part I of this meeting will be live streamed as required by the regulations. The press and public can access the meeting from the following link (by selecting the meeting you wish to view):

<http://www.slough.gov.uk/moderngov/mgCalendarMonthView.aspx?GL=1&bcr=1>

Please note that the meeting may be recorded. By participating in the meeting by audio and/or video you are giving consent to being recorded and acknowledge that the recording will be in the public domain.

The press and public will not be able to view any matters considered during Part II of the agenda.

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Audit and Corporate Governance Committee – Meeting held on Thursday, 5th March, 2020.

Present:- Councillors Sabah (Chair), Wright (Vice-Chair), Ali, Akram, D Parmar, S Parmar and Plenty.

Co-Opted Members - Mr Sunderland and Mr Zafar.

Parish Councillor Ahmed (Wexham Court)

Also present under Rule 30:- Councillors Dar, Nazir and Strutton

Apologies for Absence:- Parish Councillor Brooker and Dr Lee (Independent Person)

PART 1

39. Declarations of Interest

None were received.

40. Minutes of the Last Meeting held on 9th December 2019

Resolved – That the minutes of the meeting held on 9th December 2019 be approved as a correct record, subject to Cllr Plenty's attendance being recorded as present at the meeting.

41. Regulation of Investigatory Powers (RIPA) Activity 2019

The Service Lead Governance provided an update on the annual activity undertaken by the Council in terms of its statutory powers provided for under the Regulation of Investigative Powers Act (RIPA) 2000.

The Committee were informed that no applications were made by Council officers during 2019 for the authorisation of direct covert investigative powers under RIPA; which was in line with the trend of low activity over recent years with none in 2018, 1 application in 2017 and none in 2016 and 2015. It was explained that the low level of activity followed a national reduction in the number of RIPA authorisations sought by local authority investigators following changes to the legislation which required applications to be granted by a magistrate.

It was noted that the Council was required to submit an annual return to the Investigatory Powers Commissioner's Office by 31 March 2020 and that this would be complied and sent in due course.

Councillor Strutton, speaking under Rule 30, queried what training was made available to Members. It was explained that RIPA training was provided to managers and officers in January 2020 and that Members would be informed of any relevant training.

Resolved – That details of the report be noted.

42. LGA Peer Review on Governance - Interim Report

The Service Lead, Governance outlined details on the informal feedback given by the Local Government Association (LGA) following the peer review of the Council's governance arrangements on 3-5 February 2020.

It was acknowledged that the Council had made "significant and tangible progress on governance issues over the last two years and people were confident of further improvements under the current leadership." However, a number of areas were highlighted that required further improvement, which included the practical importance of good governance which was not understood by all staff resulting in poor practice in some areas, the importance and purpose of the Audit and Corporate Governance Committee (ACGC); and weaknesses in the Council's scrutiny processes which meant that scrutiny was not sufficiently enabled to address the key strategic issues facing the authority.

The formal findings and evaluation of evidence were awaited and a final report upon these findings would be brought to the Committee, in conjunction with an action plan to implement the recommendations.

Speaking under Rule 30, Councillor Strutton asked what measures had been initiated to address the issues raised and when the final findings would be available. It was noted that discussions were being held at Corporate Management level to develop an action plan to address the issues that had been raised by the review. It was anticipated that the final formal report would be available in two weeks.

Members raised a number of points including clarity regarding there not being sufficient opportunity for member engagement and the ACGC not focusing on pertinent matters. It was explained that in order for Members to take ownership of issues, they should be involved in the formation of work programmes/agenda setting. Following discussion relating to the role of the ACGC, Members agreed that a Working Group be set up to examine its role and how its effectiveness could be improved going forward.

Resolved – a) That details of the interim report be noted.

b) That a Working Group (to include Cllrs Sabah and Ali) be set up to look at the issues raised by the review.

c) A questionnaire be sent to Committee Members for their feedback relating to the workings of the Committee.

43. Schedule of Activity - Councillors' Code of Conduct

The Service Lead, Governance provided the Committee with an update on the activity undertaken by the Council's Monitoring Officer in relation to the Councillors' Code of Conduct. Four complaints had been determined since the Committee had met in December 2019 and four remained outstanding. It was noted that no complaints were received since 9 December 2019.

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Councillor Strutton, speaking under Rule 30, expressed concern regarding a lack of transparency with regard to the complaints process; in that where a complaint had been upheld, the apology was made in private and not to the complainants. The Monitoring Officer explained that under the Localism Act 2011 (LA 2011) he had authority, in conjunction with the Council's Independent Person, to resolve matters in a manner in which they deemed most appropriate. The current scheme stated that findings regarding complaints be reported to the Audit and Corporate Governance Committee. However, should the Committee indicate that they wanted this to be amended to, for example that the findings be published to the website, then this was something officers could investigate further. It was however highlighted that apart from local resolution or referring matters to the Standards Determination Sub-Committee there were no other sanctions that could be imposed under the LA 2011.

Cabinet Member for Governance and Customer Services reiterated the need for a clear timetable for determination of complaints and recommended that the Monitoring Officer write to the Housing, Communities and Local Government Minister highlighting the challenges associated with implementation of the Localism Act in relation to standards matters.

Parish Councillor Ahmed stated that complaints had been outstanding for a number of months and sought clarification relating to the timeframe within which they were investigated and determined. Following discussion, it was agreed that the Monitoring Officer seek to amend the Code of Conduct, in consultation with the Chair, to include a timeframe for investigation and determination of complaints. It was also suggested that training regarding the Standards Complaint Process be provided to ensure that all Members were aware of what constituted a complaint within the Code of Conduct.

Resolved –

- a) That details of the report be noted.
- b) That the Code of Conduct be amended, in consultation with the Chair, to include timeframe for investigation of complaints.
- c) That the Monitoring Officer to examine the possibility of the Code of Conduct being amended to reflect that any findings of breaches of the Code of Conduct be published.
- d) That the Monitoring Officer to write to the Housing, Communities and Local Government Minister highlighting the challenges associated with implementation of the Localism Act with regard to standards matters.
- e) That training to be scheduled for all Members detailing the Standards Complaints Process.

44. Local Government and Social Care Ombudsman - Complaints, Findings and Recommendations

Committee Members were updated on the number of complaints, findings and recommendations made to the Local Government and Social Care Ombudsman since December 2019. A Member stated that it would be useful for future reports to include information outlining 'lessons learnt' and what, if any, changes to policy or procedure had been implemented to mitigate the chances of the same situation arising in the future. It was agreed that reports would be updated to ensure this information was included.

Resolved – That details of the report be noted.

45. Revision of the Constitution

The Monitoring Officer introduced a report which outlined revisions to the Council's Constitution. The Member Panel on the Constitution (MPOTC), at its meetings held on 11 September 2019 and 25 February 2020 had considered and approved the following changes:

Declarations of Members' Interests – The Council's internal auditors had identified that there were several instances of declarations of interests by Members at meetings but no evidence of any review of the impact of such declarations and the action taken. These instances arose where Members declared a personal interest, such as a close relative working for the Council, but did not consider that the interest declared prejudiced their judgement and participated in the debate and vote on the item(s) under consideration. The MPOTC suggested that consideration be given to a simpler form of words that Members use to enable them to participate and vote, whilst at the same time ensuring that the minutes record the propriety of such actions. It was also recommended that members Declaration of Interest form be amended to allow repeat interests to be recorded and thus avoiding the necessity for Members to declare such interests at every meeting.

Best Practice recommendations by the Cabinet Committee on Standards in Public Life (CSPL) – Following a Corporate Peer Challenge Review of the Council in February 2019, the Local Government Association recommended that the Council consider the CSPL recommendations and how they pertain to Slough. The proposed changes were detailed in the report.

Joint Parenting Panel (JPP) - Terms of Reference - The terms of reference of the JPP were reviewed annually. Following discussions between the Director of Children, Learning and Skills Services and the Chief Executive and Non-Executive Director of Slough Children's Services Trust it was proposed to reconfigure the JPP to the Corporate Parenting Panel, as was previously the case, with effect from May 2020. There would be no change to the compulsory attendance of members or the current membership; and the proposed change would assist in improving services for young people.

A number of points were raised in the ensuing discussion, including concern that information relating to separate bodies/companies the Council had set up was not available in the public domain. The Deputy Monitoring Officer explained that all such details were reported for the first time in the Council's Annual Governance Statement 2018/19 and that this would be a feature for annual statements going forward. Furthermore, details of such bodies were registered with Companies House and available for public inspection.

Members also considered proposed amendments to paragraph 4.1 of the Councillors Code of Conduct, as tabled at the meeting. Responding to how the Code of Conduct was enforced if a criminal offence had taken place, the Monitoring Officer explained that the proposed changes clarified the position; in that where the Monitoring Officer was made aware of circumstances which may constitute a criminal offence under Section 34, they would report the matter to the police for their investigation before undertaking their own enquiries. Discussion took place relating to a Criminal Records Bureau (CRB)

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check to be carried out for Members. It was noted that whilst there was no statutory requirement for a CRB check the Council could adopt carrying them out as best practice. However, a number of issues would need to be looked at including data protection and financial implications before proceeding. It was agreed that the Monitoring Officer update the report for Council to include information regarding the implications of implementing CRB checks for Members.

Recommended to Council –

- a) That the revisions to the Council's Constitution as set out in the Report be placed before the Monitoring Officer and full Council for approval.
- b) The Monitoring Officer to update the report to include details of the implications of CRB checks for Members.

46. Members Performance Report - May 2019 to February 2020

The Service Lead, Governance, introduced a report that outlined details of Members meeting and training attendance and number of casework submitted for the period May 2019 to February 2020. It was noted that the figures did not include Group meetings, internal meetings, outside bodies or briefings.

Referring specifically to casework, it was explained that the information did not represent all casework dealt with as Councillors could use other methods to deal with casework including going directly to departments or resolving issues at ward surgeries. Members were informed that all casework queries should be submitted to the Corporate Complaints Team and that this process should not be bypassed. It was explained that Members should be using the electronic dashboard system which specifically related to logging of casework and tracking of the query through to completion. Using this system would also ensure a consistent and reliable response to queries as well as being able to monitor service delivery.

Committee Members requested that future performance reports to include details relating to whether members were using the electronic dashboard software and the time period in which casework queries were being resolved; and that officers identify further indicators that could be used to monitor member performance.

Resolved – That Members attendance details at meetings and casework submitted for the period May 2019 to February 2020 be noted.

47. Internal Audit Plan 2020/21

The Head of Internal Audit introduced the Internal Audit Plan for 2020/21 which set out the proposed Internal Audit priorities and schedules for the year ahead.

The areas identified for review as outlined in the plan would ensure that the Council's assurance needs for the forthcoming and future years were met. The Chair sought clarification in relation to an audit of the Accounts Preparation Process. It was explained that the Chief Executive had requested a review of the process undertaken by the Council in preparing for the annual

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accounts process. The scope of the review would be agreed with the Director of Finance and Resources.

At the conclusion of the discussion the Committee approved the Internal Audit Plan for the coming year.

Resolved – That the Internal Audit Plan 2020/21 be approved.

48. Internal Audit Progress Report - Quarter 4

The Committee was provided with a summary update on progress against the remaining reports from the 2018/19 internal audit plan and the 2019/20 plan. The one outstanding report from the 2018/19 plan - Housing Revenue Account - had been completed and had received a partial assurance. Nine reports had been finalised from the 2019/20 plan since the last meeting of the Committee in December 2019; of which three had received a negative opinion – asset register, cash handling and follow up Q2.

A number of points were raised in the ensuing discussion, including clarification relating to the submission of staff expense claim forms. It was explained that the existing requirement for expense claims to be supported with receipt evidence would continue but staff would also have to specify the exact mileage being claimed. It was noted that the Council would explore the possibility of implementing a system of spot checks to confirm the correct processing of expenses.

A Member expressed concern that strategic assets had been acquired by the Council during 2019/20 with a total value of £49.3m and in all these cases, the Asset Management Team had not been notified. Consequently, this meant that the Asset Register had not been updated, which could lead to inaccurate information being used by management possibly resulting to inaccurate financial statements. It was also queried as to why alternative legal teams to HB Law were being used for the purchase of such assets. The Director of Finance and Resources assured the Committee that due process had been followed in the purchase of strategic assets and that a review of the current Asset Management Procedure would be conducted to determine the responsibilities of all staff involved and ensure that the relevant teams across the Council were kept informed. The Committee were also informed that reconciliations had taken place between three different systems which would assist in ensuring accurate up to date information was available to the necessary teams across the Council. The Service Lead, Governance explained that given the large scale nature of the strategic asset purchases, it was necessary to engage specialist lawyers.

Resolved – That the Quarter 4 Internal Audit Progress Report be noted.

49. Interim External Audit Findings Report

Julie Masci, the Engagement Lead at the Council's external auditors, Grant Thornton, provided the Committee with a verbal update on the audit of the 2018/19 financial statements. The Committee was informed that a number of issues from both Grant Thornton and officers had meant that there had been further delays in the audit which had impacted on the audit and resulted in the

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accounts still not being. Following a meeting with officers in February 2020, including the Chief Executive, it was agreed that GT would clarify issues identified in writing to officers, make clear to officers the format in which papers were required and the necessary appropriate action to be taken to ensure issues encountered did not impact and continue in the next financial year.

The Chair expressed disappointment and concern that the audit for the accounts 2018/19 had still not been finalised; especially that assurances had been provided at previous meetings that the audit would be completed shortly. Furthermore, the delays had resulted in reputational damage to the Council. It was noted that of the 80 outstanding audits nationally, Grant Thornton were responsible for 17 of these. In response to what the primary cause in delay of finalising the audit was, Ms Masci stated that this was due to the production of working papers and slippage in the timetable regarding income and expenditure testing. Whilst accepting that the process could be improved, it was brought to Members attention that a number of findings meant that further evidence was required prior to presenting the findings to the Committee.

A number of Members stated that little or insufficient progress had been made since the Committee had last met in December 2019. The Committee were informed that Grant Thornton had doubled their resource base at Slough to ensure matters were concluded as quickly as possible. Whilst noting that there had been an increase in personnel, the Director of Finance and Resources expressed frustration relating to the experience of individuals carrying out the work and turnover in staff, with over seventeen staff involved with the audit in relation to Housing Benefits.

The Cabinet Member for Governance and Customer Services stated that it was unacceptable that the Committee were being provided with a verbal update and that the same reasons were being provided for the delay as those given in December 2019. A timetable was requested with a view to hold an extraordinary meeting in April 2020 to close the matter. Concern was expressed that the delays would also significantly impact the audit of the 2019/20 financial statements. Ms Masci informed Members that the priority was to finalise the interim findings report and that this could possibly be circulated to the Committee the following week.

The Chief Executive informed Members that she had requested a review take place of the external audit process and arrangements to both establish the causes of delay and ensure that lessons were learnt for future audits. It was suggested that any review be over seen by the Independent Person and it was noted that an independent overview of the process would be useful.

Resolved – That the verbal update be noted.

50. Risk Management Update - Quarter 4 2019/20

The Service Lead Finance introduced a report that detailed the latest Corporate Risk Register. It was brought to Members' attention that the GDPR officer vacancy was on target to be advertised by the end of March 2020 and that the functions were currently being carried out within an existing officer's

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role. The Committee were informed that the register would also be updated to include coronavirus and associated risks.

A Member enquired about the amount of money owed to arvato following termination of the contract. The Director of Finance and Resources clarified that the Council had not paid arvato their final invoice and were currently assessing the claim and that it was not feasible to disclose further details due to commercial sensitivity.

Resolved - That details of the Risk Management Update be noted.

51. Audit & Risk Management Update - Quarter 4 2019/20

The Service Lead Finance outlined details of progress made in finalising draft Internal Audit reports and implementation of Internal Audit recommendations. The percentage of completed actions had increased to 81% from last quarter's 70%. Referring to the management response to the high and medium priority recommendations, it was reported that 99% of these were complete or in progress.

Although Members welcome the additional information included in the appendices, the need for meaningful and accurate data was reiterated to ensure effective scrutiny by the Committee. The Chief Executive stated that the Corporate Management Team had emphasized this to officers and assured Members that the appendices would be updated accordingly.

Resolved – That details of the Audit & Risk Management Update Quarter 4 2019/20 be noted

52. Exception reporting to Overview and Scrutiny

This was a standing agenda item to provide a formal mechanism to refer relevant matters to the Overview and Scrutiny Committee. No matters were referred.

Resolved - That no matters be reported to the Overview and Scrutiny Committee arising from the agenda.

53. Forward Work Programme

Resolved – That details of the Work Programme be noted.

54. Members Attendance Record 2019/20

Resolved – That the Members Attendance Record 2019/20 be noted.

55. Date of Next Meeting - 30th July 2020

The date of the next meeting was confirmed as 30th July 2020.

Chair

(Note: The Meeting opened at 6.34 pm and closed at 10.11 pm)

SLOUGH BOROUGH COUNCIL**REPORT TO:** Audit & Corporate Governance Committee**DATE:** 3 August 2020**CONTACT OFFICER:** Sushil Thobhani, Service Lead Governance & Deputy Monitoring Officer**(For all enquiries)** 07542 229125**WARD(S):** All**PART I**
FOR DECISION**ANNUAL GOVERNANCE STATEMENT 2019-20****1 Purpose of Report**

The purpose of this report is to place before the Committee the Council's draft Annual Governance Statement for 2019-20, for noting and approval.

2 Recommendation(s)/Proposed Action

That the Committee note and approve the Council's draft Annual Governance Statement for 2019-20 as set out in the Appendix to this Report.

3. The Slough Joint Wellbeing Strategy, the JSNA and the Five Year Plan

The delivery of all these strategic priorities is dependent on the highest possible standards of openness, honesty and accountability. This is underpinned by good governance arrangements being in place.

4 Other Implications**(a) Financial**

There are no direct financial implications arising from this report.

(b) Risk Management

Recommendation from section 2 above	Risks/Threats/Opportunities	Current Controls	Using the Risk Management Matrix Score the risk	Future Controls
To note and approve the draft Annual Governance Statement set out in the Appendix to this report.	If the Annual Governance Statement is not published within the required timescales then there will be reputational	Annual calendar event in the Committee's Reports Cycle and prior consideration by CMT. Part of the	Legal & Regulatory Risk. Likelihood is almost impossible and the impact is marginal.	Approval of the Annual Governance Statement by the Audit & Corporate Governance Statement by 30 November

	damage to the Council.	Council's duties as part of the publication and external audit of its annual accounts.	The Risk score is 2.	2020 within the required timescales.
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(c) Human Rights Act and Other Legal Implications

There are no Human Rights Act or other legal implications arising from this Report other than specified in Section 5 below.

(d) Equalities Impact Assessment

There is no identified need for an Equality Impact Assessment arising from this Report.

(e) Workforce

There are no workforce implications arising from this Report.

5 Supporting Information

- 5.1 Under regulation 3 of the Accounts and Audit Regulations 2015 ("the Regulations") the Council must ensure that it has a sound system of internal control which (i) facilitates the effective exercise of its functions and the achievements of its aims and objectives (ii) ensures that the financial and operational management of the authority is effective and (iii) includes effective arrangements for the management of risk.
- 5.2 Under regulation 6 of the Regulations the Council must, each financial year, conduct a review of the effectiveness of the system of internal control required by regulation 3 and prepare an Annual Governance Statement ("AGS"). Under that regulation they must also approve the AGS by a resolution of a committee or members meeting as a whole.
- 5.3 The Council's practice is for the AGS to be approved by a resolution of the Audit and Corporate Governance Committee.
- 5.4 In accordance with the Regulations the Council have conducted the review required for the financial year 2019/20 and have prepared a draft AGS which is appended to this Report.
- 5.5 The draft AGS has been prepared in accordance with the principles set out in the CIPFA/SoLACE "Delivering Good Governance in Local Government Framework (2016).
- 5.6 In normal circumstances the approval of the draft Annual Governance Statement would have been due by 31 May 2020. By virtue of the Audit and Accounts (Coronavirus) (Amendment) Regulations 2020, which came into force on 30 April 2020, however, that date has been extended to 31 August 2020, which is before the date of the next meeting of this Committee.

6. **Comments of other Committees**

This report has not been considered by any other committees.

7 **Conclusion**

The Council have carried out a review of the effectiveness of their system of internal control, as required by the Regulations, and have prepared the draft AGS to reflect the outcome of their review. The Committee are asked therefore to consider the draft AGS and to note and approve the same in order to complete the Council's compliance with the Regulations.

8 **Appendices Attached**

Draft Annual Governance Statement 2019-20

9 **Background Papers**

CIPFA/SoLACE Publication "Delivering Good Governance in Local government Framework (2016)"

CIPFA Better Governance Forum Publication "The Annual Governance Statement for 2019/20 – Matters to consider as a result of the coronavirus pandemic" – April 2020

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DRAFT

ANNUAL GOVERNANCE STATEMENT 2019/20

Annual Governance Statement for the Financial Year 2019/20

Slough Borough Council, like every other local authority, is required to review its governance arrangements annually pursuant to the Accounts and Audit Regulations 2015. The preparation and publication of an **Annual Governance Statement (“AGS”)**, in accordance with the principles set out in the CIPFA/SoLACE publication, “Delivering Good Governance in Local Government Framework (2016)” (“the Framework”), fulfils this requirement.

The Framework requires local authorities to be responsible for ensuring that:

- Their business is conducted in accordance with all relevant laws and regulations
- Public money is safeguarded and properly accounted for
- Resources are used economically.

The Framework also expects that local authorities will put in place proper arrangements for the governance of their affairs and ensure that the responsibilities listed above are met.

During the last quarter of the financial year 2019/20 and into the financial year 2020/21, Slough Borough Council, like every other local authority, was affected by the global spread of the coronavirus SARS-CoV-2 and the attendant pandemic COVID-19. Slough Borough Council’s response and actions are set in the separate appendix to this Report.

Key Elements of The Council’s Governance Framework

Council, Cabinet and Leader

- Give Leadership
- Set Policy
- Support Slough’s communities

The Council operates a “Leader and Executive (England)” model of governance under the Local Government Act 2000.

The council currently consists of 42 elected members of the council (councillors). The Mayor chairs Council meetings and the Deputy Mayor deputises in the Mayor's absence. The Council's constitution sets out how the council will operate.

The Council is given direction by the Leader of the Council. The Cabinet (the council's executive committee of councillors) consists of the Leader elected by the Council and the other Lead Members appointed by the Leader.

The Leader and Lead Members in the Cabinet meet prior to each Cabinet meeting to discuss the agenda items and the Cabinet also meets with the Chief Executive and Directors and Officers prior to each cabinet meeting to discuss the agenda items and a forward programme for the Cabinet.

All Reports prepared for Cabinet and Council require prior consideration by the Council's Management Team (CMT), the Section 151 officer, the Monitoring Officer and legal services officers. Reports prepared for other statutory committees require consideration by legal services officers.

The Cabinet structure covers different portfolio areas, each one led by an elected councillor called a Lead Member. The Cabinet discharge the Council's executive functions and monitor the Council's performance by receiving quarterly performance management reports prepared by the Council's Project Management Office (PMO). The PMO track and report on performance on all the Council's major projects and a member of the PMO sits on the Council's Risk and Audit Board. The Cabinet approves all the Council's major procurements and provides political and community leadership and makes many of the day to day decisions on service provision. The Council retains responsibility for setting the policy and financial framework and revenue and capital budgets which are monitored by the Cabinet regularly and exercising all functions reserved to full Council.

Decision Making

- Council meetings
- Recording of decisions

Article 13 of the Council's current Constitution details the decision making process

<http://www.slough.gov.uk/moderngov/ieListDocuments.aspx?CIId=563&MIId=6238&Ver=4&Info=1>

Risk Management

- Strategic and Operational Risks
- Where are key risks considered

Slough Borough Council (the Council) currently maintains a Corporate Risk Register; and one for each Directorate.

These risks registers are monitored by the Risk and Audit Board, whose Members include the Section 151 Officer, the Service Lead for Governance, a Member of the PMO and a representative from the Council's internal auditors, which meets monthly. The Risk and Audit Board also monitors the reports of the Council's internal auditors and actions following the finalisation of such reports.

The risk registers are a management tool utilised to provide a snap shot of the key risks that the Council faces and how they are managed.

Effective risk management assists in achieving the Council's priority outcomes and helps to optimise the quality and efficiency of its service delivery.

The achievement of the Council's priority outcomes is underpinned by the effectiveness of the controls identified to mitigate the principal risks which could affect the outcomes.

CMT now also set the Council's "risk appetite" and all any risks exceeding the risk threshold set by CMT, which are identified by the Risk & Audit Board, are escalated to CMT immediately.

Scrutiny and review

- Scrutiny committees
- Audit and Corporate Governance Committee
- Budget Monitoring reports to Committee

Details of attendance can be found at

<http://www.slough.gov.uk/moderngov/mgUserAttendanceSummary.aspx>

Corporate Management Team

- Josie Wragg is **Chief Executive**, (Head of Paid Service), responsible for all staff, and leading an effective management team which comprises all the Council's Strategic Directors.
- Neil Wilcox is the Director of Finance and Resources is the Council's **S.151 Officer** and is responsible for safeguarding the Council's finances;
- **The Monitoring Officer** is Hugh Peart and he is responsible for ensuring decisions made by the Council are legal, and are made in an open and transparent way.

CIPFA/SoLACE Framework Delivering Good Governance in Local Government

This guidance is recognised as the proper practices referred to in the Accounts and Audit Regulations that we must follow and sets out seven core principals of good governance. These seven principals comprise:

Two overarching principles for good governance

- A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of the law**
- B. Ensuring openness and comprehensive stakeholder engagement**
and 5 principles of good governance
- C. Defining outcomes in terms of sustainable economic, social and environmental benefits**
- D. Determining the interventions necessary to optimise the achievement of intended outcomes**
- E. Developing the entity's capacity, including the capability of its leadership and the individuals within it**
- F. Managing risks and performance through robust internal control and strong public financial management**
- G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability**

Set out below is how the Council has complied with the seven principals set out in The Framework.

Principle A

- ***Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of the law***

The Council has a Constitution that is updated annually – The Constitution can be found on the Council's website

<http://www.slough.gov.uk/moderngov/ieListDocuments.aspx?CIId=563&MIId=6238&Ver=4&Info=1>

The Constitution is updated annually. The updates are agreed by Full Council after being through a consultation process that involves a Member Panel on the Constitution, Audit and Corporate Governance Committee and approval from the Monitoring Officer.

At part 5 of the Constitution is the Ethical Framework. The Ethical Framework contains

- Councillors Code of Conduct
 - Sets out the conduct expected of it's Councillors which is enforced by the Monitoring Officer and the Audit & Corporate Governance Committee
- Local Code of Conduct for Councillors and Officer with regard to Planning and Licencing matters
 - Do's and Dont's for Councillors and Officers when dealing with Planning and licencing matters
- Local Code of Conduct for Employees
 - Sets out the standards of behaviour Slough Borough Council expects of it's staff, is incorporated in Contracts of Employment and meets the recommendations set out in the Nolan Committee's – Standards In Public Life
- Local Code governing relationships between elected Members and employees
 - Describes the roles of elected Members and employees and help all those concerned to understand the relationship between Officer and Members
- Confidential Whistleblowing code
 - Intended to encourage and enable employees to raise serious concerns within the Council rather than overlooking a problem or raising the problem outside the Council.
- Monitoring officer Protocol
 - Provides information on the monitoring Officer role and how those duties are discharged within Slough borough Council
- Anti-Fraud and Corruption Strategy and policy
 - List of individual policies and strategies to counter fraud and corruption including the Council's Policy on acceptance of donations and sponsorships.

- Sanctions Policy
 - Sets out the council policy of zero tolerance toward fraud and commits the Council to use the full range on sanctions against anyone who is found to have committed fraud against the council
 - Joint Protocol of External Auditor regarding the legality of transactions
 - Details the arrangements for those instances where individual officers and/or members of the Authority, seek the views of the Appointed Auditor on the legality of transactions; and where the public refer questions or enquiries to the Appointed Auditor.
 -
 - Policy Statement on Corporate Governance
 - Looks at the Council’s vision and priorities and ensures that these are delivered in line with the Nolan Committee’s Seven Principles in Public Life
 - Guidance on Housing and council Tax Benefit
 - - For Officers and members involved in Housing and Council Tax benefit work
-

Principle B

- ***Ensuring openness and comprehensive stakeholder engagement***

All meetings are open to the public and agenda, reports and decisions are published on the council’s website, and the Council consults with the public on a wide range of topics. Active consultations can be found at <https://www.slough.gov.uk/council/consultation/> . The public can also raise concerns by using the Petition scheme, the details of which are contained within Article 17 in Part 2 the Constitution

“Citizen” is the council’s publication for residents which is delivered to homes in the borough. It gives residents information and news about the council, its priorities and work. Citizen can also be read on-line at <https://citizen.slough.gov.uk/february-2019/latest-news/welcome>

The Council disseminates information and connects with stakeholders via Twitter @SloughCouncil and Facebook

Principle C

- ***Defining outcomes in terms of sustainable economic, social and environmental benefits***

The rolling 5 Year Plan is refreshed and published every year and sets out

- The Council's vision
- The Council's priority outcomes
- the role of way of working of the council in making this happen

The current 5 Year Plan, 2020-2025, continues the Council's five values which are to be:

- Responsive
- Accountable
- Innovative
- Ambitious
- Empowering

These values are used to drive our behaviours and how we work. We will recruit and manage people by checking how they perform against these values.

The 5 Year Plan will be used to:

- drive the decisions made in the medium and long term financial strategy
- focus on delivery of outcomes by prioritising resources
- provide a basis for discussion with partners about the services they provide
- develop a performance framework to which services and staff will be held accountable.

The Five Year Plan is also important in explaining how and why the Council is changing. The Council have also now commenced planning for a longer term perspective by seeking to work with partners and communities across the town to set a vision for the next 20 years under the rubric "Towards 2040" and the Five Year Plan will feed into this vision.

This 5 Year Plan defines the 5 priority outcomes. The table below shows the priority outcomes and a sample of the items of progress made towards those outcomes

Priority Outcome	Progress Made
Slough Children will grow up to be happy, healthy and successful.	Seen incremental increases in the attainment of a Good Level of Development across Early Years Foundation Stage (EYFS) with the figure for Slough's children (74.3%) exceeding the national figure by 2.5%
Our People will be healthier and manage their own care needs.	Increased the proportion of people managing their own care needs through a Direct Payment to well above the national average
Slough will be an attractive place where people chose to live, work and stay.	Begun work on two hotels and 64 new apartments on the old library site which will bring vitality to the area
Our residents will live in good quality homes	Refurbished temporary accommodation flats at Pendeen Court providing much improved living and communal areas for some of the most in need residents.
Slough will attract, retain and grow businesses and investment to provide opportunities for our residents	<p>Moved the Council's HQ back to the town centre at the heart of our community.</p> <p>We've secured the approval of local businesses to the creation of A new Business improvement District which will deliver £2million of investment over the next five years.</p>

Principle D

- ***Determining the interventions necessary to optimise the achievement of intended outcomes***

Programme Management Office (PMO) work – The PMO provides Project Management and Project Support to ensure a consistent and coordinated approach to delivery of the Five Year Plan. This includes the Project Management of projects that are considered a priority by CMT and Cabinet. The PMO’s work includes:

- Project Portfolio Management - Portfolio reported monthly, and regularly reviewed to ensure reporting meets CMT requirements
- Project Management - Project Management of key projects and Transformation Projects
- Assurance that the Council’s Project Management Methodology is being followed consistently
- Supporting the delivery of the Council’s transformation programme.

Transformation programme – The Council’s transformation programme is now well underway under the brand “Our Futures” and is about how we will organise ourselves efficiently to ensure our residents and customers get the best services we can afford and how will become a “world class” Council. The programme will define the future operating model for the council – and, potentially, of our key partners.

The transformation programme is driven by a key vision and a series of principles, each of which has key outcomes. The principles will guide our work and help define the programme of change and specific projects to bring it about.

Joe Carter, director of Transformation Chairs the Our Futures Board that is made up of CMT Members. This board, which meets monthly, is in overall charge of the Our Futures programme. It makes corporate level decisions about the Our Futures programme. It also provides a link to elected Members.

The Board's job is to provide strategic leadership and direction to the programme. It will also scrutinise the transformation work.

The Our Futures Board will be advised by the Our Futures Director and may choose to speed up some parts of the programme or to slow them down where this is necessary. The Our Futures Board will also consider how to respond to emerging issues or problems.

Below this Board are three groups:

- Design
- Delivery
- Change & Communications

A Business Case to implement the Transformation Programme and deliver a new Operating Model for the Council was approved by Cabinet on 15 April 2019. Governance of the Programme will be reviewed as required to ensure effective oversight.

Local Government Association Corporate Peer Challenge

In February 2019 the Council invited the Local Government Association to undertake a Corporate Peer Challenge review of the Council. The focus of the Corporate Peer Challenge was on the following areas:

- understanding of the local place and priority setting
- leadership of place
- financial planning and viability
- organisational leadership and governance
- capacity to deliver

The final report from the LGA included a number of recommendations and the Council will seek to address these by developing an action plan for implementation in 2020-2021. The principal findings are set out below:

Positives	Key recommendations
Recent leadership stability welcomed by all	Establish a stronger sense of where the Council wants to get to.
Lots of ambition and energy	Develop and deliver this vision which identifies what the future looks like for all parts of the community – for place and people
Lots of goodwill	Consider and articulate what a 21 st Century council will look like for Slough to build unity around a common purpose
Strong asset base and economy	Establish a more fundamental equilibrium between the Council's ambition for people and place, and communicate this.
Slough is great in a crisis	Progress the emerging transformation agenda and invest more time in rooting

Leadership speaks compellingly about the future of Slough

this in culture change.
Develop governance from “basic control” to good

In accordance with the recommendation of the LGA Corporate Challenge Review Team the Council invited the LGA to undertake a bespoke review of the Council’s governance arrangements, as part of its stated ambition to be a “world class” council, which the LGA conducted between 3 and 5 February 2020. The overall impression of the LGA Governance Peer Review Team was

“...an organisation that is learning to move away from a time of crisis toward delivering an exciting new future for the Borough.”

The findings are set out below:

Positives	Deficiencies	Recommendations
the Council is ambitious to improve and senior officers and members understand why governance is a key part of that	There are still some gaps in the framework which need to be filled	Good governance must be embedded regardless of the delivery of the transformation programme.
The Council has made significant and tangible progress on governance issues over the last 2 years. People are confident of further improvement under the current leadership.	There is more to do to embed a strong foundation of good governance and apply and own it consistently.	Ensure Councillors are appropriately engaged and supported through active involvement in agenda planning and briefings
Many of the building blocks of an effective governance framework are in place	There are not always sufficient opportunities for members to engage in briefings and agenda setting	Establish a comprehensive Member training and development programme Authority.
Clear lines of accountability and terms of reference have been established for committees and boards	The external audit is not yet complete and there have been many issues flagged to the team that need to be addressed.	Ensure scrutiny is given greater status and support to enable it to focus on the key strategic issues facing the authority.

<p>There are some good examples of pre-decision scrutiny and task and finish group work</p>	<p>The importance of Audit and Governance Committee is not fully understood.</p> <p>There needs to be a refreshed comprehensive member training and development programme</p> <p>Scrutiny is not enabled and supported to address the key issues facing the authority</p>	
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The Council will develop a comprehensive plan to implement these recommendations in 2020-2021.

Principle E

- ***Developing the entity's capacity, including the capability of its leadership and the individuals within it***

In October 2018 the Council appointed Josie Wragg as permanent Chief Executive and she is leading and implementing the authority's ambitious plans for transformation. There is a new performance review system that came into effect on 1 May 2019 that covers all officers that identified appropriate and targeted training. There is also a new Recruitment and Selection Policy and Procedure that came into force in February 2019 and this is available to all staff on the Council's intranet.

A training programme for new and existing members has been continued in 2019-20 including training/briefings regarding:

- GDPR.
- Safeguarding Adults
- The Overview and Scrutiny process
- Crime & Disorder
- Charing skills for Chairs and Vice Chairs
- Acting as a Trustee for New sub-Committee
- Equalities, Human Rights and Cohesion

In 2018 the council launched the Slough Academy. The Slough Academy is the Council's new approach to growing and developing our staff to help build a stable and successful workforce that will serve our residents in the best possible way. This is now well underway and there are now 25 apprentices enrolled in the scheme with working continuing to create a pipeline of new recruits at all levels.

There are policies and procedures in place to ensure that Members and staff are protected against conflicts of interests

• **Council subsidiaries and other entities**

The Council has a major long term partnering agreement for the regeneration of the town via a local asset backed vehicle ("LABV") know as Slough Urban Renewal (SUR). Further information is available under the following link:

<http://www.slough.gov.uk/business/regenerating-slough/slough-urban-renewal.aspx>

The Council commissions a range of services from organisations in the voluntary and community sector. These are primarily provided through a voluntary service contract with Slough Prevention Alliance Community Engagement (SPACE) a consortium of voluntary and community organisations. Further information is available under the following link:

<http://www.slough.gov.uk/health-and-social-care/useful-adult-social-care-contact-details.aspx>

The Council's children's services are provided on behalf of the Council by Slough Children's Services Trust, a company limited by guarantee incorporated pursuant to ministerial order. Further information on the Trust is available under the following link:

<https://www.scstrust.co.uk/>

The service is provided under a service provision agreement lasting until 2021. The services provision agreement is due for review and the Council has undertaken an options appraisal for future provision of these services which it is evaluating. The children's service now has an OFSTED rating of "requires improvement to be Good". Slough Children's Services Trust has, however, faced a challenging financial period in 2019-2020 and the Council are working with the Trust company and the DfE to seek to stabilise the position and to ensure that Children's Services are not affected. The Council have also agreed to join Regional Adoption Agreements hosted by the London Borough of Harrow, who have procured the services of a major national provider of adoption services, the Thomas Coram Foundation, which will enhance the Council's adoption offer. These arrangements are expected to take effect by September 2020.

The Council's housing stock is maintained, improved and developed under a major outsourced contract with Osborne for a 7 year term which commenced on 1 December 2017. Further information is available under the following link:

<http://www.slough.gov.uk/housing/managing-service-delivery-of-rmi.aspx>

The Council has also incorporated two housing subsidiary companies, James Elliman Homes Limited, which provides homes for letting at affordable rents for persons not able to access housing at market rent and Herschel Homes Limited (presently dormant) which is intended to develop new homes for letting at market rents. Both companies are wholly owned by the Council and are local authority controlled companies within the Local authorities (Companies) Order 1995. The directors are appointed by the Council who operate under the terms of appointment agreements with the Council and within the scope of shareholder agreements between the companies and the Council.

The Council has also incorporated a new asset management company, Slough Asset Management Limited (presently dormant) which is also wholly owned by the Council and a local authority controlled company. This is intended to be used as a vehicle for holding strategic investment properties acquired by the Council as part of its investment strategy. This company is controlled by the Council's Strategic Acquisitions Board (SAB) comprising of Leader Members, the Section 151 Officer and specialist asset management officers to manage the council's portfolio of investment properties as part of its investment strategy.

The Council have now also established a commercial sub-committee of Cabinet to lead and co-ordinate the Council's commercial activities which are designed to provide prudent returns to support the General Fund.

The Council is also the holder of the entire issued share capital of Ground Rent Estates 5 Limited, a company incorporated under the Companies Acts under number 05997934. This company is the owner of Nova House, a private residential block of flats within the town with serious fire risk deficiencies. The company was acquired by the Council for a nominal sum in order to enable the Council to address these deficiencies in the most effective way having regard to its statutory duties as a regulator of private housing in its area. Plans are now at an advanced stage of progression to effect works to Nova House which will render it safe from fire risk and provide safe homes for residents.

The Council's customer services, IT services and revenues and benefits services were provided under a major contract with an outsourced provider, Arvato Public Sector Services Limited. The Council exercised an early termination provision within the contract in order to promote its transformation plans and the provision of those services was brought back in house with effect from 1 November 2019. The services have now been stabilised and enhanced for the purposes of making significant contributions to the Council's transformation programme.

The Council is also a major partner in the Frimley Health and Care System involving the NHS, local authorities and Clinical Commissioning Groups providing integrated care and health services across 750,000 residents.

Principle F

- *Managing Risk and Performance*

The Council's Risk Management Strategy sets out the Council's approach to identifying; prioritising and controlling risks. There is a Corporate Risk Register and individual Risk registers for each Directorate. Corporate Risks are reviewed by the Risk Management Board – chaired by the Section 151 Officer on a monthly basis and it is expected that Directorate risk registers are reviewed on a monthly basis.

The figure below show the current risks that are on the Corporate Risk Register.



Cabinet receives reports that have been to various other Boards and committees these include :

- The Corporate Balance Scorecard together with progress on the council's major projects

- is reported to Cabinet and to Overview and Scrutiny Committee on a quarterly basis. This report also provides data on the progress made against election pledges.
 - The Statutory Equalities Report that includes the Gender Pay Gap report.
 - The Capital and Revenue monitoring report
-

Principle G

- *Implementing good practices and transparency reporting, and accountability*

Improvements

The 2018/19 Annual Governance Statement identified various areas for improvement

Issues Reported in 2018/19	2019/20 Action taken	Is this still an Issue for 2020/21
Safeguarding services and Safeguarding outcomes for children and young people (including risk assessments).	The Council’s Children’s Services have in recent years been provided under independent trust arrangements mandated by ministerial order following findings of inadequacy following past inspections. The last inspection has found considerable improvements such that the service has progressed to “requires improvement to be good”. The Council will now be moving to consider options for the future of the service and its financial stability in tandem with the DfE.. The Council have also completed a complete review of its children’s safeguarding arrangements. There is now in place a grouping of service leads from all areas with safeguarding responsibilities which meets regularly to ensure that safeguarding arrangements are robust. The findings of this group are regularly considered by the Council’s Management Team.	Yes but action is being taken to address this issue.

<p>Contract Management</p>	<p>The Council have now completed the re-procurement of all of its major long term contracts covering maintenance of its housing stock, highways and public realm and management of its corporate buildings portfolio and it has brought back in house its environmental services functions. A corollary of this has been better contracts and arrangements which address the deficiencies of past procurements. The Council has also effected early termination of its major revenues and benefits, customer services and ICT services contract and brought them back in house and stabilised these services The Council has started to embark on developing a commercialisation strategy to improve the Council's business acumen and obtain better value as part of its transformation programme. Part of this strategy will be to consider improving the quality of the Council's contract management proficiencies. The data around its procurement is also being considerably improved as is the rigour on the approval of procurement business cases by its Procurement Review Board.</p>	<p>Yes but action is being taken to address this issue</p>
<p>Continued Economic Instability and Turbulence at a national level</p>	<p>Failure to deliver a balanced budget remained on the Corporate risk Register for 2019/20 The Council is acute to the potential for economic instability and turbulence at a national level, exacerbated by the uncertainties of Brexit The Council participates in national and regional planning arrangements and it monitors the changing situation and the Council's preparedness to deal with contingencies at weekly meetings of the Council Management Team. The Council has Medium Term Financial Strategy and a Treasury</p>	<p>Yes, but it is being monitored and managed.</p>

	Management strategy in place which are reviewed regularly. The Council is on plan to deliver balanced budgets over the next three years. The Council is also gearing up for impacts arising from the potential impacts of the spread of the coronavirus.	
Managing a mixed economy workforce.	The Council now has in place an Enterprise Resource Planning system, Agresso, which is beginning to yield more reliable and robust data to serve as a management tool to enable the Council's Management Team to address such matters as gender pay gap reporting and produce strategies to address such matters.	Yes but improvements are being made.
Partnership and Governance Arrangements	The Council's major Partnership arrangement is the LABV which is the delivery vehicle for the Town's major regeneration projects. The governance arrangements are set out in a formal partnership agreement. Due to the scale and importance of this arrangement, however, as part of the Council's internal audit plan, the internal auditors are in the process of carrying out an audit of the working of these arrangements the outcome of which will be reviewed by the Council's Management Team.	Yes and an internal auditor's audit is underway.
Procurement	This continues to be an area requiring improvement. Internal Auditors' recommendations are being progressively implemented and external support has been commissioned to revise the Council's Procurement Strategy and Procurement Operating Procedures. The Council's Contract Procedure Rules have been updated update and simplified to make them more effective.	Yes but arrangements are being put into place to effect improvements.
Schools Environment	In 2019/20 Slough children and young people have continued to achieve excellent results and are out-	No.

	performing both national averages and statistical neighbours. The Council are continuing an ambitious multi-million pound investment in school building. The Council continue to make improvements in internal controls and have worked with schools to help them adopt best practice in in safeguarding and keeping children and young people safe.	
Business Continuity	The Council has engaged external resources to support the Council's Business Continuity and Response Manager. Business Impact Analyses for service areas have been completed and have been followed up by detailed Business Recovery Plans for all areas to provide robust arrangements to secure business continuity following any disruptive events.	Yes but arrangements are in place to ensure business continuity in the event of contingencies.
Voids Management	The Council have now entered into a new long term contract with Osborne for the management and development of its housing stock and this is now underway. The procurement specifically sought to deal with this issue and it s now being managed by the new contractor.	Yes but it is improving.
Health and Safety	The major focus of the Council has been the compliance of its housing stock, corporate buildings and buildings owned by third parties which are used to accommodate Council clients and customers with Health & safety standards with respect to such matters as legionella, asbestos and fire safety. A dedicated team has been and is continuing to work through examining this portfolio for compliance on these issues to enable the Council's management team to obtain assurance in this area.	Yes but progress is being made.
Adult Safeguarding	The Council is now working more effectively to promote the safety of	No

	<p>Slough residents. This means safeguarding adults from abuse, neglect and criminal activities including exploitation. The Council's work is informed by local intelligence, national research and experience. Partners have worked together to approach the current and emerging challenges to the safety of residents. As a result of negotiation and engagement of partner agencies during 2018/19 the Council has developed a new Safeguarding business arrangement – bringing together the key statutory partners in a safeguarding leaders group to agree and set priorities and monitor impact.</p>	
<p>Implementation of previous Internal Audit actions</p>	<p>The Council have progressed further with their process of recommendation tracking to ensure that recommendations made by Internal Auditors are implemented. The recommendations are discussed at Directorate Management meetings monitored at monthly meetings of the Council's Risk and Audit Board. The progress is reported quarterly to the Audit and Corporate Governance Committee. The robustness of the implementation of audit recommendations has continued to improve</p>	<p>Yes but improvement is progressing.</p>

2018/19 and 2019/20 External Audit Recommendations

These External Audits have been delayed due to resource challenges at the External Auditors. Any recommendations arising from these Audits will be addressed in 2020/2021.

Issue	Management Response

Review of Effectiveness

Internal Audit

The Council uses a number of ways to review the effectiveness of its governance arrangements. One of the key statements is the annual report and the opinion of the Head of internal audit.

During 2019/20 The Head of Internal Audit has issued 24 assurance reports of which 14 (58 %), were deemed a “positive assurance”. Of the 10 that received a negative assurance 1 area was provided with “no assurance”. This was:

- Debtors Management

The other 9 areas that received negative assurance were:

- Health & Safety
- Safety Advisory Group
- James Eliman Housing
- Rent Arrears Recovery
- Temporary Accommodation Strategy
- Regulatory services – Cash Handling
- Asset Register

The Head of internal Audit’s opinion for 2019/20 is :

“The organisation has an adequate and effective framework for risk management, governance and internal control.

However, our work has identified further enhancements to the framework of risk management, governance and internal control to ensure that it remains adequate and effective.”

External Audit

Grant Thornton are currently undertaking the statutory audits of the 2018/19 and 2019/20 statements of accounts.

Other areas that contribute to monitoring and reviewing the effectiveness of the Council are:

- The Risk Management Board
- The annual assurance statements produced by Service Leads
- The work of
 - the Audit and Corporate Governance committee;
 - the Standards Sub-Committee;

- Internal Audit;
- Overview and scrutiny Committee.

Conclusion

The Council operates by seeking all appropriate professional advice and seeks to have regard to all appropriate guidance and to act in a prudent way and is satisfied that appropriate governance arrangements are in place; however it is committed to at least maintaining and, wherever possible, improving these arrangements, in particular ,by addressing issues identified by Internal and external Audit as requiring improvement

James Swindlehurst
Leader Slough Borough Council

Josie Wragg
Chief Executive, Slough Borough Council

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APPENDIX COVID-19

In late February and March 2020 the Council was incrementally made aware of the risks and the potential consequences of the spread of the Covid-19 disease.

The Council immediately adopted a strategy for dealing with the predictions of the possible spread of the disease and established a hierarchy of critical, priority and other services in respect of its statutory and discretionary functions and directed all staff that could carry out their duties from home, to work from home and equipped them to do so. The Council also immediately set up a response room and implemented a streamlined decision making process to enable quick, co-ordinated and responsive decision making, based on the “Gold” and “Silver” emergency decision making model to take charge of the Council’s essential response to the emerging pandemic for the protection of its residents and people working or visiting its area. The Response team immediately established a register of decisions taken to provide a record of the Council’s essential response.

The Council speeded up its transformation programme plans for adoption of new technology and quickly adopted the necessary applications to enable officers, members and senior managers to communicate effectively.

The Chief Executive kept constant communication with Lead Members on all decision and quickly established a weekly video conference meeting to enable all Members to be kept apprised of all developments and to enable Members to feed back to the Chief Executive and Directors on matters affecting their individual wards.

As soon legislative changes enabled the Council to do so, the Council established a system enabling Members to attend meetings of the Council, Cabinet and other committees and panels by remote access and quickly resumed its calendar of meetings with minimal cancellations of meetings. It was able, therefore, to hold its Annual Meeting and to resume democratic and transparent decision making with minimal disruption. The Council also immediately sought ratification of all significant decisions taken for by officers during the hiatus before the holding of formal meetings was resumed.

The Council also quickly established pages on its website and intranet to disseminate essential information and guidance to local residents and businesses on matters related to the pandemic, steps to stay protected and how to access Council help and services during the emergency.

The Council set up a financial task force which met weekly to constantly monitor the financial impacts on the Council of the pandemic and to oversee the distribution of financial relief to local businesses affected by the pandemic and to the local care sector to enable control of the spread of infection. The Council also kept Lead Members constantly apprised of the continuing effect of the pandemic on the Council’s finances and financial strategies.

As soon as legislative changes enabled the Council to do so, the Council also quickly established a system to enable the holding of appeals against school place allocations which could be attended remotely by panel members, parents and guardians.

The Council also took account immediately of guidance issued by the Cabinet Office by way of Procurement Policy Notes to assist suppliers in its supply chain who were at risk and to assist the longer term recovery and transition from Covid-19.

The Council in collaboration with its neighbouring authorities also developed plans and strategies for dealing with local outbreaks of Covid-19 and adopted its own Local Outbreak Management Plan.

The Council immediately made arrangements to secure accommodation to protect homeless persons within its area.

The Council effected all necessary guidance from Central Government, Public Health England and the Health & Safety Executive to protect the health and well being of its staff and the people residing, working or visiting its area.

In the context of the need to deal with the immediate consequences of the pandemic the Council also started planning for the longer term recovery and transition from the pandemic and of the needs and opportunities and developing a strategy for that purpose.

SLOUGH BOROUGH COUNCIL**REPORT TO:** Audit & Corporate Governance Committee **DATE:** 3 August 2020**CONTACT OFFICER:** Sushil Thobhani, Service Lead Governance & Deputy Monitoring Officer**(For all enquiries)** (01753) 875036 ; (07542-229125)**WARD(S):** All**PART I**
FOR CONSIDERATION AND COMMENT**LGA PEER REVIEW ON GOVERNANCE ARRANGEMENTS – FINAL REPORT****1 Purpose of Report**

To report to the Committee on the final report issued by the Local Government Association (“LGA”), via their peer review team, following their peer review of the Council’s governance arrangements, which they conducted between 3-5 February 2020.

2 Recommendation(s)/Proposed Action

The Panel is requested to consider and comment upon the contents of this report.

3. The Slough Joint Wellbeing Strategy, the JSNA and the Five Year Plan**3a. Slough Joint Wellbeing Strategy Priorities**

Good governance arrangements will have positive implications for the SJWS and the JSNA.

3b Five Year Plan Outcomes

Good governance arrangements will enhance all the outcomes of the Five Year Plan.

4 Other Implications**(a) Financial**

There are no financial implications at this stage

(b) Risk Management

Recommendation from section 2	Risks/Threats/ Opportunities	Current Controls	Using the Risk Management Matrix Score the risk	Future Controls
To consider and comment upon the LGA Peer Review on the Council’s	Political, Legal & Regulatory risks associated with decisions	Existing operating arrangements	Likelihood – Very Low – 2 Impact –	Enhanced and fortified governance arrangements

Governance arrangements.	taken on existing arrangements		Negligible – 2 Risk Score: 4	for the future.
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(c) Human Rights Act and Other Legal Implications

Constitutional and Governance arrangements rely for their effectiveness on the exercise of disciplinary powers which has the potential to engage the rights to a fair hearing, the rights to freedom of thought and conscience and the rights to freedom of expression contained Articles 6, 9 and 10 respectively of the European Convention on Human Rights, which are given effect to in domestic law by the Human Rights Act 1998.

Local Authorities also have a statutory duty under Section 9P of the Local Government Act 2000 to prepare, keep up to date and publicise a constitution whose contents are partly prescribed by statute, partly by ministerial directions and are partly matters of local content, within a statutory framework.

(d) Equalities Impact Assessment

There is no identified need for an EIA at this stage.

5 **Supporting Information**

- 5.1 Between 5 and 8 February 2020 the Council underwent a formal Peer Review of its governance arrangements by a corporate peer review team from the LGA.
- 5.2 The LGA peer review team presented its initial preliminary findings of their review by way of a written interim feedback report to the Council in February 2020.
- 5.3 A summary of this interim feedback report was reported to the Committee at their meeting on 5 March 2020 for comment and consideration.
- 5.4 The Council received the LGA’s final report of their peer review in June, a copy of which is appended to this Report.
- 5.5 The main findings of the peer review team are as follows:
- The Council is ambitious to improve and senior officers and members understand why governance is a key part of that
 - The council has made significant and tangible progress on governance issues over the last two years
 - Many of the building blocks of an effective governance framework are now in place but there are still some gaps in the framework that need to be addressed
 - There is more to do to embed a strong foundation of good governance and apply and own it consistently.
- 5.6 The peer review team made the following recommendations:
1. the ambition for transformation now needs to move quickly into the delivery phase.
 2. good governance must be embedded regardless of the delivery of the transformation programme.

3. the council should ensure councillors are appropriately engaged and supported through active involvement in agenda planning, training and briefings.
4. The council should ensure that the quality and timeliness of reports is improved. It should consider making better use of Democratic Services, forward agenda planning and Mod.gov to manage agendas.
5. The Audit and Corporate Governance Committee Terms of Reference should be reviewed to take account of its wider remit.
6. The council should consider a “lessons learned” review of the reasons for the delay in the conclusion of the audit of accounts.
7. The council should proceed quickly to appoint its own suitably qualified and experienced permanent Monitoring Officer.
8. The council should establish a comprehensive member training and development programme
9. The scheme of delegations should be reviewed to ensure the new scheme is understood by everyone involved.
10. The council should ensure scrutiny is given greater status and support to enable it to focus on the key strategic issues facing the authority.
11. The council should maximise the opportunity to be transparent to enhance its reputation.
12. The council should complete the roll out of the localities model and ensure that appropriate governance exists around it.
13. The council should take steps to ensure all councillors are appropriately informed about issues happening in their ward.

5.7 The Committee will appreciate that since they considered the LGA’s interim report at their meeting on 5 March 2020 the council’s focus has been on dealing with the effects of the Covid-19 pandemic. Nonetheless, as considerations are now shifting to recovery from the pandemic, focus is now returning to the LGA’s report and the following developments have taken place:

- The report was used as the basis for training for scrutiny members on 1 July
- The report was presented to the council’s Senior Leadership Team (SLT) at their meeting on 7 July to commence discussion about the action plan which will follow to implement the report’s recommendations.
- The committee began consideration of the recommendation relating to the review of the committee’s Terms of Reference at their workshop on 22 July
- A survey has been issued to Members eliciting their views on their training needs and requirements to inform future planning of a training programme.

5.8 Also, since the Committee’s last meeting, there have been developments affecting some of the recommendations of the LGA Peer review team, particularly relating to the move of the transformation programme into the delivery phase. For example:

- The Council launched the formal consultation in relation to the restructure of 2nd and 3rd tier posts on 3 June 2020. The consultation closed on 15 July 2020 and the time limit for expressions of interest for appointment to the new structure closed on 22 July 2020. Interviews and appointments to the new Structure are scheduled to take place in August with a view to the new structure taking effect from the beginning of September 2020.
- In accordance with the localities strategy, Landmark Place has now closed. The first of the Council’s local access points has now opened at the Britwell Community Hub.

5.9 The next steps now will be for the Council to develop the action plan to implement the recommendations of the LGA Peer Review team and to report to the Committee upon this plan. This will be done at the first appropriate opportunity following the completion of the implementation of the 2nd and 3 tier restructure and the appointments to the new structure.

6 **Comments of Other Committees**

The Monitoring Officer will also receive the final report on the LGA Peer Review on Governance and it will be considered by the Overview & Scrutiny Committee.

7 **Conclusion**

The formal findings and evaluation of evidence of the LGA Governance Peer Review Team have now been presented to the Council with a list of 13 recommendations which provide a “roadmap” to the Council for improvements it can make in order to progress further on its journey to complete its good governance framework and enhance its transformation. The action plan that will now follow will set the timetable to complete this process.

8 **Appendices**

LGA Peer Review Feedback Report – “Governance Peer Challenge – Slough Borough Council – 3rd to 5th February 2020”

9 **Background Papers**

None

Governance Peer Challenge **Slough Borough Council**

3rd - 5th February 2020

Feedback Report

1. Executive Summary

The council is ambitious to improve and senior officers and members understand why governance is a key part of that. As a place, Slough is in a great position to prosper and grow over the next few years. The expansion of Heathrow is taking place on Slough's doorstep and Crossrail will arrive in 2020 or 2021. The council itself is seeking to lever the benefits of these by redeveloping the town centre and attracting new employment and educational opportunities to the area. It is recognised by the council's leaders that this will present some significant challenges and the council itself aims to become 'world class' to get the full benefits for local communities, including exemplary governance.

The council has made significant and tangible progress on governance issues over the last 2 years and people are confident of further improvement under the current leadership. The council went through a period of turbulence two -three years ago during which the council's governance arrangements were tested and found wanting. The council is now determined to put that experience behind it and a lot of work has gone into systems of governance and changing the culture within which the council operates.

As a result, many of the building blocks of an effective governance framework are now in place but there are still some gaps in the framework that need to be addressed. Among these is effective scrutiny, which can support a council's policy development as well as providing important democratic challenge to the executive.

There is more to do to embed a strong foundation of good governance and apply and own it consistently. We found evidence of inconsistent application of procedures which some felt was justified in order to get things done, and we were told that managers find the current Scheme of Delegations confusing which may contribute to it being misapplied, although we found no specific examples of this.

The team found that there was room for improvement in areas such as the role and functions of scrutiny, the role of the Audit & Governance Committee and the quality of committee reports, as well as support to members in terms of information, briefings and training. We particularly noted a need to improve forward planning of agendas, which would contribute towards solutions to some of the other issues identified.

2. Key recommendations

In addition to the suggestions and observations within the main section of the report that will inform some 'quick wins' and practical actions, , the following are the peer team's key recommendations to the Council:

1. Governance is a key aspect of the Council's improvement journey.

The ambition for transformation now needs to move quickly into the delivery phase.

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Chief Executive: Mark Lloyd

Local Government Association company number 11177145 Improvement and Development Agency for Local Government company number 03675577

2. Good governance must be embedded regardless of the delivery of the transformation programme and the council should ensure all staff understand why governance is important to their daily work.
3. The council should ensure councillors are appropriately engaged and supported through active involvement in agenda planning, training and briefings.
4. The council should ensure that the quality and timeliness of reports is improved. It should consider making better use of Democratic Services, forward agenda planning and Mod.gov to manage agendas.
5. The Audit & Governance Committee Terms of Reference should be reviewed to take account of its wider remit.
6. The council should consider a “lessons learned” review of the reasons for the delay in the conclusion of the audit of accounts.
7. The council should proceed quickly to appoint its’ own suitably qualified and experienced permanent Monitoring Officer.
8. The council should establish a comprehensive member training & development programme.
9. The scheme of delegations should be reviewed to ensure the new scheme is understood by everyone involved.
10. The council should ensure scrutiny is given greater status and support to enable it to focus on the key strategic issues facing the authority.
11. The council should maximise the opportunity to be transparent to enhance its reputation.
12. The council should complete the rollout of the localities model and ensure that appropriate governance exists around it.
13. The council should take steps to ensure all councillors are appropriately informed about issues happening in their ward.

3. Summary of the Peer Challenge approach

The peer team

Peer challenges are delivered by experienced elected member and officer peers. The make-up of the peer team reflected your requirements and the focus of the peer

challenge. Peers were selected for their relevant experience and expertise and were agreed with you. The peers who delivered the peer challenge at Slough were:

- Carole Mills: Chief Executive, Derby City Council. Lead peer.
- Mayor John Biggs: Executive Mayor, Tower Hamlets LBC. Lead member peer
- Cllr Alan Jarrett: Leader, Medway Council. Member peer
- Helen Gorman: Borough Solicitor, Bolton MBC
- Tim Martin: Head of Governance, West Midlands CA
- Sanjit Sull: Monitoring Officer, Rushcliffe BC
- Thomas French: Member Services Officer, LGA
- Alan Finch: LGA peer challenge manager

Scope and focus

Good governance is the means by which a public authority shows it is taking decisions for the good of the people of the area, in a fair, equitable and open way. It also requires standards of individual and collective behaviour and integrity that support good decision making.

The peer team considered the following brief which was agreed with the council. The questions raised by the council were organised into four themes. These are the areas we believe are critical to the council's governance improvement:

Leadership & culture

- How well are the benefits of good governance understood across the authority?
- How is good governance and ethical standards in behaviour managed and driven forward in the council?
- Does the council adopt leadership styles which are open, inclusive, and engender trust from staff, other partners, and the public?
- How does the council ensure it is a learning organisation and able to adapt its governance and decision-making process to changing circumstances whilst ensuring continuous service improvement?

Organisation & standards

- How well defined and understood are the respective roles of the Council, the Leader, the Cabinet, backbench Councillors and the Statutory Officers (Head of Paid Service, Monitoring Officer and Chief Finance Officer (S151)) in (i) policy and decision making, and (ii) operational management?
- Are Codes of Conduct in place for, and respected by, elected Members and staff?

- Is a sufficiently robust standards regime in place, with a recognition of member and officer roles and responsibilities?

Decision making & scrutiny

- Does the council have appropriate controls, frameworks and support in place to support members and officers to make decisions in an accountable and transparent way?
- Does Scrutiny provide effective challenge to the Cabinet, which improves policy and decision making?
- How is the council accountable for the decisions it takes, and how it does report on this?

Connection with residents and others

- How does the council connect with residents and partners in its decision making, and do councillors and senior officers act as effective ambassadors for the council with residents and partners?
- How does the council ensure it is listening to all voices in the community?

The governance review was intended to provide the council with an independent view on how they can establish a clear roadmap for future governance arrangements which will allow the council to continue its improvement journey and deliver on its transformation and regeneration agenda.

The peer challenge process

It is important to stress that this was not an inspection. Peer challenges are improvement focussed and tailored to meet individual councils' needs. They are designed to complement and add value to a council's own performance and improvement. The process is not designed to provide an in-depth or technical assessment of plans and proposals. The peer team used their experience and knowledge of local government to reflect on the information presented to them by people they met, things they saw and material that they read.

The peer team prepared for the peer challenge by reviewing a range of documents and information in order to ensure they were familiar with the Council and the challenges it is facing. The team then spent 2.5 days onsite at Slough Borough Council, during which they:

- Spoke to more than 80 people including a range of council staff together with councillors and external partners and stakeholders.

- Gathered information and views from more than 30 meetings, visits to key sites in the area and additional research and reading.
- Collectively spent more than 210 hours to determine their findings – the equivalent of one person spending more than 5 and a half weeks in Slough.

This report provides a summary of the peer team's findings. It builds on the feedback presentation provided by the peer team at the end of their on-site visit (3rd-5th February 2020). In presenting feedback to you, they have done so as fellow local government officers and members, not professional consultants or inspectors. By its nature, the peer challenge is a snapshot in time. We appreciate that some of the feedback may be about things you are already addressing and progressing.

4. Feedback

4.1 Leadership & culture

The leadership of the council is widely perceived to have made a positive difference in the last two years. The Leader is described as open and a “force for good” and the Chief Executive is seen as a “breath of fresh air”. Culture and relationships have improved and are now generally described as better. People we spoke to are confident that this improvement will continue and will be built upon. This puts the council in a good place to move forward.

“We are heading in a strong and powerful direction”

The council is ambitious for the place and for itself and it wants to be ‘world class’ and this ambition is being transformed into firm actions built on a Five-Year Plan. The council recognises how inward investment in Slough as a place can have benefits for residents and wants to ensure that investment is leveraged to benefit local people. For the council as an organisation, the new civic building is seen as a positive statement of ambition and improvement.

The ambition for transformation now needs to move quickly into the delivery phase. There is a perception among staff that the current transformation has been a long time coming and that the council promises change but often does not deliver it, so it would massively benefit the organisation if the promise of positive change could begin to be realised. In particular, staff and residents have referred to examples of silo working and the desire to see that addressed.

“Transformation is taking so long. What’s the delay?”

The council is rightly making good governance a part of its transformation, but good governance must be embedded regardless of the delivery of the transformation programme. The peer team have identified some issues that can and should be addressed straight away and these are set out in this report.

Furthermore, it is evident that not all staff understand the practical importance of good governance, which reflected in lack of understanding of the scheme of delegations. We heard that the governance framework is relatively little understood below the top tiers of management and that governance is not always taken seriously, leading to issues such as internal audit recommendations not being implemented. There may be a residual culture of non-compliance, reflected in measures such as a staff appraisal completion rate of 47%, and more needs to be done to address this.

There are also pockets of frustration among some councillors about the support they are receiving to allow them to do their job, as set out later in the report.

4.2 Organisation & standards

A great deal of work has been done towards putting good basic governance arrangements in place. A decision-making framework and documentation has been created and clear lines of accountability and terms of reference have been established for committees and boards. However, the peer team felt it was unusual for performance reporting to be referenced directly to the administration's manifesto rather than to approved policy objectives of the council derived from the manifesto.

Key officers meet specifically to discuss governance issues; there is a regular meeting of statutory officers and issues of governance are regularly discussed by the Corporate Management Team.

The transformation programme and Brilliant Basics project offer a great opportunity for further change and improvement. Governance arrangements have been established for the transformation programme, including the identification of transformation champions which is seen as a positive step. The council has recognized that governance needs to be a key strand of the transformation.

Organisational improvements have been made. The recent introduction of a new councillor casework system is regarded as a positive step.

This has had to be accomplished while the council has had some difficult issues to contend with. Current arrangements with the Children's Trust are taking considerable management time and concerns have been expressed about the lack of influence the council has, especially over the finances of the Trust.

Whilst there have been improvements made, we found a number of issues were raised which are picked up in more detail in the next two sections.

Members are elected by communities to represent their interests. All elected members, especially when newly elected, need training and development support from their councils to help them to be effective in this. We found that, while there is a basic level of training available for all members and some have benefited from external training and development, there is a lack of a comprehensive training offer to members and responsibility for providing one is confused. There needs to be a refreshed, comprehensive member training and development programme with responsibility for promoting and delivering it suitably allocated within the organisation.

An audit committee in local government is a key committee representing all Councillors in their role as 'those charged with governance'. The importance and purpose of Audit & Governance Committee is not fully understood. It is not well supported and many people are saying it is focusing on the wrong things. We heard examples of long debates on Key Performance Indicators leaving relatively little time to consider audit reports. We were also told that there is no system for calling managers to committee to discuss audit findings. This may be because there is no such system or because it is infrequently triggered. The Audit & Governance Committee Terms of Reference should be refreshed and its meetings conducted to take account of its wider remit and ensure that time spent at meetings is balanced to address its full area of responsibility.

“The organisation is in the right place in seeking assurance but what’s the point if it doesn’t follow through?”

At the time of the review, the external audit was not yet complete and we understand there have been many issues flagged to the council that need to be resolved. Since the review, we understand the council has raised certain concerns with the auditor. The council needs to consider a “lessons learned” review of the reasons for the delay in the conclusion of the audit of accounts and the external auditor should be invited to be involved.

The Monitoring Officer is a statutory officer who in most local authorities has overall responsibility for governance and is usually a qualified lawyer. As a temporary arrangement the council currently shares a very experienced Monitoring Officer with another authority who spends on average one day a week in Slough. Given Slough’s ambition and the issues it faces, this cannot be regarded as a permanent solution. The arrangement is widely considered in the council to require resolution as a priority and the council needs to proceed quickly to appoint its’ own suitably qualified and experienced permanent Monitoring Officer.

Managers feel that the scheme of delegations does not allow them to make effective and timely decisions. We recognised that this part of the council’s Constitution is complicated and hard to follow. Often it relies on officers knowing the level at which they sit within the organisation rather than the role they carry out. The council needs to review the scheme of delegations and ensure the new scheme is understood by everyone involved.

4.3 Decision making & scrutiny

The leadership is clear about priorities and the direction of travel for the authority and we met passionate councillors who are keen to make a difference in the community.

There is recognition that much progress has been made in the use of data and insight.

Scrutiny is an important role in any council with a cabinet and leader model and at its best, can provide constructive challenge that helps a council develop effective policy and enhance trust between the council and communities. There are some good examples in Slough of pre-decision scrutiny and task and finish group work exploring issues such as disability and food poverty.

In general, however, the council does not give scrutiny the status it requires and it lacks senior officer attendance and champions. As a result, Scrutiny is not sufficiently enabled and supported to address the key strategic issues facing the authority. In addressing the training issues for members identified earlier in the report, specific training for members on scrutiny is required, and it has been suggested that this could be carried out jointly with officers. The annual scrutiny report to council does not give an engaging picture and misses out some of the best work the Overview & Scrutiny Committee and scrutiny panels have done. We were left unclear as to how the work programme for scrutiny is set. Members and officers together need to consider how scrutiny can be given more status and better support.

“Scrutiny is not robust. People don’t feel scrutinised”.

The forward planning process for committees requires improvement and needs to be jointly produced by officers and councillors together and aligned to the Five-Year Plan. The Council fulfills its statutory responsibility for a three-month forward plan of key decisions but currently has no annual plan, although we understand there are plans to introduce one. We also heard that members have limited involvement in agenda setting, and where they do it is late in the day.

Perhaps as a result of lack of planning, reports to committees are often produced late and the quality of reports is inconsistent to the extent that some are not fit for purpose. We saw examples that included tables unpopulated with data, spelling errors and sentences cut off in the middle.

The process of officers briefing members on reports before committee meetings also appears haphazard, with examples of briefings happening late, insufficiently covering the agenda or being cancelled.

A revised system of agenda planning, involving members with an annual forward plan and programmed and diared dates for key stages such as the submission of reports and briefings would help to address these issues. The council could make better use of Democratic Services and Mod.gov in ensuring there is a consistent approach to managing agendas.

The council has recognised the importance of ensuring oversight of the arms-length arrangements and commercial partnerships it has established on different

terms, and has recently set up a Commercial Committee to provide this. The council is making significant use of commercial opportunities to generate income and deliver benefits for the town, and it was felt that the council could be more transparent in its commercial transactions.

4.4 Connection with residents and others

The residents we met spoke warmly of the council and many of its initiatives and partners are also positive about the council's direction of travel. The council is self-critical on the question of low rates of resident engagement, but although this is not ideal, it is an issue across local government and Slough does not appear to be untypical.

The council has made good progress in its approach to localities and neighbourhood working and again, the use of data and insight has informed this. We heard of some good work in community development and also of coproduction, especially in the field of adult social care and some emerging localised partnership working with health partners.

“The co-production model is the best thing Slough has done”

Those we spoke to feel that the council is getting its message across. Place branding is being developed in conjunction with partners. The council is conscious of reputational issues, but this does not seem to be affecting the willingness of investors to commit themselves to the town given its strategic location and other advantages.

The council has set up a 'One Council' group which will lead on community engagement.

The localities model is evolving and has yet to be fully rolled out and the council needs to proceed with this to ensure that the benefits are felt everywhere across the Borough. As these arrangements evolve, it will be increasingly important to think about which decisions are at local level and how they are taken and which remain in the centre, and how governance works across the two.

Information to councillors about their wards has been reported as patchy and not as timely as it might be. This can put members on the back foot in terms of their relationships with residents and the community and make the council seem remote. Improving this information flow would improve governance by enabling ward members better to advocate for and represent their wards and would support the council's commitment to neighbourhood working.

The council should reflect on its approach to openness. With the purchase of Observatory House, for example, the council missed an opportunity to enhance its reputation with residents. The deal itself was a commercial negotiation the details

of which could not be made public at the time. However, the council could have released more details of the financial case for the change and could perhaps have said more once the deal was concluded. As it is there is still misinformation about the cost of the building. In one meeting, a participant quoted a figure over £100 million, although we understand the real price was around £40 million. This is an example where more timely transparency may have led to a better result.

5. Next steps

Immediate next steps

We appreciate the senior managerial and political leadership will want to reflect on the findings within this report in order to determine how the organisation wishes to take things forward.

To support you in your improvement journey the Peer Team have identified a number of key recommendations, some of which you may already have in hand. We welcome your response to these recommendations within the next three months through the development of an action plan.

Your Principal Adviser Mona Sehgal (Email: mona.sehgal@local.gov.uk) and her team have been providing ongoing support to the council and will be in contact to discuss assisting the council in its response to this peer challenge.

We are keen to continue the relationship we have formed with the Council throughout the peer challenge. We will endeavour to provide signposting to examples of practice and further information and guidance about the issues we have raised in this report to help inform ongoing consideration.

Follow up visit

The Council received an LGA Corporate Peer Challenge in February 2019 and a follow up visit has yet to be scheduled. We will discuss with the council how follow-up work by the governance peer team can be scheduled to be of most benefit to the council without necessarily subjecting the council to a series of peer challenges and follow-up visits.

SLOUGH BOROUGH COUNCIL**REPORT TO:** Audit & Corporate Governance Committee **DATE:** 3 August 2020**CONTACT OFFICER:** Sushil Thobhani, Service Lead Governance & Deputy Monitoring Officer**(For all enquiries)** 07542-229125**WARD(S):** All**PART I**
FOR CONSIDERATION & COMMENT**MEMBERS CODE OF CONDUCT****1 Purpose of Report**

The purpose of this report is to:

- (i) report to the committee upon developments with regard to a national model code of conduct for councillors;
- (ii) report to the committee on the issue of checks on Councillors with the Disclosure and Barring Service (DBS);
- (iii) bring to the Committee for consideration and comment the draft of the letter proposed to be sent to the Ministry of Housing, Communities and Local Government by the Monitoring Officer on behalf of the Committee with regard to the challenges associated with implementation of the Localism Act in relation to standards matters;
- (iv) bring to the Committee for consideration and comment the issues of the timeframe for investigation of complaints and the publication of findings; and
- (iv) update the Committee on complaints under the Councillors' Code of Conduct which remained undisposed of at their last meeting on 5 March 2020.

2 Recommendation(s)/Proposed Action

The Committee is requested to:

- (i) note the developments with regard to a national model code of conduct for Councillors set out at paragraph 5.1 of this Report and consider and comment upon the draft model code set out at Appendix 1;
- (ii) consider and comment upon the contents of this Report relating to checks with the Disclosure and Barring Service for Councillors set out in paragraph 5.2 of this Report;
- (iii) consider and comment upon the draft letter proposed to be sent to the Minister for Housing, Communities and Local Government by the Monitoring Officer on behalf of the Committee highlighting the challenges associated with the implementation

of the Localism Act in relation to standards matters referred to in paragraph 5.3 of this Report and set out at Appendix 3,

- (iv) consider and comment upon the contents of this Report relating to the timeframe for investigation of complaints and the publication of findings set out at paragraph 5.4;
- (v) note the contents set out at paragraph 5.5 of this Report relating to complaints under the Councillors' Code of Conduct which remained outstanding at the time of the Committee's last meeting on 5 March 2020.

3. **The Slough Joint Wellbeing Strategy, the JSNA and the Five Year Plan**

The delivery of all these strategic priorities is dependent on the highest possible standards of openness, honesty and accountability. This is underpinned by the Confidential Whistleblowing Code, the Councillors' Code of Conduct and good governance arrangements being in place.

4 **Other Implications**

(a) Financial

There are no financial implications arising specifically from this report, other than as set out in paragraph 5.2.11

(b) Human Rights Act and Other Legal Implications

The law relating to Councillors' conduct is contained in the Localism Act 2011. Under Section 27 of that Act the Council must promote and maintain high standards of conduct by members of the Council and, in discharging this duty, the Council must adopt a code dealing with the conduct that is expected of members of the Council when they are acting in that capacity.

The Council must secure, by virtue of Section 28 of that Act, that such code adopted by it is, when viewed as a whole, consistent with the principles of selflessness, integrity, objectivity, accountability, openness, honesty and leadership (the "Nolan Principles").

The Council must also have in place arrangements under which allegations can be investigated and arrangements under which decisions on allegations can be made, and if the Council find that a member of the Council has failed to comply with its code of conduct, it may have regard to the failure in deciding whether to take action in relation to the member and what action to take.

(d) Equalities Impact Assessment

There is no identified need for an Equalities Impact Assessment arising from this Report.

(e) Workforce implications

No workforce implications arise from this Report.

5 **Supporting Information**

5.1 **National Model Code of Conduct for Councillors**

- 5.1.1 At recent meetings of the Committee, the Committee have considered the report of the Cabinet Committee on Standards in Public Life (CSPL), “Local Government Ethical Standards”, published in January 2019. One recommendation of that Committee was that the Local Government Association (LGA) should create an updated model code of conduct in consultation with representative bodies of councillors and officers of all tiers of government.
- 5.1.2 In their Report the CSPL considered that there should be a national model code of conduct but that this should not be mandatory and should be able to be adapted by individual authorities. The CSPL also considered that a new model code would be needed and recommend that the LGA should draft that code, given their significant leadership role in the sector, in consultation with representative bodies of councillors and officers of all tiers of local government. They also recommended that the MHCLG should ensure that they are given the necessary resources and support to undertake this work.
- 5.1.3 The LGA published a draft model code of conduct for consultation on 8 June 2020. A copy is set out at Appendix 1 to this report. The LGA will offer it as a template for Councils to adopt in whole and/or with local amendments. The LGA have undertaken to carry out an annual review of this code to ensure it continues to be fit-for-purpose with respect to advances in technology, social media and any relevant changes in legislation. Once finalised the LGA will also offer support, training and mediation to Councils on the code, whilst the National Association of Local Councils (NALC) and the county associations of local councils can offer support and advice to parish councils.
- 5.1.4 The LGA have invited responses to the draft model code by 17 August 2020.
- 5.1.5 The Committee are requested to consider and comment upon the new model code and to indicate what response if any the Committee might wish the Council to make in the Consultation.
- 5.1.6 It is considered, taking into account all the revisions made to the Council’s Code of Conduct following the work done by the Member Panel on the Constitution and this Committee over the last year, which revisions were accepted by full Council at their meeting on 21 July 2020, that the Council’s Code of Conduct, as it stands as present, compares very favourably with the Model Code of Conduct published by the LGA. There are some differences and nuances. For example, the Council’s Code requires Members to treat others with respect, whereas the Model Code requires Members to treat others with civility and to respect the roles that they play. Also, for example, the Model Code sets out an escalating list of eight actions which could be taken in the case of breach of the code, which is not a feature of the Council’s Code of Conduct.
- 5.1.7 Further iterations of the model code will be reported to the Committee, to the Member Panel on the Constitution and to full Council, as appropriate.

5.2 Checks on Councillors with the Disclosure and Barring Service

5.2.1 At their meeting on 5 March 2020 the Committee asked the Monitoring Officer to update the committee on good practice in relation to CRB checks for Members.

5.2.2 The acronym “CRB” refers to the “Criminal Records Bureau”. References to the CRB are now redundant, as the body presently charged with providing information from criminal records is the “Disclosure and Barring Service”, commonly referred to by the acronym “DBS”.

5.2.3 The change from the CRB to the DBS was affected by the Protection of Freedoms Act 2012.

5.2.4 Prior to the coming into force of the Protection of Freedoms Act 2012 it was not uncommon for Councils to carry out CRB checks on Councillors. Following its coming into force, however, a more restricted set of criteria was introduced as to when checks could be carried out and by whom. Since then, therefore, carrying out DBS checks has become a policy matter for individual councils.

5.2.5 Under the DBS system there are 4 levels of checks that may be made: “Basic”, “Standard”, “Enhanced” and “Enhanced Check with Barred Lists Check”. The “Basic” check will disclose unspent convictions but not spent convictions, cautions, warnings, reprimands, other police information nor information from the Adult’s or Children’s barred lists. The “Standard” check will reveal unspent convictions, spent convictions, cautions, warnings and reprimands but not other police information nor information from the Adult’s or Children’s barred lists. The “Enhanced” check will reveal the same information as the “Standard” check but also other police information. The “Enhanced Check with Barred Lists Check” will reveal all information, including information from the Adult’s and Children’s barred lists.

5.2.6 Councils do not have the right to carry out on “Enhanced” or “Enhanced Check with Barred Lists Check” on Councillors other than in respect of those Councillors likely to be involved in “regulated activity” in respect of children or vulnerable adults. Councils are not able either to carry out directly or to require from Councillors “Standard” checks other than in respect of “regulated activity”. The “Standard” check would not in any event reveal other police information or information from the Adult’s and Children’s Barred Lists. Councils are not able, therefore, to obtain information on spent convictions, cautions, warnings, reprimands, other police information or information from the Adult’s and Children’s Barred Lists. This is why Councils largely, do not require DBS checks in respect of all Members.

5.2.7 Councils are, however, able to require Councillors, by way of an obligation in their Codes of Conduct, to require Members to procure a “Basic Check” on them and to provide the information to the Monitoring Officer and to arrange for a record to be kept. As stated above, this check will not reveal any information about spent convictions, cautions, warnings, reprimands, other police information or information from the Adult’s or Children’s Barred Lists.

5.2.8 Certain Councils have, however, chosen to adopt policies requiring “Basic” searches in respect of Members. These include, inter alia, Thurrock, Leeds, Sunderland, Devon County Council and Bristol. The general rationale for the adoption of these policies appears to have been to enhance safeguarding, even if in a limited way (due to the limitations on the information obtained by such searches) and despite

potential for challenges based on alleged breaches of the rights to private life contained in the Human Rights Act 1998.

5.2.9 Where Councils have adopted policies to require DBS checks on Members, those policies prescribe, inter alia, how any information revealed is stored and kept, who has access to it, how long it will be stored for and how it will be used

5.2.10 South East Employers have very recently carried out an informal survey of their Members on their individual practices on this issue and the responses received are summarised in Appendix 2 to this Report.

5.2.11 The cost of a “Basic” check with the DBS for an individual is presently £23.00. The costs of such a check for all 42 Members would be £966.00.

5.2.12 The Committee is requested to consider and comment upon the contents of this paragraph 5.2 of this Report.

5.3 Letter to the Secretary of State for Housing, Communities & Local Government

5.3.1 At their last meeting on 5 March 2020 the Committee considered a report by the Service Lead Governance on revisions to the Council’s Constitution which contained reference to recommendations made by the Cabinet Committee on Standard in Public Life (CSPL) in their report, “Local Government Ethical Standards” issued in January 2019. That Report informed the Committee that certain changes to councillors’ codes of conduct recommended by CSPL would require primary legislation as existing legislation would need to be amended to accommodate such changes.

5.3.2. Whilst, therefore, the Council have done considerable work in seeking to amend its Councillors’ Code of Conduct to seek to incorporate within it many of the recommendations of the CSPL, and whilst the LGA have now issued for consultation a national model code of conduct as reported to the Committee in paragraph 5.1 of this report, the full enhancement of the recommendations of the CSPL is dependant upon, inter alia, action by central government.

5.3.3 These changes, which would require primary legislation, cover such matters as a statutory presumption that Councillors are acting in an official capacity in their public conduct, including statements made on publically accessible media; ability to suspend a councillor for breach of the Code where the Independent Person agrees that it would be an appropriate sanction; statutory clarification of powers to lawfully ban Councillors from Council premises and withdraw facilities; powers to suspend Councillors, without allowances, for six months etc.

5.3.4 Accordingly, at their last meeting, the Committee requested that the Monitoring Officer write to the Ministry of Housing, Communities and Local Government highlighting the challenges associated with implementation of the Localism Act with regard to standards matters.

5.3.5. The Monitoring Officer proposes to send a letter to the Secretary of State in the terms of the draft set out in Appendix 3. The Committee is requested to consider and comment upon the same.

5.4 Timeframe for complaints and publication of findings under the Councillors' Code of Conduct

- 5.4.1 At their last meeting on 5 March 2020 the Committee determined that the Monitoring Officer should seek, in consultation with the chair, to amend the Code to include a timeframe for investigation and determination of complaints.
- 5.4.2 At their last meeting on 5 March 2020 the Committee also resolved that the Monitoring Officer examine the possibility of the Code of Conduct being amended to reflect that any findings of breaches of the Conduct be published.
- 5.4.3 The Code of Conduct presently provides that the Monitoring Officer will acknowledge receipt of the complaint within 5 working days of receipt and will normally determine, after such consultation with the Independent Person as he shall deem appropriate, whether any complaint merits formal investigation. Otherwise there will be a decision within 28 days of receipt.
- 5.4.4 There is no timeframe for investigation and determination of complaints that merit formal investigation. There is scope for delay in the time it takes for formal responses to be received to complaints from members and on occasions there may be a need to interview several witnesses and the need to appoint an external investigator. Now that the Council are in a position where there is no longer a backlog of outstanding complaints, the Monitoring Officer proposes to re-set the position by seeking to amend the Code of Conduct to provide that there be an expectation that in the case of complaints that require formal investigation, that these be completed within 3 months, and that there be a requirement for Subject Members to respond to complaints within 14 days of first being informed of the complaint and to respond to any further requests for information from the Monitoring Officer with 7 days of each such request in the absence of any reasonable excuse. He also proposes, in the meanwhile, to seek to apply this time frame pending any formal amendment of the Code of Conduct.
- 5.4.5. The Committee are requested to consider and comment upon the preceding paragraph with a view to providing a steer for formal amendments which may be proposed to the Member Panel on the Constitution at their next meeting.
- 5.4.6. At present, the Code of Conduct does not provide for any formal publication of the outcome of any investigation and determination by the Monitoring Officer, save that the Council have delegated to the Determination Sub-committee the power to authorise the Monitoring Officer to publish any findings in respect of a Subject Members Conduct where the sub- Committee have determined a complaint referred to the Committee.
- 5.4.7 The Cabinet Committee on Standards in Public Life in their Report on Local Government Ethical Standards referred to at paragraph 5.1.1 above made a best practice recommendation that where a local authority makes a decision on an allegation of misconduct following a formal investigation, a decision notice should be published as soon as possible on its website, including a brief statement of facts, the provisions of the code engaged by the allegations, the view of the Independent Person, the reasoning of the decision-maker and any sanctions applied.
- 5.4.8 The Member on the Panel on the Constitution and this Committee have considered the above best practice recommendation, which affects decisions of the Determination sub-committee, and have resolved to partly adopt the recommendation

by way of accepting the information which the CSPL have recommended be published, but have not agreed that this should be automatic and continue to be in the discretion of the Determination sub-committee, as at present. This has now been agreed by full Council and adopted as part of the revisions to the Constitution agreed at their meeting on 21 July 2020.

5.4.9 If the Committee are minded to publish, in a similar manner, any decisions of the Monitoring Officer following a formal investigation where the Subject Member has agreed the facts and the Monitoring's Officer has made a decision that there has been a breach of the Code, the manner in which this might be done is for the Committee to refer such cases to the Determination sub-committee to consider and to decide, following consideration of representations from the Monitoring Officer, the Independent Person and the Subject Member.

5.4.10 The Committee are asked to consider and comment upon the suggestion made in the preceding paragraph of this Report.

5.5 Outstanding Complaints under the Councillors Code of Conduct

5.5.1 The following table summarises the complaints under the Councillors' Code of Conduct which still remained to be determined by the Monitoring Office at the time of the last activity Report to the Committee on 5 March 2020. All these complaints have now been resolved and no new complaints under the Code of Conduct have been received since the last meeting of the Committee. As at the date of the publication of this report, therefore, there are no complaints under the Code which remain to be resolved.

	Subject Member – Borough/Parish	Complainant & Date Received	Code Provision(s) considered	Action taken/intended action and dates	Outcome & Date of Resolution
1	Borough Councillor	Complaint by one Borough Councillor and two residents 06.08.19 08.08.19 13.08.19	2.4 You must not conduct yourself in a manner which could reasonably be regarded as bringing the Council, or your office as a Member of the Council, into disrepute. 2.6 You have a duty to uphold the law including the general law against discrimination.	10.09.19 Complaints sent to Subject Member for response. 10.09.19 Link to audio recording of evidence sent to Subject Member. 12.09.19 Subject Member requested audio recording on memory stick and deciphering of manuscript wording in complaint form. 13.09.19 Instructions to access audio recording sent to Subject Member by IT. 02.12.19 Deputy Monitoring Officer concluding investigation and making provisional findings of breach of Code	Local Resolution 20.07.20

				<p>by Subject Member to report to Monitoring Officer and Independent Person.</p> <p>13.01.20. Deputy Monitoring Officer submitting Report of findings to Monitoring Officer and Independent Person.</p> <p>20.01.20 Meeting between Deputy Monitoring Officer and Independent Person. Findings agreed. Confirmed subsequently with Monitoring Officer.</p> <p>06.02.20 Subject Member informed of provisional findings. Response requested.</p> <p>07.02.20 communication from Subject Member that due to work commitments substantive response could not be provided until end of the month. Audio recording of evidence requested again.</p> <p>12.02.20. Audio recording provided to Subject Member on Memory Stick.</p> <p>13.02.20 Subject Member provided with password to access audio recording.</p> <p>27.02.20 Subject Member sending response to complaint.</p> <p>02.03.20 Subject Member sending supplementary evidence in relation to response to complaint.</p> <p>06.03.20 Subject Member sending further supplementary evidence in relation to response to complaint.</p>	
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				<p>29.06.20 Deputy Monitoring Officer seeking clarification from Subject Member relating to evidence in support of response to complaint.</p> <p>01.07. 20 Subject Member clarifying that comments subject of the complaint not intended in any way to be of general application to class of persons referred to, but to refer to reports in general circulation about such class.</p> <p>07.07.20 Deputy Monitoring Officer and Monitoring Officer discussing local resolution in the light of clarification received from Subject Member. Agreeing to informal resolution subject to consultation with of Independent Person</p> <p>20.07.20 Independent Person reviewing evidence and confirming that in light of clarification from Subject Member it was appropriate to dispose of matter by local resolution by way of direction to Subject Member to ensure higher standards in future conduct.</p>	
2	Borough Councillor	<p>Separate Complaints by one Borough Councillor and two residents.</p> <p>06.08.19 08.08.19 08.08.19</p>	<p>2.4 You must not conduct yourself in a manner which could reasonably be regarded as bringing the Council, or your office as a Member of the Council,</p>	<p>10.09.19 Complaints sent to Subject Member for response.</p> <p>26.09.19 Chasing e-mail sent to Subject Member for response to complaints.</p> <p>02.12.19 Deputy Monitoring Officer concluding investigation and making provisional</p>	<p>Finding of no breach of the Code.</p> <p>20.06.20</p>

			<p>into disrepute.</p> <p>2.6 You have a duty to uphold the law including the general law against discrimination.</p> <p>5.2 Members shall co-operate at all stages with any such investigation</p>	<p>findings that no breach of substantive complaint but breach of Code by way of failure to respond to complaint. To be reported to Monitoring Officer and Independent Person.</p> <p>13.01.20. Deputy Monitoring Officer submitting Report of findings to Monitoring Officer and Independent Person.</p> <p>20.01.20 Meeting between Deputy Monitoring Officer and Independent Person. Findings agreed. Confirmed subsequently with Monitoring Officer.</p> <p>06.02.20 Subject Member informed of provisional findings. Response requested.</p> <p>06.02.20. Response from Subject Member. Claim that messages might not have been received due to IT problems. Subject Member to check and revert again.</p> <p>06.02.20 Subject Member communicating again. Confirming that original messages had been received but not read until this day due to IT problems at time of original messages and failure to scroll back far enough to messages when IT problems resolved. Providing supporting evidence to conform the position.</p> <p>20.06.20. In light of explanation and supporting evidence findings made that no breach of the Code by Subject Member.</p>	
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3	Borough Councillor	Council Officer 29.11.19	<p>2.1 You must treat others with respect, including Council officers and other elected Members.</p> <p>2.2 You must not bully any person (including specifically any Council employee)</p>	<p>03.09.19 Meeting between Monitoring Officer, Independent Person and Deputy Monitoring Officer. Approach agreed to deal with complaints at items 3 and 4 in this table together.</p> <p>05.12.19 Complaint sent to subject Member for response. Independent Person informed.</p> <p>05.12.19 Subject Member requested meeting with Independent Person before responding to complaint.</p> <p>11.12.19 Subject Member offering 29 December 2019 for meeting with Independent Person and Deputy Monitoring Officer.</p> <p>07.01.20 Subject Member informed of Independent Person's view that meeting more appropriate once Deputy Monitoring Officer's investigation complete. Meeting date with Subject Member requested.</p> <p>13.01.20 Meeting date requested again from Subject Member. Subject Member offering 14 February 2020 for meeting due to intermittent absences abroad. Deputy Monitoring Officer requesting earlier date if at all possible. Subject Member responding that only certain date available was 14.02.20 but would inform of earlier date if possible.</p> <p>14.02.20 Personal meeting between Subject Member and Deputy Monitoring Officer to discuss response to complaints. Agreed draft</p>	Complaint Withdrawn 24.06.20
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				<p>statement of would be prepared and sent to Subject Member for approval and return. Subject Member indicating that due to travel arrangements unlikely to be able to respond to draft statement until 25.02.20 or 26.02.20.</p> <p>16.02.20 draft statement of response to complaint sent to Subject Member for consideration and approval.</p> <p>03.03.20 Communication to Subject Member informing Subject Member of Monitoring Officer's decision that return of final statement of evidence required by 5.00 p.m. on 13.03.20 otherwise matter would be disposed of on basis of existing available evidence.</p> <p>03.03.30 Subject Member confirming that response would be sent by time stipulated.</p> <p>06.04.20 Deputy Monitoring Officer becoming aware of circumstances which would prevent completion of investigation.</p> <p>Subsequent discussion with Complainant about circumstances. Complainant withdrawing complaint in the circumstances.</p>	
4	Borough Councillor	Officer 29.11.19	2.1 You must treat others with respect , including Council officers and	03.09.19 Meeting between Monitoring Officer, Independent Person and Deputy Monitoring Officer. Approach agreed to deal with complaints at items 3	Complaint withdrawn. 24.06.20

		<p>other elected Members.</p> <p>2.2 You must not bully any person (including specifically any Council employee)</p>	<p>and 4 in this table together.</p> <p>05.12.19 Complaint sent to subject Member for response. Independent Person informed.</p> <p>10.12.19 Complaint acknowledged by Subject Member. Requesting involvement of Independent Member.</p> <p>07.01.20 Subject Member informed of Independent Person's view that meeting more appropriate once Deputy Monitoring Officer's investigation complete. Meeting date with Subject Member requested.</p> <p>13.01.20 Meeting date requested again from Subject Member. Meeting agreed for 22.01.20.</p> <p>22.01.20. Personal Meeting between Deputy Monitoring Officer and Subject Member to discuss response to complaint.</p> <p>02.02.20 Draft statement of response sent to Subject Member for approval, signature and return.</p> <p>11.02.20 Subject Member responding to draft statement requesting amendments.</p> <p>13.02.20 revised draft statement sent to Subject Member.</p> <p>18.02.20 Subject Member responding requiring further amendments to draft statement of response.</p> <p>19.02.20 Further revised</p>	
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				<p>statement sent to Subject Member. Response from Subject Member requiring further revisions.</p> <p>23.02.20 Further revised statement sent to Subject Member.</p> <p>03.03.20 Finalised statement of response agreed with Subject Member.</p> <p>11.03.20 Final signed Statement of Response received from Subject Member.</p> <p>06.04.20 Deputy Monitoring Officer becoming aware of circumstances which would prevent completion of investigation.</p> <p>Subsequent discussion with Complainant about circumstances. Complainant withdrawing complaint in the circumstances.</p>	
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5.5.2 The Committee is requested to note this paragraph 5.5 of this report which seeks to summarise the present position with complaints under the Councillors' Code of Conduct.

6 **Conclusions**

The Committee are asked to consider and comment and note the contents of this report, as appropriate.

7 **Comments of other Committees**

None

8 **Appendices**

Appendix 1 – LGA draft National Model Code of Conduct

Appendix 2 – South East Employers survey Response – DBs checks for Councillors

Appendix 3 – Draft letter to Secretary of State for Housing, Communities and Local Government

10 **Background Papers**

Report of the Cabinet Committee on Standards in Public Life “Local Government Ethical Standards – a Review By the Committee on Standard in Public Life” published January 2019..

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Local Government Association Model Member Code of Conduct

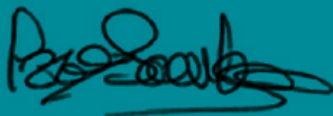
Introduction

The Local Government Association (LGA) is providing this Model Member Code of Conduct as part of its work on supporting the sector to continue to aspire to high standards of leadership and performance.

The role of councillor in all tiers of local government is a vital part of our country's system of democracy. In voting for a local councillor, the public is imbuing that person and position with their trust. As such, it is important that as councillors we can be held accountable and all adopt the behaviours and responsibilities associated with the role. The conduct of an individual councillor affects the reputation of all councillors. We want the role of councillor to be one that people aspire to and want to participate with. We want to continue to attract individuals from a range of backgrounds and circumstances who understand the responsibility they take on and are motivated to make a positive difference to their local communities.

All councils are required to have a local Member Code of Conduct. This Model Member Code of Conduct has been developed in consultation with the sector and is offered as a template for councils to adopt in whole and/or with local amendments. The LGA will undertake an annual review of the Code to ensure it continues to be fit-for-purpose, particularly with respect to advances in technology, social media and any relevant changes in legislation. The LGA can also offer support, training and mediation to councils and councillors on the application of the Code, whilst the National Association of Local Councils (NALC) and the county associations of local councils can offer advice and support to town and parish councils.

As a councillor we all represent local residents, work to develop better services and deliver local change. The public have high expectations of us and entrust us to represent everyone (in our ward/town/parish), taking decisions fairly, openly, transparently and with civility. Councillors should also be treated with civility by members of the public, other councillors and council employees. Members have both individual and collective responsibility to maintain these standards, support expected behaviour and challenge behaviour which falls below expectations. This Code, therefore, has been designed to protect our democratic role, encourage good conduct and safeguard the public's trust in local government.



Councillor Izzi Seccombe OBE
Leader, LGA Conservative Group



Councillor Nick Forbes CBE
Leader, LGA Labour Group



Councillor Howard Sykes MBE
Leader, LGA Liberal Democrats Group



Councillor Marianne Overton MBE
Leader, LGA independent Group

Purpose

The purpose of this Code of Conduct is to assist councillors in modelling the behaviour that is expected of them, to provide a personal check and balance, and to set out the type of conduct against which appropriate action may be taken. It is also to protect yourself, the public, fellow councillors, council officers and the reputation of local government. It sets out the conduct expected of all members and a minimum set of obligations relating to conduct. The overarching aim is to create and maintain public confidence in the role of member and local government.

Application of the Code

The Code of Conduct applies to you when you are acting [or claiming or giving the impression that you are acting]¹ in [public or in]² your capacity as a member or representative of your council, although you are expected to uphold high standards of conduct and show leadership at all times. The Code applies to all forms of member communication and interaction, including written, verbal, non-verbal, electronic and via social media, [including where you could be deemed to be representing your council or if there are potential implications for the council's reputation.] Model conduct and expectations is for guidance only, whereas the specific obligations set out instances where action will be taken.

The seven principles of public life

Everyone in public office at all levels – ministers, civil servants, members, council officers – all who serve the public or deliver public services should uphold the seven principles of public life. This Code has been developed in line with these seven principles of public life, which are set out in appendix A.

Model member conduct

In accordance with the public trust placed in me, on all occasions I will:

- act with integrity and honesty
- act lawfully
- treat all persons with civility; and
- lead by example and act in a way that secures public confidence in the office of councillor

In undertaking my role, I will:

- impartially exercise my responsibilities in the interests of the local community
- not improperly seek to confer an advantage, or disadvantage, on any person
- avoid conflicts of interest
- exercise reasonable care and diligence; and
- ensure that public resources are used prudently and in the public interest

Specific obligations of general conduct

This section sets out the minimum requirements of member conduct. Guidance is included to help explain the reasons for the obligations and how they should be followed. These obligations must be observed in all situations where you act [or claim or give the impression that you are acting] as a councillor [or in public], including representing your council on official business and when using social media.

As a councillor I commit to:

Civility

- 1. Treating other councillors and members of the public with civility.**
- 2. Treating council employees, employees and representatives of partner organisations and those volunteering for the councils with civility and respecting the role that they play.**

Civility means politeness and courtesy in behaviour, speech, and in the written word. Debate and having different views are all part of a healthy democracy. As a councillor you can express, challenge, criticise and disagree with views, ideas, opinions and policies in a civil manner. You should not subject individuals, groups of people or organisations to unreasonable or excessive personal attack.

In your contact with the public you should treat them courteously. Rude and offensive behaviour lowers the public's expectations and confidence in its elected representatives.

In return you have a right to expect courtesy from the public. If members of the public are being abusive, threatening or intimidatory you are entitled to close down any conversation in person or online, refer them to the council, any social media provider or if necessary, the police. This also applies to members, where action could then be taken under the Member Code of Conduct.

Bullying and harassment

- 3. Not bullying or harassing any person.**

Bullying may be characterised as offensive, intimidating, malicious or insulting behaviour, an abuse or misuse of power through means that undermine, humiliate, denigrate or injure the recipient. The bullying might be a regular pattern of behaviour or a one-off incident, happen face-to-face, on social media, in emails or phone calls, happen in the workplace or at work social events and not always be obvious or noticed by others.

The Equality Act 2010 defines harassment as 'unwanted conduct related to a relevant protected characteristic, which has the purpose or effect of violating an individual's dignity or creating an intimidating, hostile, degrading, humiliating or offensive environment for that individual'. The relevant protected characteristics are age, disability, gender reassignment, race, religion or belief, sex, and sexual orientation.

Impartiality of officers of the council

- 4. Not compromising, or attempting to compromise, the impartiality of anyone who works for, or on behalf of, the council.**

Officers work for the council as a whole and must be politically neutral (unless they are political assistants). They should not be coerced or persuaded to act in a way that would undermine their neutrality. Although you can question officers in order to understand, for example, their reasons for proposing to act in a particular way, or the content of a report that they have written, you must not try and force them to act differently, change their advice, or alter the content of that report, if doing so would prejudice their professional integrity.

Confidentiality and access to information

- 5. Not disclosing information given to me in confidence or disclosing information acquired by me which I believe is of a confidential nature, unless I have received the consent of a person authorised to give it or I am required by law to do so.**
- 6. Not preventing anyone getting information that they are entitled to by law.**

Local authorities must work openly and transparently, and their proceedings and

printed materials are open to the public except in certain circumstances. You should work on this basis but there will be times when it is required by law that discussions, documents and other information relating to or held by the council are treated in a confidential manner. Examples include personal data relating to individuals or information relating to ongoing negotiations.

Disrepute

7. Not bringing my role or council into disrepute.

Behaviour that is considered dishonest and/or deceitful can bring your council into disrepute. As a member you have been entrusted to make decisions on behalf of your community and your actions and behaviour are subject to greater scrutiny than that of ordinary members of the public. You should be aware that your actions might have an adverse impact on other councillors and/or your council.

Your position

8. Not using, or attempting to use, my position improperly to the advantage or disadvantage of myself or anyone else.

Your position as a member of the council provides you with certain opportunities, responsibilities and privileges. However, you should not take advantage of these opportunities to further private interests.

Use of council resources and facilities

9. Not misusing council resources.

You may be provided with resources and facilities by the council to assist you in carrying out your duties as a councillor. Examples include office support, stationery and equipment such as phones, and computers and transport. These are given

to you to help you carry out your role as a councillor more effectively and not to benefit you personally.

Interests

10. Registering and declaring my interests.

You need to register your interests so that the public, council employees and fellow members know which of your interests might give rise to a conflict of interest. The register is a document that can be consulted when (or before) an issue arises, and so allows others to know what interests you have, and whether they might give rise to a possible conflict of interest. The register also protects you. You are responsible for deciding whether or not you should declare an interest in a meeting, but it can be helpful for you to know early on if others think that a potential conflict might arise.

It is also important that the public know about any interest that might have to be declared by you or other members, so that decision making is seen by the public as open and honest. This helps to ensure that public confidence in the integrity of local governance is maintained. Discuss the registering and declaration of interests with your Monitoring Officer/Town or Parish Clerk and more detail is set out in appendix B.

Gifts and hospitality

11. Not accepting significant gifts or hospitality from persons seeking to acquire, develop or do business with the council or from persons who may apply to the council for any permission, licence or other significant advantage.

12. Registering with the monitoring officer any gift or hospitality with an estimated value of at least £25 within 28 days of its receipt.

You should exercise caution in accepting any gifts or hospitality which are (or which you reasonably believe to be) offered to you

because you are a member. However, you do not need to register gifts and hospitality which are not related to your role as a member, such as Christmas gifts from your friends and family, or gifts which you do not accept. However, you may wish to notify your monitoring officer of any significant gifts you are offered but refuse which you think may have been offered to influence you.

Note – items in square brackets [x] refer to recommendations made by the Committee on Standards in Public Life and may be part of a future Government consultation. This includes possible future sanctions and appeals processes.

Breaches of the Code of Conduct

Most councillors conduct themselves appropriately and in accordance with these standards. Members have both individual and collective responsibility to maintain these standards, support expected behaviour and challenge behaviour which falls below expectations.

Section 27 of the Localism Act 2011 requires relevant authorities to promote and maintain high standards of conduct by members and co-opted members of the authority. Each local authority must publish a code of conduct, and it must cover the registration of pecuniary interests, the role of an 'independent person', and sanctions to be imposed on any councillors who breach the Code.

The 2011 Act also requires local authorities to have mechanisms in place to investigate allegations that a member has not complied with the Code of Conduct, and arrangements under which decisions on allegation may be made.

Failure to comply with the requirements to register or declare disclosable pecuniary interests is a criminal offence. Taking part in a meeting or voting, when prevented from doing so by a conflict caused by disclosable pecuniary interests, is also a criminal offence.

Political parties may have its own internal standards and resolution procedures in addition to the Member Code of Conduct that members should be aware of.

Example

LGA guidance and recommendations

Internal resolution procedure

Councils must have in place an internal resolution procedure to address conduct that is in breach of the Member Code of Conduct. The internal resolution process should make it clear how allegations of breaches of the Code of Conduct are to be handled, including the role of an Independent Person, the appeals process and can also include a local standards committee. The internal resolution procedure should be proportionate, allow for members to appeal allegations and decisions, and allow for an escalating scale of intervention. The procedure should be voted on by the council as a whole.

In the case of a non-criminal breach of the Code, the following escalating approach can be undertaken.

If the breach is confirmed and of a serious nature, action can be automatically escalated.

1. an informal discussion with the monitoring officer or appropriate senior officer
2. an informal opportunity to speak with the affected party/ies
3. a written apology
4. mediation
5. peer support
6. requirement to attend relevant training
7. where of a serious nature, a bar on chairing advisory or special committees for up to two months
8. where of a serious nature, a bar on attending committees for up to two months.

Where serious misconduct affects an employee, a member may be barred from contact with that individual; or if it relates to a specific responsibility of the council, barred from participating in decisions or information relating to that responsibility.

Endnotes

1. CSPL recommend that “Section 27(2) of the Localism Act 2011 should be amended to state that a local authority’s code of conduct applies to a member when they claim to act, or give the impression they are acting, in their capacity as a member or as a representative of the local authority”.
2. CSPL recommend that “councillors should be presumed to be acting in an official capacity in their public conduct, including statements on publicly accessible social media. Section 27(2) of the Localism Act 2011 should be amended to permit local authorities to presume so when deciding upon code of conduct breaches.”
3. Subject to footnotes 1 and 2 above
4. See CSPL website for further details www.gov.uk/government/news/the-principles-of-public-life-25-years
5. ACAS’s definition of bullying

Appendices

Code Appendix A

The principles are :

Selflessness

Holders of public office should act solely in terms of the public interest.

Integrity

Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.

Objectivity

Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.

Accountability

Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.

Openness

Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.

Honesty

Holders of public office should be truthful.

Leadership

Holders of public office should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.

Code Appendix B

Registering interests

1. Within 28 days of this Code of Conduct being adopted by the council or your election or appointment to office (where that is later) you must register with the Monitoring Officer the interests which fall within the categories set out in Table 1 (Disclosable Pecuniary Interests) and Table 2 (Other Registerable Interests).
2. You must ensure that your register of interests is kept up-to-date and within 28 days of becoming aware of any new interest in Table 1 or 2, or of any change to a registered interest, notify the Monitoring Officer.

Declaring interests

3. Where a matter arises at a meeting which directly relates to an interest in Table 1, you must declare the interest, not participate in any discussion or vote on the matter and must not remain in the room unless granted a dispensation. If it is a 'sensitive interest', you do not have to declare the nature of the interest.
4. Where a matter arises at a meeting which directly relates to an interest in Table 2, you must declare the interest. You may speak on the matter only if members of the public are also allowed to speak at the meeting but otherwise must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation. If it is a 'sensitive interest', you do not have to declare the nature of the interest.

5. Where a matter arises at a meeting which directly relates to your financial interest or well-being (and is not a Disclosable Pecuniary Interest) or a financial interest or well-being of a relative or close associate, you must declare the interest. You may speak on the matter only if members of the public are also allowed to speak at the meeting but otherwise must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation. If it is a 'sensitive interest', you do not have to declare the nature of the interest.
6. Where a matter arises at a meeting which affects –
 - a. your own financial interest or well-being;
 - b. a financial interest or well-being of a friend, relative, close associate; or
 - c. a body covered by table 1 below

you must disclose the interest.

7. Where the matter affects the financial interest or well-being to a greater extent than it affects the financial interests of the majority of inhabitants of the ward affected by the decision and a reasonable member of the public knowing all the facts would believe that it would affect your view of the wider public interest you must declare the interest. You may speak on the matter only if members of the public are also allowed to speak at the meeting but otherwise must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation. If it is a 'sensitive interest', you do not have to declare the nature of the interest.

Table 1: Disclosable Pecuniary Interests

Subject	Description
Employment, office, trade, profession or vocation	Any employment, office, trade, profession or vocation carried on for profit or gain. [Any unpaid directorship.]
Sponsorship	Any payment or provision of any other financial benefit (other than from the council) made to the councillor during the previous 12-month period for expenses incurred by him/her in carrying out his/her duties as a councillor, or towards his/her 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 .
Contracts	Any contract made between the councillor or his/her spouse or civil partner or the person with whom the councillor is living as if they were spouses/civil partners (or a firm in which such person is a partner, or an incorporated body of which such person is a director* or a body that such person has a beneficial interest in the securities of*) and the council — (a) under which goods or services are to be provided or works are to be executed; and (b) which has not been fully discharged.
Land and Property	Any beneficial interest in land which is within the area of the council. ‘Land’ excludes an easement, servitude, interest or right in or over land which does not give the councillor or his/her spouse or civil partner or the person with whom the councillor is living as if they were spouses/civil partners (alone or jointly with another) a right to occupy or to receive income.
Licences	Any licence (alone or jointly with others) to occupy land in the area of the council for a month or longer.
Corporate tenancies	Any tenancy where (to the councillor’s knowledge)— (a) the landlord is the council; and (b) the tenant is a body that the councillor, or his/her spouse or civil partner or the person with whom the councillor is living as if they were spouses/civil partners is a partner of or a director* of or has a beneficial interest in the securities* of.
Securities	Any beneficial interest in securities* of a body where— (a) that body (to the councillor’s knowledge) has a place of business or land in the area of the council; and (b) either— (i) the total nominal value of the securities* exceeds £25,000 or one hundredth of the total issued share capital of that body; or (ii) 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 the councillor, or his/her spouse or civil partner or the person with whom the councillor is living as if they were spouses/civil partners has a beneficial interest exceeds one hundredth of the total issued share capital of that class.

*'director' includes a member of the committee of management of an industrial and provident society.

*'securities' means shares, debentures, debenture stock, loan stock, bonds, units of a collective investment scheme within the meaning of the Financial Services and Markets Act 2000 and other securities of any description, other than money deposited with a building society.

Table 2: Other Registerable Interests

Any Body of which you are a member or in a position of general control or management and to which you are appointed or nominated by the council;	
Any Body—	(a) exercising functions of a public nature;
	(b) directed to charitable purposes; or
	(c) one of whose principal purposes includes the influence of public opinion or policy (including any political party or trade union)
of which you are a member or in a position of general control or management.	



Local Government Association

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We consider requests on an individual basis.

DBS Checks for Councillors June 2020

Council	All members DBS checked	No Members DBS checked	Specific Cllrs who meet criteria	Council pays for DBS check
Royal Borough of Windsor & Maidenhead			x	x
Rother District Council		x		
Arun District Council		x		x
Waverley Borough Council		x		
Guildford Borough Council		x		
Reading Borough Council			x	x
Sevenoaks District Council		x		
Canterbury City Council		x		x
Unknown		x		
East Sussex			x	x
Horsham District Council				
Wealden District Council		x		
West Sussex Council Council	x			x
Maidstone		x		x
Woking Borough Council		x		
Rushmoor Borough Council		x		
Woking Borough Council		x		
Test Valley Borough Council		x		
Chichester District Council			x	x
West Berkshire Council			x	x
Gravesham Borough Council			x	x

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[] August 2020

Department: Governance
Contact Name: Sushil Thobhani
Contact No: 01753 875036 / 07542 229125
Fax:
Email: sushil.thobhani@slough.gov.uk
Our Ref: ST/Misc/Members' Code
Your Ref:

Rt Hon Robert Jenrick MP
Secretary of State for Housing Communities
and Local Government
2 Marsham Street
Westminster
London
SW1P 4DF

Dear Mr Jenrick

Local Government Ethical Standards

I write to you at the behest of the Audit and Corporate Governance Committee of Slough Borough Council, in my capacity as the Council's Monitoring Officer.

In February 2019 the Council invited the Local Government Association to undertake a Corporate Peer Review of the Council. This was very shortly after the publication, in January 2019, of the report by the Cabinet Committee on Standards in Public Life upon their review of Local Government Ethical Standards. The Local Government Association, as part of their peer review of the Council, recommended that the Council to take account of the Committee's Report and how it related to the Council.

Since that time the Council, through its Member Panel on the Constitution and its Audit & Corporate Governance the Committee, have been working assiduously to implement the recommendations of the Committee on Standards in public as part of its Ethical Framework.

The Council is now also at the cusp of responding to the consultation upon the national model code of conduct published by the Local Government Association.

In the course of their journey to improve their Ethical Framework the Council have faced challenges caused by the fact that several important improvements they might make are dependant upon legislative changes which are required to primary legislation in order to put the Cabinet Committee's recommendations into effect.

The principal changes requiring legislative change which would benefit the Council's ambitions include, inter alia, the enactment of a statutory presumption that Councillors are acting in an official capacity in their public conduct, including statements on publically accessible social media; the statutory extension of the definition of disclosable pecuniary interests to include unpaid directorships, trusteeships and management roles in a charity or body of a public nature and membership of organisations that seek to influence opinion or policy; the ability to suspend a Councillor, without allowances, with the agreement of the

independent person when such a sanction would be proportionate and statutory clarification of the powers of a local authority to bar councillors from council premises and to withdraw facilities as sanctions.

I have , therefore been charged by the Council's Audit & Corporate Governance Committee to write to you to highlight these challenges and to exhort you to use your best endeavours to seek to achieve the enactment, as soon as reasonably possible, of the necessary statutory changes desired by this Council and by numerous others to improve and fortify their Ethical Frameworks.

I look forward to receiving a positive response from you to convey to the Council and its Audit & Corporate Governance Committee.

Yours sincerely,

Hugh Peart
Monitoring Officer
Slough Borough Council

SLOUGH BOROUGH COUNCIL**REPORT TO:** Audit & Corporate Governance Committee **DATE:** 3 August 2020**CONTACT OFFICER:** Sushil Thobhani, Service Lead Governance & Deputy Monitoring Officer**(For all enquiries)** 07542 229125**WARD(S):** All**PART I**
FOR INFORMATION**LOCAL GOVERNMENT AND SOCIAL CARE OMBUDSMAN – COMPLAINTS, FINDINGS, OUTCOMES & LESSONS LEARNT****1 Purpose of Report**

The purpose of this report is to update the Committee on complaints to the Local Authority and Social Care Ombudsman (“the Ombudsman”) published by the Ombudsman, since the last report to the Committee on this subject on 5 March 2020. This report also updates the Committee on the actions taken by the Ombudsman since the coming into force of the “lockdown” restrictions due to the pandemic caused by the spread of the coronavirus SARS-CoV-2

2 Recommendation(s)/Proposed Action

The Committee is requested to note the contents of this report.

3. The Slough Joint Wellbeing Strategy, the JSNA and the Five Year Plan

The delivery of all these strategic priorities is dependent on the highest possible standards of openness, honesty and accountability. The Council’s learning and actions in response to these findings and recommendations will serve to enhance the delivery of these priorities.

4 Other Implications**(a) Financial**

There are no direct financial implications arising from this report.

(b) Risk Management

Recommendation from section 2 above	Risks/Threats / Opportunities	Current Controls	Using the Risk Management Matrix Score the risk	Future Controls
Request to note the report	Reputational damage to the Council of findings of	Receipt of reports from the Ombudsman	Legal & Regulatory Risk.	No further controls

	maladministration by the Ombudsman and risk of payment of compensation pursuant to his recommendations.	by the Chief Executive, oversight by Audit & Corporate Governance Committee and Monitoring Officer consent to any payment of compensation pursuant to a recommendation of the Ombudsman.	Likelihood is and very low and the impact is negligible. The Risk Score is 2.	
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(c) Human Rights Act and Other Legal Implications

The law relating to the Local Government and Social Care Ombudsman is contained in the Local Government Act 1974, as amended.

Under the Local Government Act 1974, as amended, the Ombudsman can investigate any alleged or apparent:

- Maladministration in connection with the Council's administrative functions
- failure in a service which it was the Council's function to provide
- failure to provide a service which it was the Council's function to provide
- failure in a service provided by the Council under its public health functions; or
- failure to provide a service under the Council's public health functions.

The Ombudsman can prepare a report following his or her investigation which may include recommendations of actions for the Council to take to remedy the maladministration including a recommendation to pay monetary compensation to the complainant.

The Ombudsman does not have formal legal powers to enforce compliance by the Council with his recommendations. Failure by the Council to comply with the recommendations could, however, result in the issue by the Ombudsman of a formal public interest report about the complaint, naming the Council. This report must be made available to the public and advertised in the local press covering the Council's area. If the Council do not agree to carry out the recommendations in the report the Ombudsman will issue a further report. After this, if the Council still do not take satisfactory action they must publish a statement in a local newspaper explaining why they have refused to follow the Ombudsman's recommendations.

Under the Monitoring Officer Protocol in Part 5.6 of the Council's constitution Directors must consult the Monitoring Officer prior to making any compensation payments for alleged maladministration found against the

Council and Directors and Members must report any breach of statutory duty or material breach of Council policy/procedures and other vices or constitutional concerns to the Monitoring Officer as soon as reasonably practicable.

(d) Equalities Impact Assessment

No need to conduct an Equality Impact Assessment is identified from the matters contained in this Report.

(e) Workforce

There are no workforce implications arising from this Report.

5 **Supporting Information**

- 5.1 On 26 March 2020 the Ombudsman announced that he had suspended all casework activity that demanded information from, or action by, local authorities, in the light of the current coronavirus outbreak. The Ombudsman took this step in the wider public interest to protect the capacity of local authorities to deliver vital frontline services during the outbreak. He indicated he would not be asking councils to answer enquiries on new or existing cases for the time being and cases still in progress would be frozen until normal service resumed but he would take into account any delays when considering whether complaints had been brought within the normal 12 month time limit specified in the legislation.
- 5.2 On 3 July 2020 the Ombudsman announced that he had opened up to new complaints on 29 June 2020 and resumed existing casework with all councils. He recognised, however, that Covid-19 had had a major and long-lasting effect on a range of council services and normal services may have been significantly and unavoidably disrupted during the period of crisis and national emergency, and that he would take this into account in his investigations. He also recognised new legislation and government guidance was issued in response to the Covid-19 outbreak and that this guidance had been changed and updated and continues to be updated and he would formally consider whether this legislation and guidance was followed in particular circumstances.
- 5.3 The following table summarises the complaints, findings, outcomes and lesson learnt in relation to complaints made to the Local Government and Social Care Ombudsman, concerning the Council, since the last published findings reported to the Committee on 5 March 2020.

No.	Council Function Involved	Nature of complaint	Findings, recommendations, outcome and lessons learnt
1.	Housing - Allocations	<p>The complainant complained about her housing transfer application being removed from the housing register and the refusal to accept a new application, and the failure of the Council to move her despite many years of complaints about anti-social behaviour.</p>	<p>Findings:</p> <p>The complainant is a housing association tenant who had complained to her landlord about anti-social behaviour in her area since 1995. In 2019 she found out the Council had cancelled her application for housing in 2018 when she failed to complete a renewal form. The Council refused to accept a new application due to ineligibility as she was adequately housed and had not provided any medical or other information to evidence grounds for reasonable preference.</p> <p>Outcome:</p> <p>The ombudsman found that he could only investigate complaints about transfer applications where they have reasonable preference status under the Housing Act 1996. Councils can devise their own allocation schemes and the complainant did not qualify for any priority under it. He would review the case if new information came forward which altered the complainant's priority. The Ombudsman did not</p>

			<p>investigate the complaint because it was not a matter he could consider. There was no fault in the Council's decision to refuse her new application and the complainant could ask for a further review.</p> <p>Lessons Learnt:</p> <p>Possible need for Council to consider process for warning applicants on housing register of their pending removal from it.</p> <p>Possible signposting of non-council social housing tenants to information on Council website about anti-social behaviour and agencies able to help.</p>
2.	Housing – Housing Benefit	The complainant complained about the Council stopping his housing benefit.	<p>Findings:</p> <p>The complainant disagreed with the Council's decision to suspend his housing benefit and lodged an appeal with the Tribunal set up by Parliament to consider disputes about housing benefits. The Ombudsman has no power to investigate when an appeal is lodged with the Tribunal. The complainant is unhappy the Council will not consider his complaint under its complaint's process but because the complainant has appealed to the Tribunal the Ombudsman would not</p>

			<p>criticise the Council for not considering the complaint under a parallel process. The Tribunal can give the complainant the outcome he wants and the ombudsman will not consider a council's complaints handling if he is not going to consider the substantive issue complained about.</p> <p>Outcome:</p> <p>The Ombudsman cannot investigate the complaint because the complainant has appealed to the Tribunal and so the complaint is outside his jurisdiction.</p> <p>Lessons Learnt:</p> <p>Not Applicable.</p>
3.	Planning – Planning Applications	The complainant complained that the Council did not properly consider the impact a development close to her home would have on her amenity when it approved a planning decision and did not take appropriate enforcement action when it became clear the development did not conform to approved plans.	<p>Findings:</p> <p>The complainant lives in a single storey bungalow on a road with similar properties. A neighbour applied for planning permission to build a front extension and a single storey side extension with a loft extension. The Council consulted neighbours including the complainant and she lodged objections relating to loss of light from side extension, over shadowing of solar panels, difficulties of access and loss of privacy to her garden. The Report to planning committee stated the</p>

			<p>overshadowing of solar panels and difficulties of access were not material planning considerations. With regard to being overlooked the report noted that there were no flank wall windows facing the complainant's property. The report made no mention of loss of light. During construction the complainant noticed windows being installed which were not on the plans contrary to condition in the consent to build according to approved plans. The Council wrote to the neighbour to comply with conditions or make a retrospective planning application, which the neighbour did. The Council gave the complainant the number of the new application to enable her to raise objections. The Council considered the revised plans addressed the complainant's concerns and did not issue enforcement notice. The new application remained to be determined at the time of the complaint. The Council conceded the objections had not been fully considered and offered the complainant £150 compensation for time and trouble for the application to the Ombudsman. The Ombudsman considered the compensation offered for the time and trouble was suitable but that</p>
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			<p>council had not properly considered impact of its errors in considering the original application but that it was difficult to assess the exact level of injustice as revised application still under consideration. Council should assess this once application was decided and complainant could make new application to ombudsman if considered inadequate, following new decision. Ombudsman would not substitute his judgement for that of the Council upon the decision not to take enforcement action in the light of the new application. Council not at fault in this decision as they were entitled to consider revisions in new application addressed complainant's concerns.</p> <p>Outcome:</p> <p>Agreed action that Council would carry out assessment of the impact that its fault has had on the complainant's amenity within three months of the date of its decision on new application and offer a suitable remedy to the complainant based on the Ombudsman's guidance on compensation.</p> <p>Lessons Learnt:</p> <p>Every element of any objection to a planning application must be</p>
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			<p>addressed in Officers' reports to planning committee.</p> <p>Need for a policy on planning enforcement applied consistently. This has now been actioned and a policy has been approved by the Planning Committee.</p>
4.	Transport & Highways – abandoned vehicles	The Complainant complained that the Council had not properly explained its involvement in the removal of his vehicle from land near his property.	<p>Findings:</p> <p>The Council, on 24 September, placed a sticker on the complainant's vehicle following a report from a neighbour that the vehicle was abandoned. This was part of their informal process before invoking their formal process for dealing with abandoned vehicles. The sticker indicated that the Council believed the vehicle was abandoned and that the owner should contact the Council. The Council checked on 2 October and the vehicle was not there. The Council maintained at all times that it did not remove the vehicle. The assumption was that it had been stolen. The complainant stated he was on holiday at the relevant times and so could not have responded to the sticker. He was convinced that the Council were involved in the removal of the vehicle and so pursued the matter through the Council's corporate</p>

			<p>complaints procedure and by seeking information and documents from the Council under the Freedom of Information Act. The complainant was not satisfied with the outcome of the corporate complaint's process and complained to the Ombudsman. The ombudsman carried out an investigation and concluded that there was no evidence to show that the Council was involved in the removal of the vehicle and the police were better placed to make any further investigations.</p> <p>Outcome:</p> <p>Complainant not upheld.</p> <p>Lessons Learnt:</p> <p>Not applicable.</p>
5.	Planning – Planning Enforcement	The complainant complained about how the Council investigated a possible breach of planning control. He believed enforcement officers unnecessarily visited his home and discriminated against him.	<p>Findings:</p> <p>In November 2019 an enforcement officer visited the complainant's home after receiving complaints about a possible breach of planning control relating to the use of an outbuilding as a residence. The complainant said officers had been to his home on many occasions since 2015 in relation to planning applications and alleged breaches of planning</p>

			<p>control, that visits would not have been necessary if background checks had been conducted following receipt of reports, that enforcement officers entered his garden without permission. He also said he was being harassed by the Council and inspections were only carried out due to his ethnic background. He said further that officers did not write to him following the visit as they said they would. The Ombudsman concluded he would not investigate because it was unlikely he would find fault by the Council. The Council were obliged to carry out proportionate investigations following complaints about breach of planning control, previous visits related to unconnected matters, officers had power to enter land under their enforcement powers and there was no requirement to give advance notice unless entering a dwelling and officers did e-mail the complainant with the outcome of its investigation and decision not to take further action.</p> <p>Outcome:</p> <p>The Ombudsman will not investigate as unlikely he would find fault. Closed after initial enquiries.</p>
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			<p>Lessons Learnt:</p> <p>Not applicable. Adoption of formal enforcement policy will provide framework for enforcement actions.</p>
6.	Housing - Allocations	The complainant complained about the Council's refusal to allow him to join the Housing Register.	<p>Findings:</p> <p>The Complainant lives in a three bedroom house which she rents from a Housing Association. She lives with an adult daughter, a dependent son and a niece. The Complainant's partner is due to move in. The complainant also claims to suffer from depression. The Council decided the complainant cannot join the register as she is adequately housed because the adult daughter cannot be taken into account and each of the other three people have their own room and no suggestion that the property significantly affects the complainant's health. The Ombudsman found adult daughter cannot be taken into account and sufficient rooms for others as partner expected to share room when moves in. Will not investigate as unlikely to find fault by the Council.</p> <p>Outcome:</p> <p>The Ombudsman will not investigate the complaint due to insufficient evidence of fault by the Council.</p>

			<p>Lessons Learnt:</p> <p>Not applicable.</p>
7.	Children – Child Protection	The complainant complained about how the Council treated his friend during an assessment.	<p>Findings:</p> <p>The Complainant says a Social Worker carried out an assessment at his probation officer's request. He says the Social Worker treated his friend very badly. The complaint related not to the complainant but to a third party so alleged injustice not to complainant but to third party who has not provided consent to complainant to complain on his behalf. There is no significant injustice to complainant.</p> <p>Outcome:</p> <p>Ombudsman will not investigate as unlikely he will find complainant was caused significant personal injustice.</p> <p>Lessons Learnt:</p> <p>Not applicable.</p>
8.	Licensing – Dog Boarding Licence	The complainant complained about loss of earnings and damages due to council rejecting her application for a dog boarding licence.	<p>Findings:</p> <p>The Complainant complained that the Council caused her to cease trading in 2009 due to an administrative error and this caused her £80,000 loss of earnings between 2009 and 2017. The Complainant says the Council caused her to cease trading again from 31 December 2018 causing £8,000</p>

			<p>loss of earnings. She also complains she has been unfairly targeted and claims £5,000 damages for loss of confidence, stress and strain. She also claims £2,000 bank charges incurred due to loss of earnings. The Ombudsman cannot investigate complainants about events known to the complainant for more than 12 months. Complainant knew of events between 2009 and 2017 and could have brought complaint sooner and has provided no good reasons for failure. In November 2018 Council inspected Complainant's property and advised improvements necessary to renew licence in January 2019. Following compliance with improvements and clarification from planning department full home boarding licence granted on 11 January 2019. Complainant could have appealed to Tribunal against prior refusal and reasonable for her to have done so. Damages in 2018 a matter for the courts, not for the Ombudsman.</p> <p>Outcome:</p> <p>Ombudsman will not investigate. Part of Claim not brought within normal 12 months and no good reasons shown</p>
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			<p>for exercise of discretion to accept complaint now. Complainant also had an appeal right to a tribunal and also reasonable for her to seek compensation from the Courts.</p> <p>Lessons Learnt:</p> <p>Does not apply.</p>
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6 **Conclusion**

The Committee is requested to note the Contents of this Report.

7 **Background Papers**

The Local Government and Social Care Ombudsman’s decision notices.

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The Audit Findings for Slough Borough Council

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Year ended 31 March 2019
23 July 2020



Contents



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Section

- 1. Headlines
- 2. Financial statements
- 3. Independence and Ethics
- 4. Value for Money

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Appendices

- A. Action plan
- B. Audit adjustments
- C. Fees

The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of expressing our opinion on the financial statements. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify control weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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Headlines

This table summarises the key findings and other matters arising from the statutory audit of Slough Borough Council ('the Council') and the preparation of the Council's financial statements for the year ended 31 March 2019 for those charged with governance.

Financial Statements

Under International Standards of Audit (UK) (ISAs) and the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report whether, in our opinion, the Council's financial statements:

- give a true and fair view of the financial position of the Council and its income and expenditure for the year; and
- have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting and prepared in accordance with the Local Audit and Accountability Act 2014.

We are also required to report whether other information published together with the audited financial statements (including the Annual Governance Statement (AGS), Narrative Report), is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Our findings are summarised on pages 5 to 24. At this stage of our audit work have identified a number of adjustments to the financial statements. Audit adjustments are detailed in Appendix C.

We have also raised recommendations for management as a result of our audit work in Appendix A. Our work is ongoing and subject to the following outstanding matters;

- Receipt of assurance from the Berkshire Pension Fund auditor;
- Completion of audit procedures in relation to the following:
 - Receipt of outstanding sample evidence for grant income testing
 - Resolution of queries relating to the reconciliation of Collection Fund income;
 - Group – receipt of final group confirmations from Slough Urban Renewal auditor and responses from officers to queries on group consolidation process;
 - Resolution of outstanding queries on journals testing
 - Receipt of outstanding sample evidence for debtors and creditors testing
 - Bank balances - receipt of third party confirmation for school balances and three deposit balances
 - Review of external asset valuation report for Thames Valley University site received 23 July 2020
 - Resolution of queries on asset floor area checks to inform valuations
 - Review of evidence for HRA beacon property review process to support the valuation of council dwellings
 - Review of final Expenditure and Funding analysis, reserves note and cash flow statement following receipt of updated accounts
- Review of updated financial statements with agreed adjustments and disclosure amendments processed
- receipt of signed management representation letter – see appendix F;
- Consistency check of the final Annual Governance Statement to the updated financial statements; and
- Completion of internal review processes.

We have concluded that the other information to be published with the financial statements is consistent with our knowledge of your organisation and the financial statements we have audited.

Subject to the satisfactory conclusion of the outstanding areas, our anticipated audit report opinion will be unmodified.

Headlines

This table summarises the key findings and other matters arising from the statutory audit of Slough Borough Council ('the Council') and the preparation of the Council's financial statements for the year ended 31 March 2019 for those charged with governance.

<p>Value for Money arrangements</p>	<p>Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report if, in our opinion, the Council has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources ('the value for money (VFM) conclusion').</p>	<p>We have completed our risk based review of the Council's value for money arrangements. We have concluded that Slough Borough Council has proper arrangements to secure economy, efficiency and effectiveness in its use of resources, except for:</p> <ul style="list-style-type: none"> Inadequate arrangements in place to understand and use appropriate and reliable financial and performance information to support informed decision making and performance management in relation to Slough Children's Services Trust Weaknesses in processes for preparing the 2017-18 financial statements (which took place during 2018-19), and ongoing weaknesses in the quality of working papers supporting the 2018-19 financial statements <p>We therefore anticipate issuing a qualified "except for" value for money conclusion. Our findings are summarised on pages 27 to 35.</p>
<p>Statutory duties</p>	<p>The Local Audit and Accountability Act 2014 ('the Act') also requires us to:</p> <ul style="list-style-type: none"> report to you if we have applied any of the additional powers and duties ascribed to us under the Act; and To certify the closure of the audit. 	<p>We have not exercised any of our additional statutory powers or duties.</p> <p>We are unable to certify our closure of the 2018-19 audit of Slough Borough Council in the audit opinion due to the following:</p> <ul style="list-style-type: none"> Completion of our review of the Council's Whole of Government Accounts return following the issue of our opinion on the Council's 2018/19 financial statements. Resolution of an outstanding objection to the accounts relating to the acquisition of the Council's new offices at 25 Windsor Road which has yet to be formally concluded.

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Acknowledgements

We would like to take this opportunity to record our appreciation for the assistance provided by the finance team and other staff during our audit.

Summary

Overview of the scope of our audit

This Audit Findings Report presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260 and the Code of Audit Practice ('the Code'). Its contents have been discussed with management.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK) and the Code, which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

Audit approach

Our audit approach was based on a thorough understanding of the group and Council's business and is risk based, and in particular included:

- An evaluation of the Council's internal controls environment, including its IT systems and controls; and

- An evaluation of the components of the group based on a measure of materiality considering each as a percentage of the group's gross revenue expenditure to assess the significance of the component and to determine the planned audit response.
- Substantive testing on significant transactions and material account balances, including the procedures outlined in this report in relation to the key audit risks

We have made updates to our risk assessment from our audit plan, as communicated to you on 24 April 2019, to reflect an additional risk identified in respect of our work for our Value for Money conclusion. Further details of the additional risks identified are set out on page 28.

We have reported separately on the IT review undertaken. The report included a number of recommendations relating to security vulnerabilities, penetration testing and account management. This review was undertaken whilst IT services were provided by an external provider and we understand that the service has since been brought in-house.

Conclusion

We have substantially completed our audit of your financial statements and subject to outstanding queries being resolved, we anticipate issuing an unqualified audit opinion following the Audit and Corporate Governance Committee meeting on 3 August 2020. These outstanding items are listed on page 3.

Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

Materiality calculations remain the same as reported in our audit plan. We detail in the table below our determination of materiality for Slough Borough Council.

	Council Amount (£)	Group Amount (£)	Qualitative factors considered
Materiality for the financial statements	5,980,000	5,982,000	This has been calculated based upon 1.5% of your prior year gross expenditure
Performance materiality	3,588,000	3,589,000	This has been calculated as 60% of headline materiality, based upon our assessment of the likelihood of a material misstatement in the financial statements
Trivial matters	299,000	299,000	This has been calculated based upon 5% of headline materiality.

Significant findings – audit risks

Risks identified in our Audit Plan	Commentary
<p>Improper revenue recognition</p>	<p>Auditor commentary</p>
<p>Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue.</p> <p>For Slough Borough Council, we have concluded that the greatest risk of material misstatement relates to Other Fees and Charges income. We have therefore identified the occurrence and accuracy of Other Fees and Charges, Grants, and Contract income as a significant risk, which was one of the most significant assessed risks of material misstatement, and a key audit matter.</p> <p>We have rebutted this presumed risk for the other revenue streams of the group and Council because:</p> <ul style="list-style-type: none"> Other income streams are primarily derived from formula based income from central government and tax payers; and opportunities to manipulate revenue recognition are very limited. 	<p>We have:</p> <ul style="list-style-type: none"> evaluated the group’s accounting policy for recognition of income from Other Fees and Charges, Grants, and Contracts for appropriateness; gained an understanding of the Council's system for accounting for income from Other Fees and Charges, Grants, and Contracts and evaluate the design of the associated controls; agreed, on a sample basis, amounts recognised as income from Other Fees and Charges, Grants and Contracts in the financial statements to supporting documents. <p>Our fees and charges testing is complete however we are still awaiting outstanding evidence in relation to our sample testing on grant income. Our audit work is still ongoing in this area and so we are not yet able to conclude on this risk.</p>
<p>Management override of controls</p>	<p>Auditor commentary</p>
<p>Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities. The Council faces external scrutiny of its spending and this could potentially place management under undue pressure in terms of how they report performance.</p> <p>We therefore identified management over-ride of controls, in particular journals, management estimates and transactions outside the normal course of business as a significant risk requiring special audit consideration.</p>	<p>We have performed the following work:</p> <ul style="list-style-type: none"> evaluate the design effectiveness of management controls over journals; analyse the journals listing and determine the criteria for selecting high risk unusual journals; test unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration; gain an understanding of the accounting estimates and critical judgements applied made by management and consider their reasonableness with regard to corroborative evidence; evaluate the rationale for any changes in accounting policies, estimates or significant unusual transactions. <p>Our work to date has not identified any issues. We will conclude on this risk area once the remaining evidence for journals selected has been received from officers.</p>

Significant findings – audit risks

Risks identified in our Audit Plan	Commentary
<p>Valuation of investment property (Annual valuation)</p> <p>The group revalues its investment property on an annual basis to ensure that the carrying value is not materially different from the current value of fair value at the financial statements date. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved and the sensitivity of this estimate to changes in key assumptions</p> <p>Management have engaged the services of a valuer to estimate the current value as at 31 March 2019.</p> <p>We therefore identified valuation of investment property, particularly revaluations and impairments, as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>Auditor commentary</p> <p>We have completed the following work:</p> <ul style="list-style-type: none"> evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to the valuation experts and the scope of their work; evaluated the competence, capabilities and objectivity of the valuation expert; wrote to the valuer to confirm the basis on which the valuations were carried out; challenged the information and assumptions used by the valuer to assess completeness and consistency with our understanding; tested, on a sample basis, revaluations made during the year to ensure they have been input correctly into the Council's asset register; evaluated the assumptions made by management for any assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value. <p>Our audit work identified an error in the accounting for an asset purchased in 2017/18 which has resulted in a material prior period adjustment to the 2018-19 financial statements. The Council acquired land located at Thames Valley University campus on 5 April 2017 for a total purchase price of £24.2 million. The terms of the purchase were that this purchase would be paid for by the Council in the following three instalments:</p> <ul style="list-style-type: none"> £8.069 million on date of completion (5 April 2017) £8.069 million one year after completion £8.069 million two years after completion. <p>At initial recognition in 2017-18, the asset should have been recorded in the fixed asset records of the Council at its full purchase price of £24.2 million, with a corresponding creditor, split between short term and long term, to reflect the outstanding payments due in future periods. Our work has identified that only the value of the initial payment instalment had been recognised in the 2017-18 financial statements, therefore resulting in the need for a prior year restatement to correct the assets values and creditor balances recorded in the prior year accounts and remove the second instalment payment from additions in the 2018-19 accounts.</p> <p>Furthermore, in accordance with LG Accounting Code, investment properties are held at fair value and should be reviewed on an annual basis to determine its fair value. Our work identified that the site acquired at Thames Valley University has been recorded in the fixed asset records of the Council at a fair value of £x. Upon further investigation and enquiries with the council and the valuer, this was due to the valuer only being notified of the initial £8.069 acquisition payment and consequently has resulted in a material misstatement of the fair value recorded in the financial statements.</p> <p>The Council received a revised valuation on 23 July 2020 and we are currently reviewing the outcomes of this exercise.</p> <p>We have made a recommendation in relation to this risk. Further details can be found on page 42.</p>

Significant findings – audit risks

Risks identified in our Audit Plan

Valuation of property, plant and equipment (rolling revaluation)

The group revalues its land and buildings on an rolling five year basis. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved and the sensitivity of this estimate to changes in key assumptions. Additionally, management will need to ensure the carrying value in the Authority and group financial statements is not materially different from the current value or the fair value (for surplus assets) at the financial statements date, where a rolling programme is used.

We therefore identified valuation of land and buildings, particularly revaluations and impairments, as a significant risk, which was one of the most significant assessed risks of material misstatement.

Commentary

Auditor commentary

We have completed the following work:

- Reviewed management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work
- Evaluated the competence, expertise and objectivity of any management experts used.
- Discussed with the valuer the basis on which the valuation is carried out and challenge the key assumptions.
- Reviewed and challenged the information used by the valuer to ensure it is robust and consistent with our understanding.
- Tested revaluations made during the year to ensure they are input correctly into the Council's asset register
- Evaluated the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value

We have made a recommendation in relation to this risk. Further details can be found on page 42.

Significant findings – audit risks

Risks identified in our Audit Plan	Commentary
<p>Property Plant and Equipment - Incomplete or inaccurate Financial information transferred to the general ledger</p> <p>In January 2019, the Council implemented an opening balances exercise on the Property, Plant and Equipment balances for the 2018/19 financial year. When implementing this exercise, it is important to ensure that sufficient controls have been designed and operate to ensure the integrity of the data. There is also a risk over the completeness and accuracy of any data transfer from the previous ledger system.</p> <p>We therefore identified the completeness and accuracy of the transfer of revised financial information to the general ledger system as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>Auditor commentary</p> <p>We have completed the following work:</p> <ul style="list-style-type: none"> • complete an information technology (IT) environment review by our IT audit specialists to document, evaluate and test the IT controls operating within the general ledger system; and • map the closing balances from the 2017/18 general ledger to the opening balance position in the new ledger for 2018/19 to ensure accuracy and completeness of the financial information. <p>During the audit the finance team notified us that a number of adjustments relating to 2018/19 had not been processed prior to the production of the year end financial statements. These included:</p> <ul style="list-style-type: none"> • The removal of Arbour Vale School and associated land which became an academy in November 2018 • Reclassification of two tower blocks and a leisure centre which are scheduled for demolition to surplus assets • A leisure centre which became operational in year needed to be reclassified from assets under construction to operational assets <p>Our audit work identified assets included in the fixed asset register which were fully depreciated and should be written out of the register and accounts.</p> <p>Our audit work is ongoing in this area and we are not yet able to conclude on this risk.</p>

Significant findings – audit risks

Risks identified in our Audit Plan	Commentary
<p>Valuation of pension fund net liability</p> <p>The Council's pension fund net liability, as reflected in its balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements and group accounts.</p> <p>The pension fund net liability is considered a significant estimate due to the size of the numbers involved and the sensitivity of the estimate to changes in key assumptions.</p> <p>We therefore identified valuation of the Council's pension fund net liability as a significant risk, which was one of the most significant assessed risks of material misstatement, and a key audit matter.</p>	<p>Auditor commentary</p> <p>We have completed the following work:</p> <ul style="list-style-type: none"> • update our understanding of the processes and controls put in place by management to ensure that the Council's pension fund net liability is not materially misstated and evaluate the design of the associated controls; • evaluate the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work; • assess the competence, capabilities and objectivity of the actuary who carried out the Council's pension fund valuation; • assess the accuracy and completeness of the information provided by the Council to the actuary to estimate the liability; • test the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary; • undertake procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report; • agree any advance payment made to the pension fund during the year to the expected accounting treatment and relevant financial disclosures; • obtain assurances from the auditor of Berkshire Pension Fund as to the controls surrounding the validity and accuracy of membership data, contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements. <p>The net pension liability presented in the first draft of the financial statements did not include consideration of the impact of McCloud judgement.</p> <p>The McCloud judgement, during the year The Court of Appeal has ruled that there was age discrimination in the judges and firefighters pension schemes where transitional protections were given to scheme members. The Government applied to the Supreme Court for permission to appeal this ruling, but this permission to appeal was unsuccessful. Additional detail can be found on page 17.</p> <p>The Council commissioned a revised actuary report to include the impact of McCloud and this will be updated in the final version of the financial statements.</p> <p>During the process of agreeing the disclosures to the information in the actuary's report it was noted that the disclosure was presenting some information on a net basis rather than the gross basis within the report. This was discussed with the finance team and the disclosure was agreed to be amended.</p> <p>In addition, non-trivial adjustments have been made within the 2018/19 movements which related to the final prior position but which were not processed in the 2017/18 accounts. We have assessed the value of these adjustments and considered if a prior period adjustment is required. As these below materiality this is not required and we are satisfied that adjustment in 2018/19 is appropriate.</p> <p>We are awaiting receipt of the required assurances from the auditor of Berkshire Pension Fund to conclude our work for this risk area.</p>

Significant findings – audit risks

Risks identified in our Audit Plan	Commentary
<p>Valuation, classification and ownership of investments</p> <p>Lender Option, Borrower Option (LOBO) loans are complex with terms that can be non standard, including inverse floating interest rates. Management need to consider the terms of the loan agreements of these loans and make judgements as to the appropriate accounting treatment. Last year, clarification was issued by CIPFA in relation to the accounting for LOBO loans.</p> <p>The Council holds LOBO loans (PY: fair value of £13m in 2017/18) and has made a critical judgement regarding the accounting treatment and valuation of these loans during the year.</p> <p>We therefore identified the valuation and accounting for these LOBO loans as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>Auditor commentary</p> <p>We have completed the following work:</p> <ul style="list-style-type: none"> assessed management’s processes and assumptions for identifying critical judgements; gained an understanding of the processes and the controls put in place by management to ensure that the loans were not materially misstated and evaluate the design of the associated controls; evaluated the competence, capabilities and objectivity of management experts used in the valuation of the loans; discussed with management the basis on which the valuation was carried out, including advice received from treasury management advisers; evaluated and challenged the reasonableness of the critical judgements and significant assumptions used by management and their expert in valuing and accounting for the loans. <p>Our audit work has not identified any issues in respect of the treatment and valuation of LOBOs</p>

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Significant findings – audit risks

Risks identified in our Audit Plan

Private Financial Initiatives (PFI) Scheme

The Council entered into a PFI contract for the design, build and operation of three schools in 2006/07.

The PFI assets are recognised as Property, Plant and Equipment within the Council’s balance sheet.

Accounting for PFI is complex and the transactions are significant. In addition, the monitoring of the contract is a key requirement for the Authority.

There is a risk that Property, Plant and Equipment may be misstated due to improper valuations and accounting of PFI schemes in year. We therefore identified the accounting transactions associated with the PFI model as a significant risk, which was one of the most significant assessed risks of material misstatement.

Commentary

Auditor commentary

We have completed the following work:

- review the Council’s PFI model and assumptions therein to inform our audit approach;
- agree the balances in the financial statements to these models;
- review the basis of the Council’s accounting treatment and valuation for the PFI schemes;
- discuss with key group personnel, the underlying substance of the transactions and the judgements made.

Our audit work has not identified any issues in respect of the treatment and valuation of PFIs

Significant findings – audit risks

Risks identified in our Audit Plan	Commentary
<p>Presentation and Disclosure – Financial Statement Level Risk</p> <p>In 2017/18 a significant number of weaknesses and misstatements were identified in respect of the group’s arrangements for preparing the financial statements and working papers.</p> <p>There is a financial statement level risk that the financial statements may be misstated due to weaknesses identified. We therefore identified the presentation and disclosure of the financial statements as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>Auditor commentary</p> <p>We have completed the following work:</p> <ul style="list-style-type: none"> • considered the Council’s arrangements for preparing the financial statements and working papers; • discussed with key group personnel, the underlying substance of the transactions and judgements made; • critically assessed the financial statements in accordance with the Code, International Financial Reporting Standards (IFRSs) and other relevant accounting guidance; • mapped the closing balances from the 2017/18 general ledger to the opening balance positions in the new ledger for 2018/19 to ensure accuracy and completeness of the financial information; • considered the action plan presented to Audit and Corporate Governance Committee and consider progress made by Officers against this plan in the preparation of the 2018-19 financial statements. <p>Our audit work in 2018/19 has identified a number of control deficiencies and misstatement in similar areas that were identified in the prior year issues were identified with lack of an audit trail between the notes in the accounts and the underlying trial balance in part due to the use of the CIPFA accounts production process (Big Red Button). In addition, the cashflow statement did not balance and due to the accounts production process the audit trail of movements was not easily determined.</p> <p>There is still significant scope for improvement in the quality of the financial statements and in particular the underlying working papers.</p> <p>Our audit has identified a number of misstatements in the same areas that were materially misstated in the prior year, including a material understatement of income and expenditure as a result of income being misclassified as HRA grant income when it was related to expenditure and misstatements in the PPE balances which impact the prior year.</p> <p>The short term creditors listing was on a transactional basis which meant there is no year-end Short Term Creditor listing which can be reviewed for reasonableness.</p> <p>The capital commitments note has been produced based on the Council’s approved capital programme. This is not in line with the Code which requires that the disclosure represents the contractual commitments the Council has entered into at the year end. We have requested that management add disclosure to this effect in the note and review the process for its production for future years.</p> <p>The Full Time Equivalent report requested had to be run more than once before it was accurate and complete.</p> <p>The draft accounts did not include the third balance sheet required due to the prior period adjustment and this was not included in the draft until the third version was provided in January 2020.</p> <p>We have made a number of recommendations in relation to this risk. Further details can be found in the action plan in Appendix A.</p>

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Significant findings arising from the group audit

Risks identified in our Audit Plan

Group Accounts

The Council is required to prepare group financial statements that consolidate the financial information of its wholly owned subsidiary undertaking, James Elliman Homes Limited (JEH).

The Council has a 50% interest in Slough Urban Renewal (SUR), a Limited Liability Partnership. Activity increased significantly in 2017/18; the Council will need to consider whether the entity will be consolidated into Group Accounts in 2018/19.

The Council has a wholly owned subsidiary, Development Initiative for Slough Housing Company Ltd. During 2017/18 the Council established Herschel Homes Limited which is currently dormant.

In 2017/18 Slough Urban Renewal was not consolidated due to the quantitative and qualitative aspects were not considered to be material by the Council. The Council will need to consider whether the subsidiary should be consolidated in the 2018/19 financial statements.

The consolidation of the subsidiary may give rise to a number of material accounting transactions in the financial statements for which the economic substance of the transactions needs to be considered.

We therefore identified the accounting transactions associated with the consolidation of Slough Urban Renewal as a significant risk, which was one of the most significant assessed risks of material misstatement.

Commentary

Auditor commentary

We have completed the following work:

- reviewed the key agreements to gain an understanding of the agreements put in place on the establishment of the company;
- discussed with key group personnel, the underlying substance of the transactions and the basis of the group's proposed accounting treatment of the arrangements;
- critically assessed the economic substance of the transactions to assess the appropriateness of the accounting treatment adopted by the group in accordance with the Code, International Financial Reporting Standards (IFRSs) and other relevant accounting guidance;
- reviewed the Group structure of the Council;
- obtained an copy of the Group materiality assessment to be prepared by the Council; and
- reviewed the qualitative and quantitative materiality of the Council's subsidiaries in relation to the Council's operations.

We challenged management on the composition of the group and the basis for consolidation of the companies included in the group accounts and those omitted including the consideration of the impact of Slough Urban Renewal and James Elliman Homes' accounts being produced under different accounting frameworks. We requested that the disclosures relating to the group companies be amended to aid clarity to the user of the accounts.

Our audit work is ongoing in this area and we are not yet able to conclude on this risk. Work outstanding includes review of the final group financial statements and confirmation of the consolidation adjustments. We are waiting for assurances from the auditor of SUR.

Significant findings – key judgements and estimates

	Summary of management’s policy	Audit Comments	Assessment
<p>Land and Buildings – Other</p>	<p>Other land and buildings comprises specialised assets such as schools and libraries, which are required to be valued at depreciated replacement cost (DRC) at year end, reflecting the cost of a modern equivalent asset necessary to deliver the same service provision. The remainder of other land and buildings are not specialised in nature and are required to be valued at existing use in value (EUV) at year end. The Council has engaged Wilks Head and Eve to complete the valuation of properties as at 31 March 2019.</p>	<ul style="list-style-type: none"> We have assessed the Council’s valuers, Wilks Head and Eve, to be competent, capable and objective. We have carried out completeness and accuracy testing of the underlying information provided to the valuer used to determine the estimate . Our work is still ongoing in this area as we are awaiting evidence of indicated floor areas for a number of properties. We have reviewed the consistency of the estimate against the report by the auditor's expert, Gerald Eve, and reasonableness of the increase in the estimate. We have checked the General Fund valuation report to the Fixed Asset Register and to the Statement of Accounts with some differences being identified. <p>In addition, in light of the valuation issues identified during the course of the 2017-18 audit, the Council commissioned a further review and revaluation of assets at 1 April 2018, and as a result, required a material restatement to the opening PPE balances in the financial statements.</p> <p>We will provide a further update to management once our work in this area has concluded.</p>	<p>TBC</p>

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Assessment

- We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- We consider the estimate is unlikely to be materially misstated however management’s estimation process contains assumptions we consider optimistic
- We consider the estimate is unlikely to be materially misstated however management’s estimation process contains assumptions we consider cautious
- We consider management’s process is appropriate and key assumptions are neither optimistic or cautious

Significant findings – key judgements and estimates

	Summary of management’s policy	Audit Comments	Assessment																								
<p>Net pension liability – £326.9m</p>	<p>The Council’s total net pension liability at 31 March 2019 comprises £329.6m (PY £307.4m) in relation to the Local Government Pension Scheme as administered by Berkshire County Council. This encompasses the</p> <p>The Council uses Barnett Waddingham to provide actuarial valuations of the Council’s assets and liabilities derived from these schemes. A full actuarial valuation is required every three years. The latest full actuarial valuation was completed in 2016. A roll forward approach is used in intervening periods, which utilises key assumptions such as life expectancy, discount rates, salary growth and investment returns. Given the significant value of the net pension fund liability, small changes in assumptions can result in significant valuation movements.</p>	<p>Our assessment of the estimate has considered:</p> <ul style="list-style-type: none"> Assessment of management’s expert Use of PWC as auditors expert to assess actuary and assumptions made by actuary. The assumptions employed by the actuary have been assessed as reasonable. <table border="1" data-bbox="824 486 1933 1117"> <thead> <tr> <th>Assumption</th> <th>Actuary Value</th> <th>Assessment</th> </tr> </thead> <tbody> <tr> <td>Discount rate</td> <td>2.5%</td> <td>●</td> </tr> <tr> <td>Pension increase rate</td> <td>2.5%</td> <td>●</td> </tr> <tr> <td>Salary growth</td> <td>4%</td> <td>●</td> </tr> <tr> <td>Mortality assumptions – longevity at 65 for current male pensioners (years)</td> <td>23.2</td> <td>●</td> </tr> <tr> <td>Mortality assumptions – longevity at 65 for future male pensioners (years)</td> <td>25.4</td> <td>●</td> </tr> <tr> <td>Mortality assumptions – longevity at 65 for current female pensioners (years)</td> <td>25.3</td> <td>●</td> </tr> <tr> <td>Mortality assumptions – longevity at 65 for future female pensioners (years)</td> <td>27.6</td> <td>●</td> </tr> </tbody> </table> <ul style="list-style-type: none"> Completeness and accuracy of the underlying information used to determine the estimate Reasonableness of increase/decrease in estimate Adequacy of disclosure of estimate in the financial statements <p>Subject to receipt of the assurances from the auditor of the Berkshire Pension Fund, our work has not identified any significant issues in relation to the estimation process for the pension liability.</p>	Assumption	Actuary Value	Assessment	Discount rate	2.5%	●	Pension increase rate	2.5%	●	Salary growth	4%	●	Mortality assumptions – longevity at 65 for current male pensioners (years)	23.2	●	Mortality assumptions – longevity at 65 for future male pensioners (years)	25.4	●	Mortality assumptions – longevity at 65 for current female pensioners (years)	25.3	●	Mortality assumptions – longevity at 65 for future female pensioners (years)	27.6	●	<p>TBC</p>
Assumption	Actuary Value	Assessment																									
Discount rate	2.5%	●																									
Pension increase rate	2.5%	●																									
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Mortality assumptions – longevity at 65 for current female pensioners (years)	25.3	●																									
Mortality assumptions – longevity at 65 for future female pensioners (years)	27.6	●																									

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Assessment

- We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- We consider the estimate is unlikely to be materially misstated however management’s estimation process contains assumptions we consider optimistic
- We consider the estimate is unlikely to be materially misstated however management’s estimation process contains assumptions we consider cautious
- We consider management’s process is appropriate and key assumptions are neither optimistic or cautious

Significant findings – matters discussed with management

This section provides commentary on the significant matters we discussed with management during the course of the audit.

Significant matter	Commentary	Auditor view
<p>Significant events or transactions that occurred during the year</p>	<p>McCloud judgement</p> <p>The Court of Appeal has ruled that there was age discrimination in the judges and firefighters pension schemes where transitional protections were given to scheme members.</p> <p>The Government applied to the Supreme Court for permission to appeal this ruling, but this permission to appeal was unsuccessful. The case will now be remitted back to employment tribunal for remedy.</p> <p>The legal ruling around age discrimination (McCloud - Court of Appeal) has implications not just for pension funds but also for other pension schemes where they have implemented transitional arrangements on changing benefits.</p> <p>The Council requested an updated net pension liability calculation from its actuary to include the impact of the McCloud ruling. This has been updated in the liability reflected in the final financial statements.</p>	<p>Auditor view</p> <p>We have reviewed the updated actuarial valuation and the assumptions underpinning it, and consider that the approach that has been taken to arrive at this estimate is reasonable.</p>
<p>Accounting for pooled investment funds</p>	<p>The new accounting standard, IFRS 9 Financial Instruments, was implemented from 1 April 2018. This required the Council to review the classifications and accounting treatment of its investments.</p> <p>The Council used its external advisor to provide support during this process.</p> <p>The review has resulted in the classification of pooled investment funds under IFRS 9 as 'fair value through other comprehensive income'.</p> <p>In our opinion IFRS 9 does not permit for these type of investments to be designated under this classification.</p>	<p>Auditor view</p> <p>Following an internal review by our technical team and discussions with management and their investment advisors, it was agreed that the initial classification would be amended to FVPL and the required adjustments made to the accounts. These adjustments impact the Comprehensive Income and Expenditure Statement however due to the available statutory override these do not impact the General Fund.</p>

Significant findings – matters discussed with management

This section provides commentary on the significant matters we discussed with management during the course of the audit.

Significant matter	Commentary	Auditor view
Dedicated Schools Grant earmarked reserve	<p>The Council recognise a deficit reserve of £7,197k within their Earmarked General Fund Reserves balances in respect of their Dedicated Schools Grant deficit.</p> <p>From 2018/19, all local authorities with a cumulative Dedicated Schools Grant (DSG) deficit of 1% or more at the end of the financial year must submit a recovery plan to the Education and Skills Funding Agency, showing how they will bring the deficit into balance in a three year time frame.</p> <p>A joint Department for Education and CIPFA statement released in June 2019 confirms that both parties are committed to working with other stakeholders to clarify the legal basis for, and accounting treatment of, DSG deficits in time for the 2020/21 budget round and 2019/20 accounts closure. The Joint Statement also confirms that the CIPFA Local Authority Accounting Panel (LAAP) considered the issue for 2018/19 and noted concerns regarding the presentation of an earmarked deficit DSG reserve, particularly given that there is not a clearly identified legislative basis for the ring-fencing of DSG deficits.</p> <p>Our view is that where overspends arise against Dedicated Schools Grant and are to be carried forward as a call against the schools budget in future years, these should form part of the un-earmarked general fund.</p>	<ul style="list-style-type: none"> • We discussed the Council's current accounting treatment with management. Whilst the use of a negative earmarked reserve is not good practice, the net Usable Reserves position is appropriately stated. We concluded on that basis that the Council's Usable Reserves are properly stated and that as such a user of the financial statements will be able to take an informed view of the Council's overall level of balances and reserves based on the information within the statements. • We will discuss the accounting treatment with management in respect of future years once CIPFA confirm their expected treatment or any further guidance is issued by CIPFA or the Department of Education. • We also requested that management enhance the disclosure of the accounting treatment within their draft financial statements. • We have discussed with management a number of disclosure adjustments to reflect the nature of the balance within reserves

Significant findings – matters discussed with management

This section provides commentary on the significant matters we discussed with management during the course of the audit.

Significant matter	Commentary	Auditor view
<p>Bank and cash</p>	<p>We have carried out a detailed review of the working papers provided to support the cash and cash equivalents balance in the financial statements, including analyses of all bank accounts and associated bank reconciliations.</p> <p>This involved a review of the process for inclusion and reconciliation of the school bank accounts as well as the main council accounts.</p> <p>The process for bank reconciliations applied by the Council is complex and utilises numerous account codes within the ledger. During our review of the reconciliations we identified a number of reconciling items which were several years old. The process makes oversight of the bank position and accurate and complete reconciling items.</p> <p>The use of balance sheet holding accounts which delay the posting process, weaken controls over cash and has inevitably led to the significant delays in clearing old items. The inconsistent use of ledger codes also adds to the confusion, e.g bank accounts that are not (Miscellaneous) and cash in transit which isn't cash in transit in the usual sense (Accounting Officers) but cash in transit through the ledger.</p>	<ul style="list-style-type: none"> We have included a recommendation in relation to bank reconciliations on page 39.

Significant findings – matters discussed with management

This section provides commentary on the significant matters we discussed with management during the course of the audit.

Significant matter	Commentary	Auditor view
Loans to James Elliman Homes – accounting treatment and valuation	<p>The Council has made a drawdown facility available to the subsidiary, James Elliman Homes (JEH), to help fund their capital programme with interest charged on part of the balance and the remainder was provided interest free. As at 31 March 2019, £29.9m had been provided in loans.</p> <p>The interest free loan element had been accounted for as 'deemed equity' and held at fair value. However, under Code requirements this should be treated as a soft loan and valued as based on the discounted cashflows over the life of the loan.</p> <p>The Council reviewed the basis of the accounting and this resulted in the amendment to the valuation and accounting of the loan. The Council used its external advisor to provide support during this process.</p> <p>The revised valuation for the JEH investment provided by management includes the adjusted value for the soft loans to JEH and an additional valuation for the holding at fair value which was not part of the original value in the draft accounts. This is subject to internal review by our valuation team.</p>	<ul style="list-style-type: none"> Following an internal review by our technical team and discussions with management and their investment advisors, it was agreed that the accounting treatment and basis of valuation would be amended and the required adjustments made to the accounts.

Significant findings - Going concern

Our responsibility

As auditors, we are required to “obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity's ability to continue as a going concern” (ISA (UK) 570).

Going concern commentary

Management's assessment process

The Council's accounts have been prepared on the going concern basis. Public sector bodies are assumed to be going concerns where the continuation of the provision of a service in the future is anticipated, as evidenced by inclusion of financial provision for that service in published documents.

Auditor commentary

- As auditors, we are required to “obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity's ability to continue as a going concern” (ISA (UK) 570).
- We have subjected the 2019/20 budget and high level revenue MTFP to 2020/21 to detailed scrutiny, and reviewed the planned savings proposals for 2019/20 and 2020/21 in our consideration of the appropriateness of management's use of the going concern assumption.
- Our work is still ongoing in this area in light of the impact of Covid 19 on the future financial of the Council. We will continue to progress this work over the coming week and will provide an update to the committee at its meeting.

Concluding comments

Auditor commentary

- Whilst we are satisfied that the going concern assumption remains appropriate, our work is ongoing to determine whether any additional disclosures are required in the final financial statements.

Other communication requirements

We set out below details of other matters which we, as auditors, are required by auditing standards and the Code to communicate to those charged with governance.

Issue	Commentary
① Matters in relation to fraud	<ul style="list-style-type: none"> We have previously discussed the risk of fraud with the Audit and Corporate Governance Committee. We have not been made aware of any other incidents affecting the financial statements in the period and no other issues have been identified during the course of our audit procedures.
② Matters in relation to related parties	<ul style="list-style-type: none"> We are not aware of any related parties or related party transactions which have not been disclosed
③ Matters in relation to laws and regulations	<ul style="list-style-type: none"> You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations and we have not identified any incidences from our audit work.
④ Written representations	<ul style="list-style-type: none"> A letter of representation will be requested from the Council, at the conclusion of our work Specific representations will be sought requested from management in respect of the following: <ul style="list-style-type: none"> Confirmation of accuracy and completeness of group relationships Assumptions for key PPE valuation estimates Assumptions for Pension valuation estimates Confirmation of cash flow assumptions to support Fair Value calculations of investment in James Elliman Homes
⑤ Confirmation requests from third parties	<ul style="list-style-type: none"> We requested from management permission to send confirmation requests to investment fund managers and the Council's banks and institutions they have borrowings from. This permission was granted and the requests were sent. The majority of these requests were returned with positive confirmation, however some requests are currently outstanding as detailed on page 3.
⑥ Audit evidence and explanations/significant difficulties	<ul style="list-style-type: none"> Based on work carried out to date, all information and explanations requested from management has been provided.

Other communication requirements

We set out below details of other matters which we, as auditors, are required by auditing standards and the Code to communicate to those charged with governance.

Issue	Commentary
7 Disclosures	<ul style="list-style-type: none"> • Our review identified a number of adjustments which were required. These included: <ul style="list-style-type: none"> • Group disclosures were amended to provide additional clarity to a reader of the accounts • Capital Commitments disclosures included in the accounts are not in line with the Code requirements and we requested disclosure to this extent to be added to the accounts • In Note 30, the interim Director of Place & Development has received remuneration exceeding £150k but initially wasn't named as required by the Code • A third balance sheet and related disclosures was required to reflect the prior period adjustment for property, plant and equipment • the group notes for PPE did not agree to the Group balance sheet due to the omission of the consolidated values • The disclosures in relation to the fair value of surplus assets were not sufficient to meet the requirements of the Code • IFRS 15 disclosures were not adequately included in the financial statements

Other responsibilities under the Code

Issue	Commentary
<p>1 Other information</p>	<ul style="list-style-type: none"> We are required to give an opinion on whether the other information published together with the audited financial statements (including the Annual Governance Statement and Narrative Report), is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. <p>No inconsistencies have been identified. We plan to issue an unmodified opinion in this respect.</p>
<p>2 Matters on which we report by exception</p>	<p>We are required to report on a number of matters by exception in a numbers of areas:</p> <ul style="list-style-type: none"> If the Annual Governance Statement does not meet the disclosure requirements set out in the CIPFA/SOLACE guidance or is misleading or inconsistent with the other information of which we are aware from our audit If we have applied any of our statutory powers or duties <p>We have nothing to report on these matters however we have yet to complete our final consistency checks on the final Annual Governance Statement.</p>
<p>3 Specified procedures for Whole of Government Accounts</p>	<p>We are required to carry out specified procedures (on behalf of the NAO) on the Whole of Government Accounts (WGA) consolidation pack under WGA group audit instructions.</p> <p>As the Council exceeds the specified group reporting threshold of £500m we examine and report on the consistency of the WGA consolidation pack with the Council's audited financial statements.</p> <ul style="list-style-type: none"> Note that work is not yet completed and the planned timescale for the work is for completion in August 2020, once the audit of the financial statements has concluded.
<p>4 Certification of the closure of the audit</p>	<p>We are unable to certify the closure of the 2018/19 audit of Slough Borough Council in the audit opinion, due to the following:</p> <ul style="list-style-type: none"> Completion of our review of the Council's Whole of Government Accounts return following the issue of our opinion on the Council's 2018/19 financial statements. Resolution of an outstanding objection to the accounts relating to the acquisition of the Council's new offices at 25 Windsor Road which has yet to be formally concluded.

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Independence and ethics

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant matters that may bear upon the integrity, objectivity and independence of the firm or covered persons (including its partners, senior managers, managers and network firms). In this context, we disclose the following to you:

- In this context, in writing our 2018-19 Audit Plan we needed to bring a specific issue to those charged with governance attention. Gray's Inn Trading (GIT) Ltd is a group of companies based in the Slough area. A separate special purpose vehicle, Ground Rent Estates (GRE) 5 Ltd, held by GIT Ltd, was acquired by Slough Borough Council on 8 March 2018. At the time of purchase, Grant Thornton were responsible for the audit and tax services for GIT Ltd. Audit and tax compliance services had been provided by Grant Thornton during the 2016-17 financial year, including tax compliance work which commenced in January 2018, nearly three months prior to the 8 March 2018 acquisition date. In addition to the tax compliance work, GT provided tax advice relating to the GRE 5 Ltd company transfer. No work was performed in respect of the 2017-18 year - the firm proposed to continue as the auditor of GRE5 Ltd for 2017/18 but, in view of the acquisition by the Council of GRE5 Ltd, the firm ceased its tax and accounts preparation services for audit year 2017/18. There is therefore no ongoing threat to independence as the firm will not be undertaking accounts preparation or tax work in future years.
- For the 2016-17 audit, all fees relating to the audit and tax computation work for the group (including that for GRE 5 Ltd) have been and will continue to be billed to the GIT Group. No fees were billed to either GRE 5 Ltd or Slough Borough Council. The work is inconsequential to the Council (and is not consolidated within the financial statements of the Council) and Grant Thornton had substantially completed, and billed, the majority of the work before Slough Borough Council acquired GRE 5 Ltd in March 2018. The only element of work outstanding at the date of acquisition was the final sign off procedures, including the filing of year end accounts.

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No members of the Slough Borough Council audit team had any involvement with the GIT Ltd or GRE 5 Ltd audit and tax services.

- Following the subsequent discussions with our Head of Ethics, it has been agreed that there is no ongoing conflict of interest and there is no impact upon our independence and objectivity of the audit of either the Council or the company as the firm ceased its tax and accounts preparation services for the audit year 2017-18. There is therefore no ongoing threat to independence as Grant Thornton will not be undertaking accounts preparation or tax work in 2018-19 or in future years. Grant Thornton has fully reported the circumstances to Slough Borough Council and consulted with PSAA on 12 July 2018. PSAA has confirmed that they support this conclusion.
- We are reporting this matter to those charged with governance as required under the Financial Reporting Council Ethical Standard to ensure that they are fully apprised of the situation.

We confirm that we have implemented policies and procedures to meet the requirements of the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in December 2017 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

Independence and ethics

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Financial Reporting Council's Ethical Standard and confirm that we, as a firm, and each covered person, are independent and are able to express an objective opinion on the financial statements

We confirm that we have implemented policies and procedures to meet the requirements of the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in December 2017 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

Details of fees charged are detailed in Appendix D

Audit and Non-audit services

For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Council. The following non-audit services were identified, as well as the threats to our independence and safeguards that have been applied to mitigate these threats.

	Fees £	Threats identified	Safeguards
Audit related			
Teachers Pensions Return Certification work	5,000	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is not significant in comparison to the total fee for the audit and in particular is not significant relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
Housing Benefit Subsidy certification work	95,000	Self-interest Self-review	This engagement is for the provision of a report of factual findings in respect of the local authority's form MPF720A. There is no direct impact on the Housing Benefit income and expenditure figures in the financial statements and there is a very low risk of the work leading to any need for future restatement of the accounts. The Housing Benefit subsidy engagement does not impact on our independence, objectivity or integrity in respect of the audit of the financial statements of the local authority.
Non Audit			
CFO insights subscription	10,000	Self interest	We have provided subscription services only; any decisions are made independently by the Council. The work is undertaken by a team independent to the audit team.

Value for Money

Background to our VFM approach

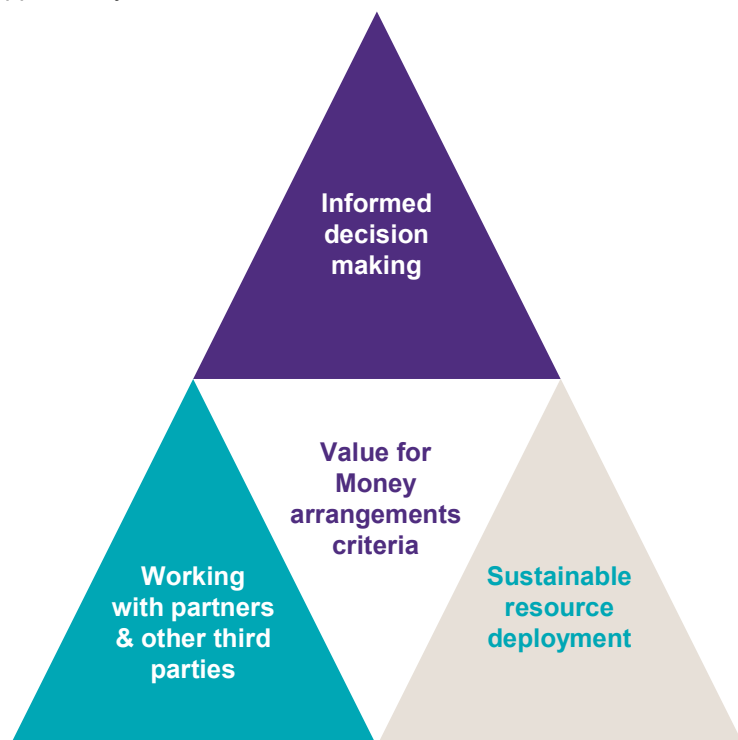
We are required to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources and report by exception where we are not satisfied. This is known as the Value for Money (VFM) conclusion.

We are required to carry out sufficient work to satisfy ourselves that proper arrangements are in place at the Council. In carrying out this work, we are required to follow the NAO's Auditor Guidance Note 3 (AGN 03) issued in November 2019. AGN 03 identifies one single criterion for auditors to evaluate:

"In all significant respects, the audited body takes properly informed decisions and deploys resources to achieve planned and sustainable outcomes for taxpayers and local people."

This is supported by three sub-criteria, as set out below:

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Risk assessment

We carried out an initial risk assessment in January 2020 and identified a three significant risks in respect of specific areas of proper arrangements using the guidance contained in AGN03. We communicated these risks to you in our Audit Plan dated January 2020.

Our risk assessment is a dynamic process and we have had regard to new information which emerged since we issued our Audit Plan, we identified the additional significant risk as a result:

- Slough Children's Services Trust (SCST) provides the Council's children's social care services. We identified the possible failure of SCST due to its deteriorating financial position and ability to manage demand as a significant risk.

We carried out further work only in respect of the significant risks we identified from our initial and ongoing risk assessment. Where our consideration of the significant risks determined that arrangements were not operating effectively, we have used the examples of proper arrangements from AGN 03 to explain the gaps in proper arrangements that we have reported in our VFM conclusion.

Value for Money

Our work

AGN 03 requires us to disclose our views on significant qualitative aspects of the Council's arrangements for delivering economy, efficiency and effectiveness.

We have focused our work on the significant risks that we identified in the Council's arrangements. In arriving at our conclusion, our main considerations were:

- The council has adequate arrangements in place to ensure financial sustainability, but arrangements could be strengthened to ensure robust and realistic savings plans are in place.
- The recent Ofsted inspection in January 2019 identified an improvement in the arrangements for Children's Social Care services, they were no longer rated as 'inadequate', but rated as 'require improvement to be good'.
- The Council did not have adequate arrangements in place to ensure reliable and timely financial reporting that supports the delivery of strategic priorities due to weaknesses in processes for preparing the 2017-18 financial statements (which took place during 2018-19), and ongoing weaknesses in the quality of working papers supporting the 2018-19 financial statements.
- Slough Children's Services Trust (SCST):-
 - inadequate arrangements were in place to deliver strategic priorities or understanding and using appropriate and reliable financial and performance information to support informed decision making and performance management including where relevant, business cases supporting significant investment decisions.
 - during 2018/19 the Council did not demonstrate sound governance arrangements to ensure that elected members (Cabinet or the Education and Children's Scrutiny Committee) were updated on the progress of SCST through formal committee meetings.

We have set out more detail on the risks we identified, the results of the work we performed, and the conclusions we drew from this work on pages 29 to 35.

Overall conclusion

Based on the work we performed to address the significant risks, except for the matters we identified in respect of understanding and using appropriate and reliable financial and performance information to support informed decision making and performance management including where relevant, business cases supporting significant investment decisions and ensuring reliable and timely financial reporting that supports the delivery of strategic priorities, the Council had proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We therefore propose to give a qualified 'except for' conclusion.

The text of our proposed report can be found at Appendix E.

Recommendations for improvement

We discussed findings arising from our work with management and have agreed recommendations for improvement.

Our recommendations and management's response to these can be found in the Action Plan at Appendix A

Significant difficulties in undertaking our work

We did not identify any significant difficulties in undertaking our work on your arrangements which we wish to draw to your attention.

Significant matters discussed with management

There were no matters where no other evidence was available or matters of such significance to our conclusion or that we required written representation from management or those charged with governance.

Value for Money

Key findings

We set out below our key findings against the significant risks we identified through our initial risk assessment and further risks identified through our ongoing review of documents.

Significant risk	Findings	Conclusion
<p>Financial Sustainability of the Council - Medium Term Financial Strategy (MTFS)</p> <p>The ongoing challenge of meeting the savings outlined by Central Government continue to put pressures on Local Government finances. Slough Borough Council currently has a budget gap of £1.291m over four years to 2022/23. The Council has set a balanced budget for 2019/20 to 2021/22.</p> <p>In the short term, the Authority has one off reserves that can be used to mitigate these pressures but the longer term implications are challenging. The Authority expects an estimated £9m reduction in central funding per annum to 2024/25 which further enforces the need to identify alternative methods of achieving the Authority's financial position for the future.</p> <p>We will review the Authority's arrangements to prepare robust savings plans and how these have been challenged and consider the plans to identify further savings to address the future funding gap.</p> <p>We will review monitoring arrangements, including the robustness of the Council's Medium Term Financial Strategy, the delivery of the 2018/19 budget, and the action taken when plans are not being delivered.</p>	<p>Medium Term Financial Strategy</p> <p>The Council has an agreed Medium-Term Financial Strategy which was presented to Cabinet in December 2017 and subsequently updated and reported in July and October 2018. Reasonable assumptions have been made for CT, retained business rates and RSG. The MTFS included the savings required across the three years, 2018/19 to 2020/21 of £11.012m.</p> <p>The budget and savings identified in the MTFS are updated and approved within the budget setting process which was completed in February 2019, savings of £6.3m were agreed for 2018/19.</p> <p>Savings Plans</p> <p>In 2018/19 the Directorates were not given specific savings targets but asked to offer up what savings they could deliver. Those savings that were identified it was the Directorates responsibility to risk assess the savings plans, ensure they are deliverable and have action plans/business cases in place to ensure delivery.</p> <p>The Directorates identified a range of different savings, 34 in total which included savings as well as additional income to the value of £6.262m. These were agreed by CMT and reported to Cabinet as part of the budget setting process in February 2019.</p> <p>The Council does not have a corporate assurance or project management process in place to assess the savings schemes or to check the robustness of the action plans.</p>	<p>Auditor view</p> <p>We consider that adequate arrangements are in place to ensure financial sustainability, but arrangements could be strengthened to ensure robust and realistic savings plans are in place.</p>

Value for Money

Key findings

We set out below our key findings against the significant risks we identified through our initial risk assessment and further risks identified through our ongoing review of documents.

Significant risk	Findings	Conclusion
<p>Financial Sustainability of the Council - Medium Term Financial Strategy (MFTS)</p> <p>The ongoing challenge of meeting the savings outlined by Central Government continue to put pressures on Local Government finances. Slough Borough Council currently has a budget gap of £1.291m over four years to 2022/23. The Council has set a balanced budget for 2019/20 to 2021/22.</p> <p>In the short term, the Authority has one off reserves that can be used to mitigate these pressures but the longer term implications are challenging. The Authority expects an estimated £9m reduction in central funding per annum to 2024/25 which further enforces the need to identify alternative methods of achieving the Authority's financial position for the future.</p> <p>We will review the Authority's arrangements to prepare robust savings plans and how these have been challenged and consider the plans to identify further savings to address the future funding gap.</p> <p>We will review monitoring arrangements, including the robustness of the Council's Medium Term Financial Strategy, the delivery of the 2018/19 budget, and the action taken when plans are not being delivered.</p>	<p>Savings Plans continued</p> <p>Progress on delivery of the savings plans is reported quarterly to Cabinet in the Revenue Budget Monitor Reports. These reports include the financial position against budget for each Directorate. In 2018/19 the Council delivered a small overspend of £0.051m, although four of the five Directorates overspent, except for the Chief Executive Directorate, with £3m underspend in non-service areas.</p> <p>The Council reported achieving savings £6.42m, although these were not always as planned and included a high proportion of income. The savings plans were not supported with detailed savings plans and business cases. Arrangements could be strengthened by introducing corporate oversight and review of savings plans to ensure they are robust and realistic.</p>	<p>See previous page</p>

Value for Money

Key findings

We set out below our key findings against the significant risks we identified through our initial risk assessment and further risks identified through our ongoing review of documents.

Significant risk	Findings	Conclusion
<p>Principles and values of sound governance and internal control</p> <p>In the prior year, the Authority's auditor identified significant weaknesses in arrangements to prepare the financial statements to support informed decision making, resulting in a modified opinion on the use of resources for the year ended 31 March 2018.</p> <p>We will consider the Council's system of internal control and governance procedures and its progress in addressing the previously identified recommendations.</p>	<p>There remained weaknesses and material misstatements in the preparation of the 2017-18 Statement of Accounts that took place during the 2018-19 financial year. The Council set out a detailed action plan at the conclusion of the 2017-18 audit and we recognise that many of these actions will take time to implement and embed into the Council's financial processes and procedures. Action has been taken by the Council to address capacity issues in the finance team and seek additional external advice and support on a number of areas of the financial statements, but there is still significant scope for improvement in the quality of the underlying working papers to ensure that the financial statements are free from material error.</p> <p>The Council has had difficulties producing supporting information for a number of areas in the financial statements resulting the 2018-19 audit not yet being completed. They have relied on the use of the CIPFA Big Red Button which has resulted in issues understanding the audit trail between the ledger and Trial Balance and how these reconcile to the Council's financial statements.</p> <p>Our 2018-19 audit work to date has identified a number of in year and prior period adjustments particularly in the area of PPE valuations and accounting for additions and disposals of assets. The valuation errors have resulted in the client commissioning external experts to produce a new valuation for the opening balances as at 1 April 2018, as well as the closing position at 31 March 2019.</p> <p>Our audit has identified a number of control deficiencies in internal controls in respect of:</p> <ul style="list-style-type: none"> • Quality of working papers supporting the financial statements • Lack of critical review of the draft financial statements and supporting audit working papers prior to audit • Inadequacy of reconciliation and review of debtors and creditors • Lack of clarity around bank reconciliations, particularly in relation to School bank accounts • Inadequate maintenance of the fixed asset register, with examples identified where prior year transactions had not been correctly removed from the asset register or material transactions had been incorrectly accounted for during the year. 	<p>Auditor view</p> <p>We consider that adequate arrangements were not in place due to:</p> <p>weaknesses in processes for preparing the 2017-18 financial statements (which took place during 2018-19), and ongoing weaknesses in the quality of working papers supporting the 2018-19 financial statements</p>

Value for Money

Key findings

We set out below our key findings against the significant risks we identified through our initial risk assessment and further risks identified through our ongoing review of documents.

Significant risk	Findings	Conclusion
<p>Principles and values of sound governance and internal control</p> <p>In the prior year, the Authority's auditor identified significant weaknesses in arrangements to prepare the financial statements to support informed decision making, resulting in a modified opinion on the use of resources for the year ended 31 March 2018.</p> <p>We will consider the Council's system of internal control and governance procedures and its progress in addressing the previously identified recommendations.</p>	<p>In addition as part of our overall VFM work we reviewed the draft Annual Governance Statement (AGS) as published on the Council's website.</p> <p>The draft AGS sets out how the Council complied with the seven principals of good governance, however this document could be clearer on how the governance arrangements have been reviewed. Priority outcomes are discussed, as defined in the Council's 5 Year Plan, with a summary of progress against these outcomes but not how the governance arrangements support their delivery. An update is provided on the LGA peer review. In addition, an update is provided on the issues reported in 2017/18, the action taken in 2018/19 and if this is still an issue in 2019/20.</p> <p>Arrangements could be improved by developing the AGS and introducing:</p> <ul style="list-style-type: none"> • assessment of the effectiveness of the framework • how the Council is defining outcomes in terms of sustainable economic, social and environmental benefits • an action plan, that brings together and addresses all the significant issues faced by the Council • a formal mechanism that monitors and assesses the progress of the issues and recommendations raised in the AGS throughout the year. 	<p>Auditor view</p> <p>We consider there is scope to ensure that the Annual Governance Statement (AGS) more clearly sets out the processes and procedures to enable the Council to carry out its functions effectively.</p>

2018/19

Value for Money

Key findings

We set out below our key findings against the significant risks we identified through our initial risk assessment and further risks identified through our ongoing review of documents.

Significant risk	Findings	Conclusion
<p>Children’s Social Care Services</p> <p>In the prior year, Ofsted identified weaknesses in Children’s Social Care services, resulting in a modified opinion on the use of resources for the year ended 31 March 2018.</p> <p>We will consider the:</p> <ul style="list-style-type: none"> Council’s progress against the previously identified recommendations actions taken by the Authority to address the recommendations raised by Ofsted Authority’s processes for monitoring the progress against recommendations raised results of any follow up inspections by external bodies. 	<p>The arrangements within Children’s Social Care Services have been viewed as inadequate by Ofsted since 2011. In January 2019 Ofsted undertook a detailed inspection which concluded that services had improved, although the services ‘require improvement to be good’.</p> <p>This change in rating occurred nine months into the year and the inspection report acknowledged that the pace of change had accelerated in the six months prior to the inspection. In addition, the monitoring report completed in May 2018 concluded that there continues to be positive improvement.</p> <p>Prior to this inspection Ofsted were making regular contact with the Council every two to three months. A Joint Improvement Board, a multi-agency non-public board was responsible for monitoring and ensuring progress. The Board met monthly during 2018/19. This Board was disbanded following the improved rating being awarded.</p> <p>Significant improvement is still required to improve the Ofsted rating in subsequent inspections and the Slough Children’s Services Trust (SCST) has developed an action plan to address the recommendations raised by Ofsted. This is monitored by the Council through its Partnership Board meetings and in one to one meetings with the Director of Children’s Services and the Chief Executive of SCST, as well as by the SCST Board.</p>	<p>Auditor view</p> <p>We consider that adequate arrangements are in place as indicated by the improvement in rating following the Ofsted inspection. Significant progress is still required to improve the Ofsted rating further.</p>

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Value for Money

Key findings

We set out below our key findings against the significant risks we identified through our initial risk assessment and further risks identified through our ongoing review of documents.

Significant risk	Findings	Conclusion
<p>Slough Children’s Services Trust (SCST)</p> <p>SCST provides the Council’s children’s social care services. We identified the possible failure of SCST due to its deteriorating financial position and ability to manage demand as a significant risk.</p> <p>We will review the:</p> <ul style="list-style-type: none"> arrangements to monitor performance of SCST and action to address underperformance <p>the current financial position of SCST and what action the Council plans to undertake</p> <p>understand the contract arrangements with regards to managing demand and if the Council is required provide additional funding.</p>	<p>In 2015 following two Ofsted judgements of ‘inadequate’ the Secretary of State exercised her powers under the Education Act 1996 to set up a separate organisation to carry out the Council’s children’s social care functions. In October 2015, SCST was established and took over the management of Council’s children’s social care services. The cost of establishing SCST was met by the DfE, whilst the Council provided a working capital loan to the value of £4.2m to be repaid after six years. The Council pay SCST in the region of £24m for the delivery of the children’s social care services.</p> <p>SCST was the result of a Statutory Direction from the Secretary of State on the Council and to begin with this had a detrimental impact on the relationship between SCST and the Council. Following changes in personnel within both organisations this began to improve.</p> <p>The Council has a legally binding contract for the delivery of services with SCST and retains statutory responsibility. However, this is not a commercial contract, changes require agreement of the DfE and the Council does not have step in rights and cannot terminate the contract. In 2017 the contract was reviewed and all parties recognised the inadequacies of the contractual arrangements. However, due to a lack of capacity and so has not to detract from the improvement journey and the expected imminent Ofsted inspection a decision was made to complete a deed of variation (DoV). This decision included the Council, SCST and the DfE. The deed of variation DoV looked to improve governance and oversight of the contract by clarifying and strengthening the contract management arrangements.</p> <p>In 2018/19 the financial position of SCST began to deteriorate, SCST continued to report a deficit and growth monies were requested to reduce the risk of insolvency. As a result an LGA review of the financial situation facing SCST was commissioned by the Council. This review highlighted inadequacies in the governance arrangements and that SCST’s position was not sustainable without additional funding.</p>	<p>Auditor view</p> <p>We consider that adequate arrangements were not in place:</p> <ul style="list-style-type: none"> to support informed decision making and performance management including where relevant, business cases supporting significant investment decisions.

Value for Money

Key findings

We set out below our key findings against the significant risks we identified through our initial risk assessment and further risks identified through our ongoing review of documents.

Significant risk	Findings	Conclusion
<p>Slough Children’s Services Trust (SCST)</p> <p>SCST provides the Council’s children’s social care services. We identified the possible failure of SCST due to its deteriorating financial position and ability to manage demand as a significant risk.</p> <p>We will review the:</p> <ul style="list-style-type: none"> arrangements to monitor performance of SCST and action to address underperformance <p>the current financial position of SCST and what action the Council plans to undertake</p> <p>understand the contract arrangements with regards to managing demand and if the Council is required provide additional funding.</p>	<p>The Council agreed to provide additional growth funds in the region of £1.4m and the Council and SCST continued to work together to replay the working capital loan (£4.2m).</p> <p>Senior Officers of the Council maintained regular contact with SCST and elected members were informed through meeting with the Lead Member. However, neither Cabinet or the Education and Children’s Scrutiny Committee received any formal updates. SCST’s Annual Report was not received by the Council until August 2019.</p> <p>The 2019 LGA peer review also confirmed that governance arrangements were immature in both SCST and the Council and that line of accountability, contract monitoring and shared financial responsibility were unclear.</p> <p>Contract and performance monitoring were the responsibility of the Directorate and were predominately focused on the changes required to improve the Ofsted rating. Financial monitoring was limited and constrained by the quality of the financial information received by SCST.</p> <p>The Council did not fully recognise the dire financial position of SCST until August 2019 at which point the deficit had significantly increased. The Council and SCST then held additional discussions, information was requested and elected members were informed of the developing situation.</p> <p>The Council has devolved contract management arrangements and responsibility sits with the Directorates. It does not have a corporate commissioning/procurement function from which specialist knowledge or expertise can be sought. The Council has agreed contract procedure rules within its constitution for which each Directorate is responsible for ensuring compliance.</p>	<p>Auditor view</p> <p>We consider that adequate arrangements were not in place:</p> <ul style="list-style-type: none"> to support informed decision making and performance management including where relevant, business cases supporting significant investment decisions.

Action plan

We have identified recommendations for the Council's as a result of issues identified during the course of our audit. We have agreed our recommendations with management and we will report on progress on these recommendations during the course of the 2020/21 audit. The matters reported here are limited to those issues that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

Assessment	Issue and risk	Recommendations
●	Agreed savings are not supported by robust savings plans and as such are at risk of not delivering as anticipated.	<p>The Council should:</p> <ul style="list-style-type: none"> ensure that savings are supported by robust savings plans and business cases strengthen arrangements by introducing a corporate function, which could assess the likelihood of delivery, the robustness of proposed savings and their supporting plans as well as monitor delivery. <p>Management response</p> <p>All savings plans are now regularly monitored throughout the year, in the Revenue Monitoring reports presented to Cabinet, to ensure if delivery is stalled or no longer possible alternatives are found. The Council has been able to find compensatory savings where it has been found an initial proposal has been unable to deliver.</p> <p>The Council has introduced a Star Chamber process, from 2019/20, where Service Areas submit detailed savings plans. Officers will continue to work to improve the robustness and detail of the Savings Business Cases.</p>
●	We consider there is scope to ensure that the Annual Governance Statement (AGS) more clearly sets out the processes and procedures to enable the Council to carry out its functions effectively.	<p>The governance arrangements could be improved by developing the AGS and introducing:</p> <ul style="list-style-type: none"> assessment of the effectiveness of the framework, it should be more than a description of what is in place how the Council is defining outcomes in terms of sustainable economic, social and environmental benefits an action plan, that brings together and addresses all the significant issues faced by the Council a formal mechanism that monitors and assesses the progress of the issues and recommendations raised in the AGS throughout the year. <p>Management response</p> <p>Agreed. We will seek to take forward these recommendations in future Annual Governance Statements and will ensure the Audit & Governance Committee has oversight of progress against the AGS Action Plan.</p>

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Controls

- High – Significant effect on control system
- Medium – Effect on control system
- Low – Best practice

Action plan

Assessment	Issue and risk	Recommendations
●	Effective governance arrangements are not in place to ensure those charge with governance are able to make decisions in an open and transparent way	<p>Cabinet and scrutiny should be regularly updated on the performance of their key services and be able to challenge this performance and have the opportunity to make informed decisions in formal committee meetings.</p> <p>Management response</p> <p>Cabinet and Scrutiny are regularly updated regarding the financial performance of key services. Scrutiny officers have been working with the Chairs of the Overview & Scrutiny Committees to determine future work programmes. We will ensure key service performance is included as a regular agenda item.</p>
●	Effective contract management arrangements are not in place to effectively manage statutory services that are delivered by third parties.	<p>The Council should consider and ensure effective arrangements are in place in the following areas:</p> <ul style="list-style-type: none"> • Role of elected members, including Members of the Board, as possible shareholder committees or monitoring committees such as the Commercial Sub-Committee, as well as the role of scrutiny committees <ul style="list-style-type: none"> • Elected members who are Board Directors of the SCST need to understand their responsibilities and duties to SCST and ensure they effectively manage any conflicts of interest. All company directors have a duty to act in the best interests of the company rather than in the best interests of the body that has appointed the Director to the company (eg the Council) • Elected members committee functions, this should include those charged with governance who would have oversight of the effectiveness of the SCST Board in line with Council's strategic objectives and statutory duties as well as scrutiny. • The Council would benefit from applying consistent arrangements across the Council for dealing with all its third-party companies and ensure the role of the Commercial Sub-Committee is effective and understood • Those charged with Governance should receive updates and reports on a regular basis (quarterly as a minimum) to enable informed decision making. <p>Management response</p> <p>Agreed. The Council has introduced a Commercial Committee, during 2019/20, however this is still in its infancy and its role has been developing over the past year. We will review its Terms of Reference at the first meeting in 2020/21.</p> <p>The Council has been in discussions with RSM to provide training to Members and Senior Officers regarding their responsibilities when representing the Council on the various Company Boards. This training will be delivered during 2020/21.</p>

Action plan

Assessment	Issue and risk	Recommendations
●	<p>Effective governance arrangements are not in place to effectively manage statutory services that are delivered by third parties.</p>	<ul style="list-style-type: none"> The Council should introduce contract management to ensure services are delivered as planned and any mitigating actions can be taken in a timely manner. The Council should consider using its internal audit service to gain assurance that its contract procedures are being effectively applied across all Directorates. <p>Management response</p> <p>The Council is specifically building a new Contract Management function within the ongoing Our Futures Transformation Programme, with support from its internal audit services.</p>
●	<p>Quality of working papers and clarity of the audit trail</p> <p>As noted on page 13, the audit process was hampered by issues with the clarity of the audit trail including:</p> <ul style="list-style-type: none"> insufficient audit trail to support the movements in the cashflow statement Lack of supporting audit trail for key notes in the accounts such as analysis of the income and expenditure by nature 	<p>We recommend that the Council:</p> <ul style="list-style-type: none"> Review the process used to produce the year end accounts and identify areas where further improvement needs to be made Ensure that all disclosure have supporting working papers and there is a clear mapping between the general ledger and the financial statements <p>Management response</p> <p>The Council has been working on identifying areas for improvement, and these have included :</p> <ul style="list-style-type: none"> Training for all finance staff not just accountants Review and sharing of unclear working papers with staff with explanations of why improvements required Audit requirements and priorities around audit evidence shared with whole accountancy team during closure of accounts, and prior to commencement of external audit. Focus on CIPFA code of practice and associated guidance, with training for staff on how to use these

Action plan

Assessment	Issue and risk	Recommendations
●	<p>Review of financial statements</p> <p>A number of inconsistencies and disclosure omissions were identified during our review of the financial statements. This indicated a lack of internal critical review prior to the financial statements being presented for audit.</p>	<p>We recommend that the Council:</p> <ul style="list-style-type: none"> • Develop a year end timetable for the production of the accounts which include sufficient time for management review • Utilises the CIPFA checklist to ensure that disclosures are complete and produced in line with code requirements <p>Management response</p> <p>The Council will be refining its year end timetable to ensure that sufficient time is built in for senior management review, and that other areas have lead officers clearly allocated with support. This is seen as an area for staff development which will make the process more efficient and accurate.</p> <p>The Council are looking to use external advisors alongside the CIPFA checklist to ensure that the disclosures are complete and in line with code requirements.</p>
●	<p>Bank reconciliation process</p> <p>As noted on page 19, our review of the bank reconciliation process identified that the process in place in 2018/19 was overly complex and made identification of reconciling items and their clearance difficult. There were also issues identified with the descriptions of reconciling balances within the balance.</p>	<p>We recommend that the Council:</p> <ul style="list-style-type: none"> • Perform a review of the bank reconciliation process to simplify the bank reconciliation process and remove all old and out of date reconciling items and ensure that amounts included in the reconciliation and the ledger are valid cash items. <p>Management response</p> <p>The Council has already during 2019/20 commenced a review to streamline the ledger codes used and remove old and out of date reconciling items. This will continue during 2020/21 with a view to simplifying the overall reconciliation to aid clarity.</p>

Action plan

Assessment	Issue and risk	Recommendations
●	<p>Accounting treatments</p> <p>The loans made to JEH had not been accounted for in line with the Code requirements resulting in amendments to the valuation and disclosure in the final accounts.</p> <p>This was a new transaction in 2017/18 although it was not a material balance in the prior year and the accounting treatment had not been documented against Code requirements before inclusion in the financial statements.</p>	<p>We recommend that the Council</p> <ul style="list-style-type: none"> establish a process for significant transactions such as investments and loans, to be formally considered against the requirements of the Code and the consideration documented and reviewed before being applied.. <p>Management response</p> <p>The Council will develop a review process to document the accounting treatment of any new significant transactions to ensure the treatment is in line with the CIPFA accounting code. This may include external advice if appropriate, in particular for complex transactions.</p>
●	<p>Debtor and creditor reconciliations</p> <p>During our testing of the debtor and creditor balance there were issues with the client producing reconciled balances which should represent the year end debtor and creditor positions excluding in year movements. Our sample testing of debtors and creditors has not identified any material balances that are not supported.</p> <p>We have discussed this with management and confirmed that a process has been undertaken in 2020 to review debtor and creditor codes and cleared down items which are no longer valid balances.</p>	<p>We recommend that the Council</p> <ul style="list-style-type: none"> Perform review of the debtor and creditor account codes to ensure that balances are appropriate and valid and clear those that are not. Establish a reconciliation process for all debtors and creditor accounts to ensure the balances are fully supported and valid debtors or creditors <p>Management response</p> <p>The Council will work with the External Auditors to improve this area, however one of the key areas referred to here relates to the process for recording debtor and creditor accruals. The Council has checked with other Local Authorities including some audited by Grant Thornton, and the process the Council follows is consistent with that used by other Local Authorities, and it is felt that to change this would not be an efficient use of staff time and would further increase unnecessary entries to the financial ledger.</p> <p>The Council has also undertaken a significant exercise during 2019/20 to review debtor and creditor balance sheet codes and cleared down those no longer appropriate. This will be continued during 2020/21 and then incorporated as part of an annual year end process.</p>

Action plan

Assessment	Issue and risk	Recommendations
●	<p>Income and Debtors</p> <p>There is no review process over invoices issued before they were sent out to clients. The Council relies on customers to identify and inform them of any errors noted. However there is risk that if the invoice is undercharged and the customers may not raise error, and the Council may suffer a loss from undercharging.</p>	<p>We recommend that the Council</p> <ul style="list-style-type: none"> Review the internal processes over invoice raising to ensure there is sufficient review of invoices before they are sent to clients <p>Management response</p> <p>The Council took the decision on the implementation of the new Agresso Finance system that it would not look to implement a two stage authorisation of debtor invoice production as this was not seen to be a high risk area. However we will look for this to be reviewed by the Council's Internal Auditors during 2020/21.</p>
●	<p>Declarations of interest</p> <p>Councillor and Senior Officer declaration forms are not dated. There is a risk that the declaration record is incomplete or insufficient as a result. The most recent forms for three Councillor declaration forms were signed, but not dated. Signing / dating a declaration form should be standard practice, as it could lead to forms being misfiled, or new interests not being declared in a timely manner.</p> <p>Senior Officers that were working for SBC through a contracting company are not required to complete a Declaration of Interests form.</p> <p>Interim staff are not required to complete the Registers of Interests and Gifts and Hospitality.</p>	<p>We recommend that the Council:</p> <ul style="list-style-type: none"> ensure that all forms are signed and dated as part of their standard procedures consider whether Officers, including interim staff, should complete declaration forms as they may be able to have a significant influence on the council's high level decisions. <p>Management response</p> <p>The Council requires every entry to the members register of interests to be signed and dated, it is standard practice that this is always followed. In the past 12 months the Council have strengthened the process and a democratic services officer must always countersign each form received from a councillor to ensure completeness. Senior officers declaration forms are not part of this process, and are in fact part of the declaration process for all staff which uses an online HR process to gather the submissions.</p> <p>The Council will look to implement a process by September 2020 to ensure that any interim staff or those recruited through contracting companies are required to complete a declaration of interests form and where appropriate complete their Directorate gifts and hospitality register.</p>

Action plan

Assessment	Issue and risk	Recommendations
●	<p>Fixed asset register</p> <p>The client informed us of a number of properties which had not been removed / reclassified in the fixed asset register prior to the production of the year end financial statements.</p> <p>We also identified material assets which had been fully depreciated and were held at net nil valued in the fixed asset register and accounts.</p>	<p>We recommend that the Council:</p> <ul style="list-style-type: none"> establish a process to perform and annual review of assets to ensure that all disposals and reclassifications are amended establish an in-year process for capital movements to be notified on a timely basis to the finance team to ensure the fixed asset register is maintained accurately. This should be reconciled to the accounts as part of the year end closed own procedures. <p>Management response</p> <p>Agreed the Council will look to establish a more timely process for notifying the finance team of capital movements to enable updating the asset register during the year, rather than just at year end. This will also include a review at least annually of all assets to ensure all asset disposals and reclassifications during the year are amended within the asset register.</p>
●	<p>Capital accounting process</p> <p>The purchase of Thames Valley University had been accounted for using the stage payments as additions rather than the cost and a liability. This resulted in a material error in the current and prior year.</p>	<p>We recommend that the Council</p> <ul style="list-style-type: none"> establish a process for reviewing and documenting the accounting treatment of significant transactions to ensure they are accounted for in line with the Code. This should be subject to internal review <p>Management response</p> <p>The Council will develop a review process to document the accounting treatment of any new significant transactions to ensure the treatment is in line with the CIPFA accounting code. This may include external advice if appropriate, in particular for complex transactions.</p>

Audit Adjustments

We are required to report all non trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

Impact of adjusted misstatements

All proposed misstatements are set out in detail below. The impact of these adjustments on the key statements and the reported net expenditure for the year ending 31 March 2019 are in the process of being determined and we will update those charged with governance once these adjustments have been finalised by officers.

Detail	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £' 000	Impact on total net expenditure £'000
1 The loan to JEH was accounted for as fair value equity investments when they were soft loans. Adjustment was required to the valuation which impacts the SOFP and valuation movements in the CIES			
2 The CCLA Property Fund does not meet the definition of equity due to being puttable and so this designation is inappropriate. It was agreed that this would be reclassified as FVPL and then the statutory override applied to remove the impact upon the general fund.			
3 Reanalysis of miscoded expenditure transactions (£9.8m)			
4 Adjustment to gross up the business rates and council tax debtors			
5 Adjustment to remove fully depreciated assets from property assets			
6 Adjustment for investment property accounted for based on staged payment when an asset and liability should have been included in the accounts. This will also impact prior year			
7 Accounting for prior period adjustment on PPE valuations			
8 Adjustment for income not reflected in Note 8 (£2.2m)			
9 Adjustments notified by the client: <ul style="list-style-type: none"> - Pension liability required to be amended for the updated actuary report incorporating the impact of the McCloud judgement - Adjustments to assets to remove the school that became an academy in 2018 - Reclassification of assets scheduled to be demolished to surplus assets - Reclassification of asset under construction which became operation in year 			

Overall impact

Audit Adjustments

Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Disclosure omission	Detail	Auditor recommendations
	<ul style="list-style-type: none">Our review identified a number of adjustments which were required. These included:<ul style="list-style-type: none">Group disclosures were amended to provide additional clarity to a reader of the accountsCapital Commitments disclosures included in the accounts are not in line with the Code requirements and we requested disclosure to this extent to be added to the accountsIn Note 30, the interim Director of Place & Development has received remuneration exceeding £150k but initially wasn't named as required by the CodeA third balance sheet and related disclosures was required to reflect the prior period adjustment for property, plant and equipmentthe group notes for PPE did not agree to the Group balance sheet due to the omission of the consolidated valuesThe disclosures in relation to the fair value of surplus assets were not sufficient to meet the requirements of the CodeIFRS 15 disclosure were not adequately included in the financial statementsLeases disclosure required to be amended in line with working papersDisclosure of the deficit Dedicated Schools Grant	

Fees

We confirm below our final fees charged for the audit and provision of non-audit services.

Audit Fees

	Scale fee	Final fee
Council Audit	£98,193	TBC
Additional fees in relation to additional work required for the following issues in 2018-19		TBC
Total audit fees (excluding VAT)		TBC

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The proposed fees for the year were set in line with the scale fee set by Public Sector Audit Appointments Ltd (PSAA)
 The fees reconcile to the financial statements.

Non Audit Fees

In addition to those listed below which have been billed in 2018/19, we have performed the following work:.

Fees for other services	Fees £
Audit related services:	
• Housing Benefit subsidy certification	95,000
• Teachers pension Certification	5,000
Non Audit	
CFO insights subscription	10,000



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SLOUGH BOROUGH COUNCIL

Annual internal audit report 2019/20

17 July 2020

This report is solely for the use of the persons to whom it is addressed.
To the fullest extent permitted by law, RSM Risk Assurance Services LLP
will accept no responsibility or liability in respect of this report to any other party.





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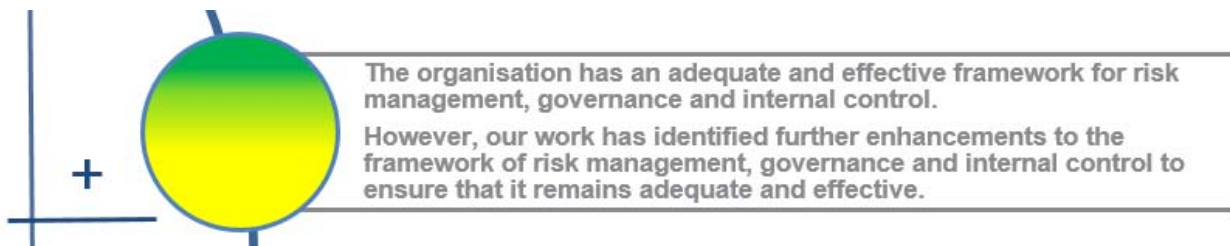
1 THE HEAD OF INTERNAL AUDIT OPINION

In accordance with Public Sector Internal Audit Standards, the head of internal audit is required to provide an annual opinion, based upon and limited to the work performed, on the overall adequacy and effectiveness of the organisation's risk management, control and governance processes. The opinion should contribute to the organisation's annual governance statement.

1.1 The opinion

For the 12 months ended 31 March 2020, the head of internal audit opinion for Slough Borough Council is as follows:

Head of internal audit opinion 2019/20



Please see appendix A for the full range of annual opinions available to us in preparing this report and opinion.

1.2 Scope and limitations of our work

The formation of our opinion is achieved through a risk-based plan of work, agreed with management and approved by the audit committee, our opinion is subject to inherent limitations, as detailed below:

- the opinion does not imply that internal audit has reviewed all risks and assurances relating to the organisation;
- the opinion is substantially derived from the conduct of risk-based plans generated from a robust and organisation-led assurance framework. As such, the assurance framework is one component that the Council takes into account in making its annual governance statement (AGS);
- the opinion is based on the findings and conclusions from the work undertaken, the scope of which has been agreed with management
- the opinion is based on the testing we have undertaken, which was limited to the area being audited, as detailed in the agreed audit scope;
- where strong levels of control have been identified, there are still instances where these may not always be effective. This may be due to human error, incorrect management judgement, management override, controls being by-passed or a reduction in compliance;
- due to the limited scope of our audits, there may be weaknesses in the control system which we are not aware of, or which were not brought to attention; and

- it remains management's responsibility to develop and maintain a sound system of risk management, internal control and governance, and for the prevention and detection of material errors, loss or fraud. The work of internal audit should not be seen as a substitute for management responsibility around the design and effective operation of these systems.
- Our internal audit work for 2019/20 was completed prior to the advent of the substantial operational disruptions caused by the Covid-19 pandemic. As such our audit work and annual opinion does not reflect the situation which has arisen in the final weeks of the year. We do, however, recognise that there has been a significant impact on both the operations of the organisation and its risk profile.

1.3 Factors and findings which have informed our opinion

Risk Management: Our audit undertaken in 2019/20 concluded that the Council could take reasonable assurance over the effectiveness of systems in place for risk management and that the procedures put in place by the Council for risk management were generally well designed and effectively implemented. We found some weaknesses including the lack of an agreed risk appetite statement, which was subsequently addressed following the review and the failure to update the target implementation date of overdue actions and the quality of description, documentation and scoring of risks.

Governance: Our Governance audit undertaken in 2019/20 concluded that the Council could take reasonable assurance over the effectiveness of the systems in place to manage governance within the context of the committee structure. Throughout our review, we found the committee governance structure in place at the Council to mostly be functioning appropriately and working effectively with regards to the discharging of duties, assigning actions and distributing of papers. We have however identified some weaknesses including the provision of mandatory councillor training, as well as discrepancies within the terms of references, escalating activities and self-assessments of committees. We also noted issues with the information provided to employees regarding declaring interests and the recording of disclosures made by councillors within meeting minutes. Our review also noted similar findings to those identified by the Local Government Association (LGA) Peer Review of governance.

Governance – James Elliman Homes (JEH): Our audit identified a number of weaknesses in relation to the design and application of controls around the existing governance structure and approval processes adopted by the subsidiary. This included absence of financial procedural documentation, meaning there is no documented approval process, nor is there a scheme of delegation. Most notably, we identified that there are currently no non-financial performance reporting arrangements in place between JEH and the Council. Although an independent subsidiary, the Council retains full ownership of the company and should be receiving updates against agreed upon key performance indicators.

Internal Control: We have issued 34 internal audit reports for the 2019/20 financial year (including the Risk Management review and the two Governance reviews documented above). Of these, 28 were issued with assurance opinions, 4 were follow ups of progress made to implement previously agreed management actions and 2 were advisory reviews. We issued positive assurance opinions for 17 of the 28 assurance reviews. The no assurance opinion related to the following audit:

Debtors Management - This audit resulted in the Council being able to take **no assurance** over the effectiveness of controls in place to manage the risks associated with the area. We identified significant issues in relation to the recovery of debt, reviewing of 'parked' invoices, the ability to prepare and park invoices on Agresso and the raising of credit notes. We noted that the control framework in these areas was not robust and required improvement, with specific training needs also identified.

In addition to the above, for the following 9 audits the Council could take only **partial assurance** over the effectiveness of controls in place:

Safety Advisory Group: We identified several key controls which were inadequate in design to ensure that there is an effective forum in place to discuss and advise on the public safety of events. This includes the absence of Policy and Procedural guidance to affirm the SAGs position and processes. We also identified issues around the formal documentation of key processes including meetings and reviews of upcoming events. Due to the inconsistent practices adopted in these areas, were unable to confirm that the SAG was discharging its responsibilities.

Health and Safety: Despite noting that progress had been made at a directorate level against the management actions agreed in the 2018/19 Health and Safety review, our testing still identified a number of weaknesses around health and safety practices adopted at the Council. Most notably, we found that health and safety assessments had not been undertaken by all services within the Adult Social Care, Children's Learning and Skills and Finance and Resources directorates, and although reported that these had been completed for the Regeneration/Place and Development directorate, we were unable to confirm this for all areas. We also found poor completion levels with the Council's four mandatory health and safety training modules.

Rent Arrears Recovery: Our testing found issues with how the Council are chasing former tenant arrears balances. At the time of the audit, we identified £884k worth of debts which were not being systematically chased given that these were below £3k in value. Through further analysis of the aged debt profile of former tenant arrears, we noted £1,037k of outstanding former tenant arrears were outstanding, where the tenancy had ended in 2017 or earlier. Given that these debts have been outstanding for more than a year, this will impact the collectability of such debts.

Temporary Accommodation (TA) Strategy: 137 properties were being used by the TA team to accommodate households under a contract with RMI, however no safety assurances were sought by the team prior to the placement of households in these properties. Relevant safety documentation had not been consistently retained by the Council, including gas safety and energy performance certificates. We also identified weakness in relation to strategic monitoring and reporting of the performance of Housing Services.

Cash Handling and Regulatory Services – Cash Handling: For each of these two reviews, we noted the controls around cash handling to be well designed and consistently applied. We did however identify that there is a lack of awareness, communication and available guidance in relation to money laundering. For both of the reviews, we identified that a significant amount of money was received in cash by the Council with a lack of training provided on anti-money laundering processes and procedures.

Asset Register: Our audit identified several control gaps impacting the maintenance of the Asset Register. This included inadequate procedural guidance, the untimely update of Council records with acquisitions, disposals and transfers. The issues identified during our sample testing, such as the accurate and timely updating of asset records, were largely attributed to a lack of clarity over asset management processes across Service Lines within the Council.

Council Tax: Our review identified issues in relation to reconciliations. Although we found reconciliations were undertaken between Agresso and Capita for council tax payments, Direct Debit reconciliations were not always authorised within a timely manner, and variances were not resolved and communicated between arvato and the Council. The variance identified at the time of the audit between these systems was recorded as £2.5m in September 2019. Other areas for improvement included timely reviews of historic Council Tax debts and reviews of enforcement agent success rates.

Contract Management – Everyone Active: We concluded that the contract management currently in place for this contract were not robust and leads to a significant risk that value for money is not being realised. Issues were identified including the need to strengthen the performance management and monitoring function, improvement of the risk management arrangements for the contract and the need to strengthen the exit planning process.

It should also be noted that there were 17 audits where we concluded the Council could take positive assurance, where either a substantial (3 audits) or reasonable assurance (14 audits) could be taken. These areas are listed in full within appendix B of this report and include the following:

Reasonable Assurance

- Treasury Management
- Allotments
- Fire Safety
- Risk Management
- General Ledger
- School Review - Slough Centre Nursery
- Rent Accounts
- Payroll
- Governance
- Capital Expenditure
- Budgetary Setting and Budgetary Control, including Forecasting
- Business Rates
- Creditors
- Transformation Board

Substantial Assurance

- School Review - Penn Wood School
- Major Infrastructure Projects
- Housing Benefits

A summary of internal audit work undertaken, and the resulting conclusions, is provided at appendix B.

1.2 Topics judged relevant for consideration as part of the annual governance statement

Although the Head of Internal Audit Opinion is an unqualified one, there were a number of areas, as detailed in section 1.3 above where only partial assurance, and one where no assurance could be taken, over the effectiveness of controls in place.

The Annual Governance Statement should therefore include appropriate detail regarding the weaknesses identified and any actions that have already been taken by the Council to address the issues identified in the following reviews:

- Debtors Management
- Health & Safety
- Safety Advisory Group
- James Elliman Homes
- Rent Arrears Recovery
- Temporary Accommodation Strategy
- Regulatory Services - Cash Handling Arrangements
- Cash Handling
- Asset Register
- Council Tax
- Contract Management - Everyone Active Leisure Contract

2 THE BASIS OF OUR INTERNAL AUDIT OPINION

As well as those headlines discussed at paragraph 1.3, the following areas have helped to inform our opinion. A summary of internal audit work undertaken, and the resulting conclusions, is provided at appendix B.

2.1 Acceptance of internal audit management actions

Management have agreed actions to address all of the findings reported by the internal audit service during 2019/20. At the time of the production of this report, four assurance based reviews remain in draft, and we have been provided with assurance by management as part of the debrief meeting process that the management actions have been accepted. Please note the fieldwork for one review remains in progress and a draft report will be issued shortly.

2.2 Implementation of internal audit management actions

Where actions have been agreed by management, these have been monitored by management through the action tracking process in place which is managed by the Risk and Insurance Officer. During the year progress has been reported to each Audit and Corporate Governance Committee meeting, and quarterly validation of a sample of high and medium priority actions has been undertaken by Internal Audit.

For the four reviews undertaken during the year, two reviews concluded that **reasonable progress** had been made whilst two reviews concluded that the Council had made **little progress** to address agreed actions, with a number of medium priority actions outstanding beyond their due date. A summary of the implementation rate of the actions followed up is detailed below;

Implementati on status by management action priority	Number of actions agreed	Status of management actions					
		Implemented (1)	Implementation ongoing (2)	Not implemented (3)	Superseded (4)	Not yet due (5)	Completed or no longer necessary (1) + (4)
Medium	95	49	26	17	3	0	52
High	14	4	8	1	1	0	5
Totals	109	53	34	18	4	0	57

Of the 109 actions reviewed, we found that whilst 53 (49%) had been implemented, 18 actions (17%) were not implemented, including one high priority action relating to the Neighbourhood ASB enforcement audit.

2.3 Working with other assurance providers

In forming our opinion we have not placed any direct reliance on other assurance providers.

3 OUR PERFORMANCE

3.1 Wider value adding delivery

- Issued briefings relating to the sector within our progress reports presented to the Audit and Corporate Governance Committee to assist officers and committee members in being informed on the latest developments within the sector.
- Provided support to the Council in the development of its business continuity arrangements.
- Provided benchmarking within our reports where possible on the number and category of actions and assurance opinions across organisations similar to yourselves.
- We have made suggestions throughout our audit reports based on our knowledge and experience in the public sector to provide areas for consideration.
- We attend and contribute to the Risk and Audit Board meetings, helping the Council embed Risk Management, as part of this meeting we review actions taken by the Council to address risks identified within Internal Audits. This has included updating the Group on significant findings from Internal Audit work together with providing independent challenge on the content and quality of the risk registers.
- Through the use of data analytics, we were able to analyse, amongst other areas, the aged profile of the Council's former tenant arrears which has provided the Council with an appreciation of the issues they may face around the collectability of older debts and have also used data analytics where applicable through all finance work completed during 2019/20.
- Presented to the SLT on the Follow Up process in place at the Council and to support the Chief Executives drive to improve Grip and Control across the Council.

3.2 Conflicts of interest

We have undertaken work in the 2019/20 financial year covering the following areas;

- Business Continuity: We have continued to provide support to the Council during the year to assist in the development of its business continuity plans.
- Health and Safety: We have continued to provide support to the Council in the area of Health and Safety compliance across the organisation.
- Procurement: We have supported the Council with the provision of its procurement service.
- Software: We provide the Council with Software to assist in tracking management actions and risk management processes.

All this work was undertaken via separate letters of engagements, led by independent engagement partners and delivered by specialist staff separate from the core Internal Audit Team. We have considered as part of all of these additional engagements the safeguards required to be in place and are satisfied that these have been met.

When asked to undertake any additional roles / responsibilities outside of the internal audit programme, the Head of Internal Audit has discussed these areas with the Section 151 (S151) Officer and highlighted any potential or perceived impairment to our independence and objectivity. We have also reminded the S151 Officer of the safeguards we have put in place to limit impairments to independence and objectivity and how these continue to be managed.

3.3 Conformance with internal auditing standards

RSM affirms that our internal audit services are designed to conform to the Public Sector Internal Audit Standards (PSIAS).

Under PSIAS, internal audit services are required to have an external quality assessment every five years. Our risk assurance service line commissioned an external independent review of our internal audit services in 2016 to provide assurance whether our approach meets the requirements of the International Professional Practices Framework (IPPF) published by the Global Institute of Internal Auditors (IIA) on which PSIAS is based.

The external review concluded that “there is a robust approach to the annual and assignment planning processes and the documentation reviewed was thorough in both terms of reports provided to audit committee and the supporting working papers.” RSM was found to have an excellent level of conformance with the IIA’s professional standards.

The risk assurance service line has in place a quality assurance and improvement programme to ensure continuous improvement of our internal audit services. Resulting from the programme, there are no areas which we believe warrant flagging to your attention as impacting on the quality of the service we provide to you.

3.4 Quality assurance and continual improvement

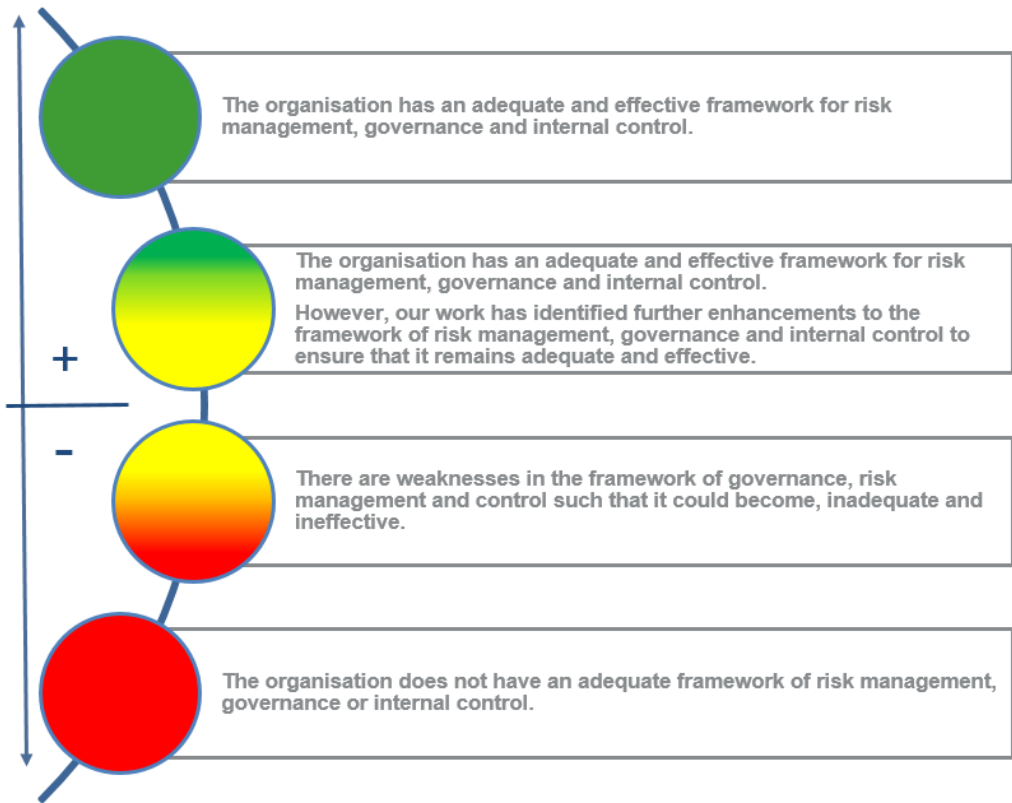
To ensure that RSM remains compliant with the PSIAS framework we have a dedicated internal Quality Assurance Team who undertake a programme of reviews to ensure the quality of our audit assignments. This is applicable to all Heads of Internal Audit, where a sample of their clients will be reviewed. Any findings from these reviews are used to inform the training needs of our audit teams.

This is in addition to any feedback we receive from our post assignment surveys, client feedback, appraisal processes and training needs assessments.

APPENDIX A: ANNUAL OPINIONS

The following shows the full range of opinions available to us within our internal audit methodology to provide you with context regarding your annual internal audit opinion.

Annual opinions	Factors influencing our opinion
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The factors which are considered when influencing our opinion are:

- inherent risk in the area being audited;
- limitations in the individual audit assignments;
- the adequacy and effectiveness of the risk management and / or governance control framework;
- the impact of weakness identified;
- the level of risk exposure; and
- the response to management actions raised and timeliness of actions taken.

APPENDIX B: SUMMARY OF INTERNAL AUDIT WORK COMPLETED 2019/20

All the assurance levels and outcomes provided above should be considered in the context of the scope, and the limitation of scope, set out in the individual Assignment Report.

Assignment area	Fieldwork date/status	Opinion	Actions		
			L	M	H
Debtors Management	Final Report		2	5	1
Health & Safety	Final Report		2	3	2
Safety Advisory Group	Final Report		3	7	0
James Elliman Homes	Final Report		3	5	1
Rent Arrears Recovery	Final Report		4	4	0
Temporary Accommodation Strategy	Final Report		3	4	1
Regulatory Services - Cash Handling Arrangements	Final Report		5	0	2
Cash Handling	Final Report		1	0	2
Asset Register	Final Report		3	4	1
Council Tax	Final Report		3	1	1
Contract Management - Everyone Active Leisure Contract	Draft Report		2	11	5
Treasury Management	Final Report		6	1	0

Allotments	Final Report		7	3	0
Fire Safety	Final Report		2	3	0
Risk Management	Final Report		3	7	0
General Ledger	Final Report		5	2	0
School Reviews (Slough Centre Nursery)	Final Report		4	2	0
Rent Accounts	Final Report		1	1	0
Payroll	Final Report		3	1	0
Governance	Final Report		6	1	0
Capital Expenditure	Draft Report		5	1	0
Budgetary Setting and Budgetary Control, including Forecasting	Final Report		1	1	0
Business Rates	Draft Report		4	1	0
Creditors	Final Report		6	3	0
Transformation Board	Draft Report		6	5	0
School Reviews (Penn Wood School)	Final Report		0	0	0
Major Infrastructure Projects	Final Report		2	0	0

Housing Benefits	Final Report		2	0	0
Follow Up - Q1	Final Report	Reasonable Progress	1	2	1
Follow Up - Q2	Final Report	Little Progress	2	2	0
Follow Up - Q3	Final Report	Reasonable Progress	0	4	0
Follow Up - Q4	Final Report	Little Progress	0	4	1
Assurance Mapping	Final Report	Advisory Review	Not Applicable		
Workforce Planning	Draft Report	Advisory Review	Not Applicable		

We use the following levels of opinion classification within our internal audit reports. Reflecting the level of assurance the board can take:

	<p>Taking account of the issues identified, the board cannot take assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied or effective. Urgent action is needed to strengthen the control framework to manage the identified risk(s).</p>
	<p>Taking account of the issues identified, the board can take partial assurance that the controls to manage this risk are suitably designed and consistently applied. Action is needed to strengthen the control framework to manage the identified risk(s).</p>
	<p>Taking account of the issues identified, the board can take reasonable assurance that the controls in place to manage this risk are suitably designed and consistently applied. However, we have identified issues that need to be addressed in order to ensure that the control framework is effective in managing the identified risk(s).</p>
	<p>Taking account of the issues identified, the board can take substantial assurance that the controls upon which the organisation relies to manage the identified risk(s) are suitably designed, consistently applied and operating effectively.</p>

FOR FURTHER INFORMATION CONTACT

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The matters raised in this report are only those which came to our attention during the course of our review and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Actions for improvements should be assessed by you for their full impact. This report, or our work, should not be taken as a substitute for management's responsibilities for the application of sound commercial practices. We emphasise that the responsibility for a sound system of internal controls rests with management and our work should not be relied upon to identify all strengths and weaknesses that may exist. Neither should our work be relied upon to identify all circumstances of fraud and irregularity should there be any.

Our report is prepared solely for the confidential use of Slough Borough Council and solely for the purposes set out herein. This report should not therefore be regarded as suitable to be used or relied on by any other party wishing to acquire any rights from RSM Risk Assurance Services LLP for any purpose or in any context. Any third party which obtains access to this report or a copy and chooses to rely on it (or any part of it) will do so at its own risk. To the fullest extent permitted by law, RSM Risk Assurance Services LLP will accept no responsibility or liability in respect of this report to any other party and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by any person's reliance on representations in this report.

This report is released to you on the basis that it shall not be copied, referred to or disclosed, in whole or in part (save as otherwise permitted by agreed written terms), without our prior written consent.

We have no responsibility to update this report for events and circumstances occurring after the date of this report.

RSM Risk Assurance Services LLP is a limited liability partnership registered in England and Wales no. OC389499 at 6th floor, 25 Farringdon Street, London EC4A 4AB.

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SLOUGH BOROUGH COUNCIL

Internal Audit Progress Report

For the Audit and Corporate Governance
Committee meeting on 3 August 2020

This report is solely for the use of the persons to whom it is addressed.
To the fullest extent permitted by law, RSM Risk Assurance Services LLP
will accept no responsibility or liability in respect of this report to any other party.



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The matters raised in this report are only those which came to our attention during the course of our review and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Actions for improvements should be assessed by you for their full impact. This report, or our work, should not be taken as a substitute for management's responsibilities for the application of sound commercial practices. We emphasise that the responsibility for a sound system of internal controls rests with management and our work should not be relied upon to identify all strengths and weaknesses that may exist. Neither should our work be relied upon to identify all circumstances of fraud and irregularity should there be any.

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1 INTRODUCTION

This report provides a summary update on progress against the remaining reports from the 2018/19 internal audit plan and the 2019/20 and 2020/21 plans. The report is based on the position as at the 17th July 2020.

2019/20 Internal Audit Plan

We have also finalised **eight** 2019/20 reports since the previous Audit and Corporate Governance Committee meeting held in March 2020:

- Follow Up Q4 – **Little Progress**
- Assurance Map – **Advisory**
- Budget Setting and Budgetary Control (Including Forecasting) – **Reasonable Assurance**
- Governance – **Reasonable Assurance**
- Creditors – **Reasonable Assurance**
- Debtors Management – **No Assurance**
- Follow up Q3 – **Reasonable Progress**
- Council Tax – **Partial Assurance**

The exec summary findings from the three negative opinions (one no assurance, one partial assurance and one little progress) documented above are discussed in more detail below in Appendix A. In addition, we have issued the following **four** reports in draft as part of the Internal Audit Plan for 2019/20:

- Business Rates – Reasonable Assurance
- Everyone Active Contract Management Review – Partial Assurance
- Capital Expenditure - Reasonable Assurance
- Transformation Programme – Reasonable Assurance

2020/21 Internal Audit Plan

The Internal Audit Plan for 2020/21 was approved by the Audit and Corporate Governance Committee on 5th March 2020. This report also provides a summary update on progress against the plan as at 16 July 2020. Four reports have been issued in draft as part of the 2020/21 plan:

- Cippenham Nursery School
- Conflicts of Interest
- Follow Up Q1
- Whistleblowing

2 SUMMARY OF PROGRESS TO DATE

Reports shown in bold have been finalised. The table below is a summarised version of the remaining 2019/20 audits that have been issued in either draft or final (**bold**) since the last committee meeting. All 2019/20 audits have now been completed and only four remain in draft.

Executive summaries and action plans from any negative assurance reports finalised since the previous meeting are appended to the bottom of this progress report.

2019/20 Internal Audit Plan

Assignment area	Timing Per Approved IA Plan	Fieldwork date/status	Draft report	Final report	Opinion	Actions		
						L	M	H
Debtors Management	Q4	Final Report	22 nd April 2020	28 th April 2020		2	5	1
Council Tax	Q3	Final Report	17 th February 2020	4 th March 2020		3	1	1
Creditors	Q3	Final Report	11 th February 2020	1 st May 2020		6	3	-
Budgetary Setting and Budgetary Control, including Forecasting	Q3	Final Report	13 TH March 2020	6 th May 2020		1	1	-
Governance	Q4	Final Report	27 th April 2020	6 th May 2020		6	1	0
Follow Up - Q3	Q4	Final Report	10 th February 2020	6 th March 2020	Reasonable Progress	-	4	-

Follow Up - Q4	Q4	Final Report	7 th May 2020	25 th June 2020	Little Progress	2	2	1
Assurance Mapping	Q3	Final Report	19 th February 2020	6 th May 2020	Advisory	-	-	-
Capital Expenditure	Q3	Draft Report	15 th January 2020					
Business Rates	Q3	Draft Report	13 th May 2020					
Contract Management - Everyone Active Leisure Contract (Advisory)	Q4	Draft Report	16 th April 2020					
Review of Futures Transformation Programme	Q4	Draft Report	17 th July 2020					

2020/21 Internal Audit Plan

Assignment area	Timing (Quarter)	Fieldwork date/status	Draft report	Final report	Opinion	Actions		
						L	M	H
Follow Up Q1	Q1	Draft Issued	9 th July 2020					
Cippenham Nursery School	Q1	Draft Issued	13 th July 2020					
Conflicts of Interest	Q1	Draft Issued	9 th July 2020					
Whistleblowing	Q1	Draft Issued	14 th July 2020					
Grants	Q1	Fieldwork complete - In QA						



Risk Management	Q1	Fieldwork complete - In QA
Section 106 Funds	Q2	Fieldwork complete - In QA
Planning Application Response Times	Q3	Fieldwork complete - In QA
Safety Advisory Group	Q2	In progress
Follow Up Q2	Q2	In progress
Business Continuity and Emergency Planning	Q2	In Progress
Parish Council Governance*	Q2	Cancelled by Director of Finance and Resources
Cyber Security	Q2	
Council Buy Backs	Q2	
Capital Expenditure	Q2	
Business Rates	Q2	
Adult Social Care Practice	Q2	
Mental Health Provision	Q2	
Governance	Q2	
Rent Arrears Recovery	Q2	



James Elliman Homes Q3

Planning Performance Agreements Q3

Council Tax Q3

Housing Benefits Q3

Social Lettings Team Q3

Creditors Q3

Asset Management Q3

Cash Collection and Management Q3

Rent Accounts Q3

Payroll Q3

General Ledger Q3

Debtors Q3

Off Payroll Working (IR35) Q3

Transformation Programme Follow Up Q3

Corporate Health and Safety Q4

Continuing Health care Q4



Follow Up Q3

Q4

Treasury Management

Q4

Temporary Accommodation and Homelessness

Q4

Follow Up Q4

Q4

Schools

Various dates throughout the year



3 OTHER MATTERS

3.1 Impact of our work on the 2019/20 and 2020/21 year end opinions

The Committee should note that any negative assurance opinions ('No Assurance' or 'Partial Assurance' opinions, or poor or little progress on follow ups) will need to be noted in the annual report and may result in a qualified or negative annual opinion.

2019/20 Opinion

Where we have issued any negative opinions, i.e. 'no assurance' (red), 'partial assurance' (amber / red) or 'little or poor' progress follow up reports, these opinions will impact our 2019/20 Head of Internal Audit Opinion for the Council. To date, we have issued nine final reports over which the Council can take only 'partial' assurance, one report (debtors) where the Council can take no assurance and another two negative opinions relating to the Q2 and Q4 follow ups (Little Progress).

The negative opinions have all impacted our 2019/20 year end opinion but this has not resulted in a qualification to that opinion. The annual internal audit report (and opinion) is a separate agenda item on the August 2020 agenda.

2020/21 Opinion

We will provide further updates throughout the year. We have only issued four draft reports and it is too early to comment on any potential impact on year end opinions. We will continue to update the Section 151 Officer, Chief Executive and Audit and Governance Committee Chair in relation to any further impact to the year-end opinion throughout the year.

3.2 Client briefings

Helping our internal audit clients on the road to recovery

We have recently issued a communication to all of our clients which has also been attached as a separate item to this paper which outlines our steps, as your internal audit provider, in relation to continued service delivery.

The spread of the COVID-19 coronavirus continues to dominate the news, with major implications for public health, the NHS and local authorities. It is also causing economic disruption across the globe and turbulence on the markets. As you would expect we are monitoring developments closely for both our people's safety and our clients' understandable requirements for safe but effective ongoing service delivery as far as practicable. We have, as you expect, put in place sensible measures to ensure that not only is RSM Risk Assurance Services well prepared, but that we are agile and able to respond to changing work environments as our clients make the first early steps towards some form of recovery.

Our briefing provides you with reassurance in respect of our actions as a firm and our proposed solutions. We wanted to reassure you that in respect of the spread of COVID-19 outbreak we are focused on three key areas:



- the health and welfare of our clients and staff;
- our ability to continue to support clients in all scenarios; and,
- of course, the delivery of our planned audit reviews and annual opinions.

We have issued the following client briefings since the last Joint Audit Committee:

- Covid-19 Fraud Risks
- Internal Audit Update
- Cyber risk
- Alert - COVID-19 email scams

APPENDIX A: KEY FINDINGS FROM FINALISED 2019/20 INTERNAL AUDIT WORK (HIGH AND MEDIUM PRIORITY MANAGEMENT ACTIONS ONLY WHERE PARTIAL OR NO ASSURANCE REPORTS HAVE BEEN ISSUED)

Follow Up Q4 30.19/20	Little Progress	<p>1 High 2 Medium 0 Low</p>
<p>Taking account of the issues identified in our opinion Slough Borough Council has demonstrated little progress in implementing agreed management actions.</p> <p>We identified the following issues which resulted in one high priority and two medium priority management actions being agreed:</p> <p>James Elliman Homes (8.19/20) – Reporting</p> <p>We were advised by the Commercial Companies Manager that CMT are yet to agree the frequency with which updates from JEH are reported. The Commercial Companies Manager advised that the company are currently in the process of reviewing the relationship between the Council and commercial companies and this includes considering the frequency of reports and the submission of business plans.</p> <p>Whilst updates around JEH are not provided to the Council (for example, via CMT) there is a risk that without sufficient reporting of JEH activity into an SBC forum, the Council may have insufficient oversight into the position of its subsidiary and is therefore unable to scrutinise its performance (High).</p> <p>Neighbourhood ASB Enforcement (11.17/18) – Policy and Procedure</p> <p>We obtained an email, evidencing the ASB Co-Ordinator had shared a copy of the ASB Policy along with the associated fact sheets in September 2017 (following completion of our initial audit) with the Council's Neighbourhood Managers. We were however advised by the ASB Coordinator that staff were not required to confirm that they have read and will comply with the policy.</p> <p>We were also advised that there has not been any training provided to staff regarding the application of the policy, however the intention is for training to be made available to officers in the future. The Neighbourhood Manager advised that these have not been put in place owing to a potential restructuring in the department in June 2020.</p> <p>There is therefore a risk that staff are not fully aware of their responsibilities in relation to ASB cases. This may lead to inconsistent and/or inadequate responses to ASB cases, and the Council being unable to demonstrate that ASB cases are being given due attention. (Medium)</p>		

Neighbourhood ASB Enforcement (11.17/18) – Use of Flare

Through review of Fact Sheet Six, we identified that a total of 15 different types of cases should be recorded on Flare to categorise the case. Types of cases include Noise, Harassment and Vandalism.

We obtained a report from Flare detailing all ASB cases reported between April 2019 and March 2020 and noted that a total of 168 different types of case had been utilised. Through our review, we noted a number of these related to similar types of case but had been categorised as different types. For example, there were six different types of dog related types. As per Fact Sheet Six, these cases should be categorised under pets/ animals.

The Enforcement and ASB Transition Co-ordinator advised that the Flare system enables those with access to add different types, however there is no vetting system to ensure that these new codes are checked and approved before adding to the system. The Enforcement and ASB Transition Co-ordinator subsequently advised that Council staff are currently unable to remove types from Flare, meaning that the number of types continues to grow.

The lack of consistent recording of categories and types for ASB cases in line with the categories and types defined within the Fact Sheet, restricts the Council's ability to effectively monitor and analyse trends in ASB activity and performance and to benchmark it against other organisations. **(Medium)**

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1	The Council will consider the reporting requirements expected of James Elliman Homes as part of a reporting review.	High	31 st August 2020	Colin Moone - Service Lead Strategic Housing Services
2	The Policy and Fact Sheets will be re-circulated to all relevant staff, and they will be required to confirm that they have read and will comply with it.	Medium	31 st January 2021	Michelle Isabelle - Enforcement and ASB Transition Co-ordinator
3	<p>A reminder will be sent to all users of Flare advising them to not add new ASB Categories to the system.</p> <p>The Council will investigate with the Capita Support Team how ASB case types can be removed from the Flare system.</p> <p>Following this, the types of Flare will be reviewed and updated to ensure these are aligned and reflect the categories and types defined within Fact Sheet 6 - ASB Case Management Systems.</p>	Medium	30 st October 2020	Ian Blake – Neighbourhood Manager



Debtors 28.19/20		<p>1 High</p> <p>5 Medium</p> <p>2 Low</p>
------------------	--	--

We identified the following weaknesses, resulting in one high and five medium priority management actions being agreed:

Debtor Training



The completion of the 'Customer and Sales' training module available to staff via the Learning Pool platform is not currently monitored given the inaccuracies of reporting from the platform and the pending transition onto Cornerstone. It is expected by the Council that the provision of training on Cornerstone will inform and guide all staff on finance-based Agresso functions. Our subsequent sample testing identified issues in relation to the raising of credit notes, where two of our sample of 20 were first rejected as no invoice number had been input and supporting documentation had not been uploaded in 19 cases and inappropriate parking/unparking of invoices.

A further review of all credit notes processed also found that 153 of these (20 per cent) had been raised based on descriptions including the terms 'duplicate', 'error', 'incorrect', 'invalid' and 'overcharged'. Each of these findings reflect a training need for staff in relation to accounts receivable function without such there is a risk of continued inappropriate action in this area. **(Medium)**

Customer Credit Notes



For a sample of 20 credit notes processed in the current financial year, we confirmed that these had been accurately processed with regards to value and a segregation of duties was maintained between raising and approving, which was done so in-line with expenditure limits. However, supporting documentation had been attached to only one of the sampled credit notes. Without ensuring supporting evidence is uploaded when raising credit notes there is a risk that these are inappropriately approved which may lead to a loss of income for the Council. **(Medium)**

Agresso Debt Reminders



For a sample of 20 current aged debts, we identified 21 instances whereby debt reminders had not been sent in a timely manner - 11 first reminders had not been sent within 14 days of due date (spanning from 22 to 92 days) and 10 second reminders had not been sent within seven days of the first reminder (spanning from one to 29 days). We were unable to confirm the reasons for these, however we were advised reasons could include the inappropriate parking of invoices (as further expanded upon below) and failure to transfer cash from the Icon system, where given that cash transfers have not been confirmed, reminders are not sent to ensure inappropriate chasing does not occur. Without ensuring that the debt reminders function is working consistently, there is a risk that reminders are not sent in a timely manner, decreasing the likelihood of debt recovery. **(Medium)**

Debt Recovery Policy



For testing of 20 current aged debts we found that no consistent debt recovery procedure was followed after sending reminders. We were informed by the Service Lead Finance, that although a Debt Recovery Policy had been drafted, this had not been finalised and work had started over. Without a defined process for debt recovery, there is an increased risk of inconsistent debt chasing which decreases the likelihood of debt recovery. **(Medium)**

Parking of Invoices on Agresso



For a sample of ten parked invoices, we noted two instances where no explanations as to why amounts had been parked had been uploaded onto the system. Another instance found that although payments were being made, as the invoices had been parked these were not applied to the customer's balance and debt was still showing as outstanding (and therefore incorrectly appeared to be an amount owed to the Council). Our testing of aged debt also identified issues whereby invoices had been parked and were therefore not sent timely debt reminders, and where invoices had been incorrectly unparked and would be sent reminders despite regular payments being received. Failing to ensure robust controls are in place for parked invoices increases the likelihood of inaccurate parking and unparking of debt. This in turn can lead to a lack of chasing, reducing the likelihood of recovery or inappropriate chasing which may lead to reputational damage. **(Medium)**

Parked Debt Analysis



We reviewed the current level of parked debt in comparison to the past two years (2017/18 and 2018/19). Although levels have decreased from those identified last year, from £4,725,100 to £4,268,156, parked debt remains high with the average value of a parked invoice £1,000. No review of parked invoices has occurred and the ability for all staff to park/unpark amounts increases the likelihood that inappropriate amounts have been parked. This increases the risk that the Council is not pursuing debt recovery action and increases the risk that debts will not be recovered. Parked debt amounts may also result in inaccuracies when calculating collection rates, given that these are not considered. **(High)**

1	<p>All finance-based training, including the 'Customer and Sales' and 'Requisitioner' modules, will be reviewed and updated prior to transitioning onto the Cornerstone platform to reflect current practice and expectations.</p> <p>Following this, the Council will ensure that all staff using the Agresso self-service finance functions undertake relevant training, with completion rates reported at an appropriate forum.</p> <p>Exception reports of staff who have not completed the training will be forwarded onto managers with an instruction for relevant staff to complete the trainings.</p>	Medium	31 st December 2020	Barry Stratfull – Service Lead, Finance
2	<p>The Council will ensure a reminder is issued to staff and managers outlining the following requirements:</p> <ul style="list-style-type: none"> • For all staff to add supporting documentation on Agresso when raising credit notes; and 	Medium	30 th June 2020	Barry Stratfull – Service Lead, Finance

	<ul style="list-style-type: none"> For all managers approving credit notes to ensure such documentation has been uploaded prior to approval. 			
3	<p>The Agresso Support team will investigate the underlying cause of the failures to post cash from the Icon system and pick up all relevant invoices for reminders.</p> <p>The outcomes will be used to correct the systems and provide assurance that all appropriate reminders are issued to debtors.</p>	Medium	30 th June 2020	Barry Stratfull – Service Lead, Finance
4	<p>The Council will produce an Accounts Receivable Debt Recovery Policy, covering the following:</p> <ul style="list-style-type: none"> Systematic recovery actions; Timeframes for actions; and Exceptions to the policy, including social care cases and how these are approached. <p>The policy will be subject to formal review and disseminated to relevant staff, including the Accounts Receivable team.</p> <p>The Council will explore the feasibility of inputting the recovery actions and timeframes as agreed in the policy onto the Agresso system to allow for invoice flagging and automatic alerts.</p>	Medium	31 st October 2020	Eugene Spellman – Head of Transactional Finance
5	<p>The Council will explore the possibility of adding approval requirements to the Agresso system when parking and unparking invoices.</p> <p>In lieu of this, access to park invoices will be the sole responsibility of the Accounts Receivable team. Staff requiring invoices to be parked will contact the team and a decision will be made as to whether this is a valid request or if additional information/approval is required.</p>	Medium	31 st October 2020	Eugene Spellman – Head of Transactional Finance
6	<p>The Council will complete a full review of parked invoices, validating the reasons for parking amounts.</p> <p>Where debts have been incorrectly parked, these will be subject to recovery action as per the Debt Management Policy (please see action six).</p> <p>The outcome of the review will be reported to the Service Lead Finance and escalated as appropriate.</p>	High	31 st October 2020	Eugene Spellman – Head of Transactional Finance



Council Tax 25.19/20		<p>1 High</p> <p>1 Medium</p> <p>3 Low</p>
----------------------	--	--

We identified the following weaknesses, which resulted in one High and one Medium priority management action:

Reconciliations



During review of monthly reconciliations undertaken between Academy and Agresso, we found a current year to date discrepancy of £2,516,195, as of September 2019. We found that the discrepancy was in relation to Direct Debits not being posted within Agresso, however since the movement of staff from arvato back into the Council, were being investigated by the Finance Team. We were advised by the Head of Revenues that this difference had been identified in the prior year and had been rolled forward to the current financial year.

If all unreconciling items are not investigated in a timely manner, there is a risk that either council records will not accurately reflect collected income, and all income received may not be appropriately coded within Agresso. This may limit the accuracy of the Councils reporting. **(High)**

Debt Management – Council Tax Arrears



During our sample testing of the debt management process, we were advised by the Revenues Manager that two of our sample (of 20) related to arrears accumulated historically (both cases had built up these debts from 1997). Due to the length of time these arrears cases have been active, we were unable to confirm why no action had been taken. We were further advised by the Revenues Manager that the Academy system does not detail all information relating to historical cases, owing to this not being transferred to Academy during its implementation. We also found that due to their age, if no liability had been obtained, no further action could currently be taken to recover this debt.

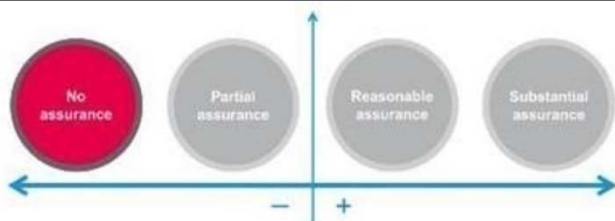
If all information relating to aged debts is not readily available and reviewed, there may be increased difficulty of identifying and escalating debts in a timely manner, thus potentially affecting the overall recovery of Council Tax debts. **(Medium)**

1	The Revenues Manager will undertake a review of current Council Tax arrears cases in order to identify cases where debts cannot be chased. These cases will be recommended for write off.	Medium	30 th September 2020	Vijay McGuire Service Lead – Customer and Communications
2	The Council will undertake an investigation into the £2,516,195 unreconciled difference identified via the Council Tax Direct Debit reconciliations, in order to identify reasoning for this. The Council will also ensure that all variances are completed and investigated within a timely manner and completed reconciliations are shared with Finance.	High	30 th September 2020	Vijay McGuire Service Lead – Customer and Communications

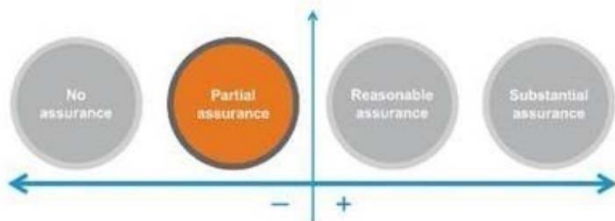
APPENDIX B: 2020/21 ASSURANCE OPINIONS

We are constantly developing and evolving the methods used to provide assurance to our clients. As part of this, we have refreshed our opinion levels in line with the graphics below.

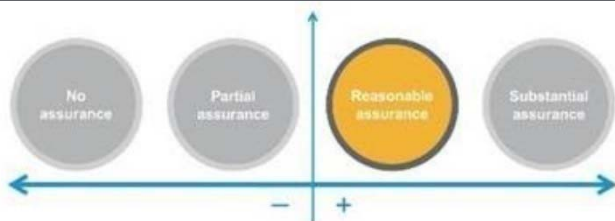
We use the following levels of opinion classification within our internal audit reports, reflecting the level of assurance the Council can take:



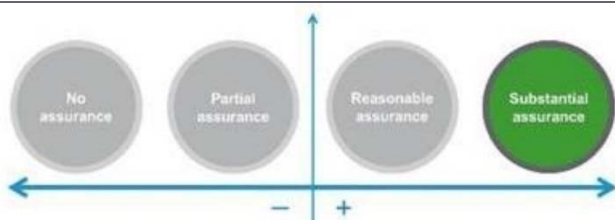
Taking account of the issues identified, the Council **cannot take assurance** that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied or effective. Urgent action is needed to strengthen the control framework to manage the identified risk(s).



Taking account of the issues identified, the Council can take **partial assurance** that the controls to manage this risk are suitably designed and consistently applied. Action is needed to strengthen the control framework to manage the identified risk(s).



Taking account of the issues identified, the Council can take **reasonable assurance** that the controls in place to manage this risk are suitably designed and consistently applied. However, we have identified issues that need to be addressed in order to ensure that the control framework is effective in managing the identified risk(s).



Taking account of the issues identified, the Council can take **substantial assurance** that the controls upon which the organisation relies to manage the identified risk(s) are suitably designed, consistently applied and operating effectively.

FOR FURTHER INFORMATION CONTACT

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SLOUGH BOROUGH COUNCIL

REPORT TO: Audit & Corporate Governance Committee

DATE: 3rd August 2020

CONTACT OFFICER: Neil Wilcox; Director, Finance & Resources
(Section 151 Officer)

(For all Enquiries) (01753) 875368

WARD(S): All

PART I
FOR COMMENT & CONSIDERATION

RISK MANAGEMENT UPDATE – QUARTER 1 2020/211. **Purpose of Report**

The purpose of this report is to:

- Provide the Committee with the opportunity to comment on the Corporate Risk Register
- Present the attached updated Risk Management Strategy

2. **Recommendation(s)/Proposed Action**

That the Committee is requested to

- comment on and note the attached reports.
- approve the attached Risk Management Strategy.

3. **The Slough Joint Wellbeing Strategy, the JSNA and the Five Year Plan**

The [Slough Joint Wellbeing Strategy](#) (SJWS) is the document that details the priorities agreed for Slough with partner organisations. The SJWS has been developed using a comprehensive evidence base that includes the Joint Strategic Needs Assessment (JSNA). Both are clearly linked and must be used in conjunction when preparing your report. They have been combined in the Slough Wellbeing Board report template to enable you to provide supporting information highlighting the link between the SJWS and JSNA priorities.

3a. **Slough Joint Wellbeing Strategy Priorities –**

The actions contained within the attached reports are designed to improve the governance of the organisation and will contribute to all of the emerging Community Strategy Priorities

Priorities:

- *Economy and Skills*
- *Health and Wellbeing*
- *Regeneration and Environment*
- *Housing*
- *Safer Communities*

3b. **Five Year Plan Outcomes**

The actions contained within this report will assist in achieving all of the five year plan outcomes

4. **Other Implications**

(a) Financial

There are no financial implications of proposed action

(b) Risk Management

<i>Recommendation</i>	<i>Risk/Threat/Opportunity</i>	<i>Mitigation(s)</i>
<i>That Audit & Risk Committee is requested to comment on and note the attached reports</i>	<i>This report concerns risk management across the Council</i>	

(c) Human Rights Act and Other Legal Implications

There are no Human Rights Act or other legal implications in this report

(d) Equalities Impact Assessment

There is no identified need for an EIA

5. **Supporting Information**

5.1 **Corporate Risk Register**

5.1.1 The Corporate Risk Register, (attached at Appendix 1) was reviewed and updated by the Risk Management Board on 4th June 2020.

5.1.2 Appendix 2 is a list of outstanding corporate risk actions.

5.2 **2020 Risk Management Strategy**

5.2.1 The updated 2020 Risk Management Strategy (attached at appendix 3) for approval.

6. **Comments of Other Committees**

There are no comments from other Committees

7. **Conclusion**

Members are requested to consider the details contained within the appendices.

8. **Appendices Attached**

Appendix 1 – Corporate Risk Register

Appendix 2 – Corporate Risk Actions Implemented

Appendix 3 – Updated Risk Management Strategy

9. **Background Papers**

None




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SBC Corporate Risk Register

All 5 year plan outcomes								
Risk Ref	Risk Title	Risk Owner	Description & Consequence	Inherent Risk Priority	Risk Control	Residual Risk Priority	Action Required	Target Risk Priority
CR 8	Ensuring the effectiveness of resilience plans/ continuity plans for key locations and services.	Dean Trussler	<p>Description The Council's business continuity plan was last reviewed in 2013. The internal audit report in 2016 would provide no assurance that adequate controls are in place. The BCP has not been tested through desk top or simulation exercises.</p> <p>Consequence Failure to have an up to date BCP places the Council at risk of being unable to continue its business should a</p>	<p>I = 4 L = 6 24</p> <p>==</p> <p>==</p>	Dedicated Business Continuity Officer	<p>I = 4 L = 3 12</p> <p>==</p> <p>==</p>	To conclude the delivery programme for implementing Business Continuity Management throughout the authority	<p>I = 2 L = 3 6</p> <p>==</p> <p>==</p>
					External assistance to help develop the plan		<p>Person Responsible: Dean Trussler</p> <p>To be implemented by: 30 Jun 2020</p>	
					There is a documented process for undertaking business impact analysis and risk assessments at Service, Directorate and Council-wide level		<p>Training for managers is booked for June 2020. Awaiting to get e learning package online.</p> <p>Person Responsible: Dean Trussler</p> <p>To be implemented by: 30 Jun 2020</p>	

SBC Corporate Risk Register

All 5 year plan outcomes

Risk Ref	Risk Title	Risk Owner	Description & Consequence	Inherent Risk Priority	Risk Control	Residual Risk Priority	Action Required	Target Risk Priority
F&A 27	Failure to ensure financial sustainability.	Neil Wilcox	<p>Description The revenue support grant is declining whilst the population in the Borough is growing. In addition there is an increasing demand for the Council's Services. Efficiency savings still need to be made to reduce expenditure, whilst the financial sustainability of the Council in the longer term is reliant on increased levels of income being generated by attracting new businesses to the area and increasing council tax (subject to Central Government imposed limits). Slough Children's Services Trust have recently published 2018-19 accounts indicating that there is a material uncertainty to its going concern status due to there being no agreed plan to repay the £4m initial start-up liabilities..</p> <p>Consequence Failures or delays in the Council delivering its savings targets for the forthcoming financial year; or increased in-year demands on its services, over and above those anticipated during the budget setting process, would result in the Council needing to make in-year savings which will in turn impact the quality of services that can be delivered and result in a failure to meet the corporate objectives.</p> <p>If SCST were to be deemed insolvent, or no realistic plan from SCST for repaying its liabilities is forthcoming, the Council may be unable to recover its substantial debts in the future. This would require the Council to utilise 34% of its estimated general reserves (at the end of 2020/21).</p>	<p>I = 4 L = 5 20</p> 	Budget Monitoring Reports to Members, Corporate Management Team, Departmental Management	<p>I = 4 L = 4 16</p> 	Agree future of SCST with DfE and treatment of liabilities Person Responsible: Neil Wilcox To be implemented by: 31 Aug 2020	<p>I = 4 L = 2 8</p> 
					External experts used to carry out financial analysis. 5 Year Plan in place		On-going system of budget monitoring by accountants with DMT's and take immediate action to mitigate any overspends if identified in year	
					Legal advice obtained on historic SCST liabilities		Person Responsible: Barry Stratfull	
					Medium term financial strategy 2019 to 2024 in place		To be implemented by: 31 Mar 2021	
					Regular and ongoing discussions with DfE/MHCLG regarding SCT		Consider the financial implications of Covid 19	
					SBC Finance working closely with SCST Finance to agree transparent financial reporting mechanisms		Person Responsible: Barry Stratfull To be implemented by: 31 Mar 2021	
SCST financial position included in Quarterly Cabinet Monitoring Reports								

Slough children will grow up to be happy, healthy and successful.

Risk Ref	Risk Title	Risk Owner	Description & Consequence	Inherent Risk Priority	Risk Control	Residual Risk Priority	Action Required	Target Risk Priority
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SBC Corporate Risk Register

Slough children will grow up to be happy, healthy and successful.								
Risk Ref	Risk Title	Risk Owner	Description & Consequence	Inherent Risk Priority	Risk Control	Residual Risk Priority	Action Required	Target Risk Priority
33	Failure of Children's Social Care	Cate Duffy	<p>Description Children's social care services are currently judged as RI having improved from Inadequate. It is important that the improvement journey continues Slough Children's Services Trust have recently published 2018-19 accounts indicating that there is a material uncertainty to going concern status due to there being no agreed plan to repay liabilities to the Council. There is a risk that directors may need to declare insolvency in the next 12 months. The publication of these accounts may lead to reputational damage to SCST and potentially to a lack of confidence from providers and staff. This in turn may impact negatively on outcomes for children.</p> <p>Consequence Poor outcomes for vulnerable children include risks to safeguarding. Reputational damage to the council.</p>	I = 4 L = 5 20	<p>SBC Director of Children's Services attending SCST board as an observer and receiving all papers.</p> <p>Contract Monitoring Monthly Review and Quarterly partnership Board - SBC receive regular budget monitoring reports including updates on savings and on progress with implementation of additional financial controls by SBC.</p> <p>Contract KPI and progress against the improvement plan is also monitored at these meetings.</p> <p>Finance directors from SBC and SCST met regularly as does the Chief Exec of SCST and the SBC Director of Children's Services</p> <p>Joint Parenting Panel i.e. through the Corporate Parenting Strategy and related Action Plan, that JPP ensures the effective discharge of the corporate parenting role.</p> <p>Regular high level discussions with DfE about the best model for the future sustainable delivery of children's services. Discussions are supported by external reports and an independent advisor.</p> <p>Review of model for delivery of children's services from undertaken in partnership with SCST, DfE and external partners</p>	I = 4 L = 4 16	<p>Consider service and contractual requirements. Ensure that we agree future model with DfE.</p> <p>Person Responsible: Cate Duffy</p> <p>To be implemented by: 01 Oct 2020</p>	I = 3 L = 4 12

SBC Corporate Risk Register

Slough children will grow up to be happy, healthy and successful.

Risk Ref	Risk Title	Risk Owner	Description & Consequence	Inherent Risk Priority	Risk Control	Residual Risk Priority	Action Required	Target Risk Priority
					Revised improvement Action Plan. Progress on the plan reported annually to SBC Education and Children's Services Scrutiny Panel			

Slough will attract, retain and grow businesses and investment to provide jobs and opportunities for our residents

Risk Ref	Risk Title	Risk Owner	Description & Consequence	Inherent Risk Priority	Risk Control	Residual Risk Priority	Action Required	Target Risk Priority
38	information Governance and GDPR	Simon Pallett	<p>Description GDPR came in May 2018. .</p> <p>There needs to be a corporate and local response to the implementation of GDPR</p> <p>The section that deal with Information Governance lacks resource</p> <p>As the "go-live" date for GDPR approaches this has meant that workers who understand GDPR and how to mitigate the effects are becoming more valuable to all sectors, making it harder to fill posts with responsibility for GDPR</p> <p>Consequence If there is not an adequate response to GDPR there is a chance that there may fines, criticism from the information Commissioner</p> <p>Damage to reputations</p> <p>Civil Claims for damages</p>	I = 3 L = 4 12	<p>Initial data mapping completed by RSM</p> <p>The Corporate Addendum has been accepted.</p> <p>Vacant post being temporarily covered</p>	I = 3 L = 3 9	<p>advertise Data Protection officer post</p> <p>Person Responsible: Simon Pallett</p> <p>To be implemented by: 31 Mar 2020</p>	I = 3 L = 2 6

Action Plan - Outstanding

Report Date	22 Jul 2020
Risk Status	Open
Risk Area	1. Corporate Risks, Adult & Communities, Adult & Communities Commissioning, Adult Social Care Operations, Communities & Leisure, Public Health, Regulatory Services, Children, Learning & Skills, Access & Inclusion, Children's Commissioning, Partnerships and Performance, Early Years & Development, School Effectiveness, SEND, Finance & Resources, Finance & Audit, Governance, People, Place & Development, Building Maintenance, Environmental Services, Housing Development and Contracts, Housing People Services, Regeneration, Economic Development, Heathrow Expansion, Localities, Major Infrastructure Projects, North West Quadrant, Planning & Transport, Regeneration Delivery, Transformation, Customer & Communications, Digital and Strategic IT
Risk Level	
Action Status	Outstanding
To be implemented by	In the past 3 Year(s)

Action Plan - Outstanding

Risk Ref	Risk Title	Residual Risk Priority	Action Required	Risk Owner	To be implemented by	Progress Notes
38	information Governance and GDPR	I = 3 L = 3 9	advertise Data Protection officer post	Simon Pallett	31 Mar 2020	03 Jul 2020 Phil Brown The data protection post was due to be advertised however this has been delayed due to Covid-19. There is a job description available for this post. SP to liaise with Alex Cowen to in relation to the..
CR 8	Ensuring the effectiveness of resilience plans/ continuity plans for key locations and services.	I = 4 L = 3 12	To conclude the delivery programme for implementing Business Continuity Management throughout the authority	Dean Trussler	30 Jun 2020	22 Jul 2020 Phil Brown Risk Management Board south update on progress towards this action 01 Jul 2019 Phil Brown 13th June R&A Board pushed dated back 07 Nov 2018 Phil Brown Joe Carter that action should be allocated to Dean Trussler - Dean advised and asked for update
CR 8	Ensuring the effectiveness of resilience plans/ continuity plans for key locations and services.	I = 4 L = 3 12	Training for mangers is booked for June 2020. Awaiting to get e learing package online.	Dean Trussler	30 Jun 2020	22 Jul 2020 Phil Brown Advised that this action has been delayed by Covid 19 01 Jul 2019 Phil Brown Date 13th June Risk & audit Board pushed dated back 07 Nov 2018 Phil Brown Joe Carter advised that risk should be allocated to Dean Trussler - Dean asked for update

Risk Management Strategy

2020

Version Control

Date	Version	Author	Description	Approved by
22nd June 2016	1.0	Phil Brown	Update on 2013 to 2015 Strategy	
14th July 2016	2.0	Phil Brown	Update following Risk Management Group	
22nd Oct 2018	3.0	Phil Brown	Update requirement	
1st Nov 2018	3.0	Phil Brown	Risk Management Board	Risk Management Board
21st Nov 2018	3.0	Phil Brown	To CMT for Approval	CMT
13th Dec 2018	3.1	Phil Brown	To Audit & Corp governance for approval	Audit & Corporate Governance Committee
12th June 2019	4	Phil Brown	Terms of Reference Updated	Audit & Corporate Governance Committee
2020	5	Phil Brown	Addition of Risk appetite	
8th July 2020	6	Phil Brown	To CMT for approval	

Date of Next Update: **June 2021**

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Introduction

Risk is defined as;

“The possibility of an event occurring that will have an impact on the achievement of objectives. Risk is measured in terms of likelihood and impact”

The Risk Management Strategy is to:

- Provide standard definitions and language to underpin the Risk management process
- Ensure that risks are identified and assessed in a consistent manner throughout the organization
- Clarify roles and responsibilities for managing risks
- Implement an approach that meets current legislative requirements and follows best practice and relevant standards

The Risk Management Strategy now includes the Risk Management Policy

The implementation of the Risk Management Strategy will assist the Council in:

- Reducing risks
- Maximising opportunities
- Improving the effectiveness of our partnerships including the realisation of anticipated benefits
- Ensuring that the benefits offered by contracting out services are realised.
- Enhance our procurement processes
- Support the delivery of the Council’s 5 Year Plan Objectives.

Benefits of Risk Management

Effective risk management will deliver a number of tangible and intangible benefits to individual services and to the Council as a whole, e.g.

- **Improved Strategic Management**
Greater ability to deliver against objectives and targets
A sound system of corporate governance
Confidence in the rigour of the Annual Governance Statement
More likely that new developments can be delivered on time and on budget
Delivery of innovative projects
- **Improved Operational Management**

- Reduction in interruptions to service delivery
- Reduction in managerial time spent dealing with the consequences of a risk event having occurred
- Improved health & safety of those employed, and those affected, by the Council's undertakings
- Improved prevention of fraud, bribery and corruption
- Allows managers to focus on issues that really matter
- Delivery of change management and organisational change
- **Improved Financial Management**
 - Better informed financial decision-making
 - Enhanced financial control
 - Reduction in financial costs associated with losses due to service interruption, litigation, etc.
 - Reduction in insurance premiums and claim related costs
- **Improved Customer Service**
 - Minimal service disruption to customers
 - Protection of reputation and reduced risk of misinterpretation by media
- **Business Continuity**
 - More effective Business Continuity Management and Emergency planning

Objectives

Below are the risk management objectives.

Objectives:

- Embed a risk management ethos throughout the Council that ensures the regular and systematic identification, prioritisation, treatment and monitoring of risks.
- The production of strategic and directorate risk registers that highlight the key risks facing the council that informs the corporate risk register and the annual Internal Audit Plan.
- Anticipate and respond to changing social, environmental and legislative requirements.
- Raise awareness of the need for risk management by all those connected with the Council's delivery of service

These objectives will be achieved by:

- Defining roles, responsibilities, and reporting lines.
- Including risk management issues when writing Cabinet reports
- Maintaining registers of risks

- Holding regular meetings of the Risk Management and Audit Group that involves Senior Managers.
- Providing appropriate training to all members of staff
- Setting the Risk appetite
(‘Risk Appetite’ is the level of risk an organisation is prepared to tolerate. The decision to accept a risk is based partly on a view of the tolerance level of that particular risk. One of the aims of this document is to help managers view risks in a consistent way across all Directorates and ensure the Council has a balanced “Risk Appetite”.)

How Risk Management in Slough Borough Council is organised.

The next section deal with how risk management is organised in Slough Borough Council. This includes:

- Roles and Responsibilities
- Training
- Risk Register Structure

Roles & Responsibilities

To help ensure that the risk management is embedded in the day to day function of all staff

Officer/Group	Responsibility	Frequency
The Cabinet	<p>The Cabinet role is to set the risk appetite and influence the culture of Risk Management within the Council, this includes:</p> <ul style="list-style-type: none"> • Determining whether the Council is 'risk taking' or 'risk averse' • Ensuring risks are considered as part of every Cabinet report decision • To review the content of the Corporate Risk Register at least annually, ensuring procedures are in place to monitor the management of significant risks to reduce the likelihood of unwelcome surprises; • Periodically review the Council's approach to Risk Management and approve changes or improvements to key elements of its processes and procedures. 	At Least Annually

Officer/Group	Responsibility	Frequency
Audit and Corporate Governance Committee	<p>The purpose of The Audit and Corporate Governance Committee in relation to Risk Management is:</p> <ul style="list-style-type: none"> • To approve the risk management strategy and review the effectiveness of risk management arrangements, the control environment and associated antifraud and anti-corruption arrangements and seek assurances that action is being taken on risk related issues; • To ensure that assurance statements, including the Annual Governance Statement properly reflect the risk environment; • To review the Council's risk register; http://www.slough.gov.uk/moderngov/ieListDocuments.aspx?CId=563&MId=5513&Ver=4&Info=1 	Every Three months
Elected Members	Elected Members should consider the risks associated with recommendations put forward in reports to the various committees such as the Cabinet or Scrutiny Committees to name but a few when making decisions recommended within the reports	On-going
Corporate Management Team.	Update Strategic Risk Register.	Every three months
	Undergo relevant training	As and when
	Review and Update the Risk Appetite	Annually
Service Leads	Update Risk Register	Every three months
	Discuss risk at directorate meetings Standing Item on Team Meeting Agendas. At 1-2-1 supervision meetings monthly	
	Undergo relevant training	As and when
	Cascade risks down to individual teams	As part of the annual appraisal process

Officer/Group	Responsibility	Frequency
Risk & Audit Board	See attached Risk Management and Corporate Governance Group Terms of Reference	
All other staff	Bring risk issues to the attention of their manager. Undertake relevant training	On-going
Programme Management Office	Review Risk Registers and Highlight reports for all Projects on the Portfolio Analysis of key themes and risks which are reported to CMT Monitoring and assessment of Portfolio related risks in PMO risk register Analyse and report Risks associated with the Council's Our Futures Transformation Programme	Monthly
Project Managers	Maintenance of project level risk register Reporting of new and significant ongoing risks to the Programme Management Office	
Risk & Insurance Officer	Maintain and facilitate updating of Risk registers	On-going
	Produce overview of directorate risks for Directors	Every Three Months
	Organise Risk Management Training	On-going

Strategic Risk

Below is a definition of Strategic Risk

“Those business risks that, if realised, could fundamentally affect the way in which the organisation exists or provides its services in the next one to five years. These risks will have a detrimental effect on the organisation’s achievement of its key business objectives. The risk realisation will lead to material failure, loss or lost opportunity.” – RSM

5 Questions to Identify a Strategic Risk

- What is happening internally or externally that will present a strategic risk or challenge?
- What has happened in the past that had led to the realisation of a strategic risk?
- What is happening elsewhere?
- What are auditors, regulators, customers and partners telling us about the organisation?
- What challenges will the organisation face in implementing the Five Year Plan?

Guide for Identification, Prioritising, and Documenting of Risk

To ensure the systematic management of risks it is recommended that risks are recorded and communicated. This is done by completing a risk register. The Council has risk registers at project level and directorate level, and the highest risks at this level are incorporated into the Strategic Risk Register.

These are the steps to completing a risk register. These are:

1. Identifying a Risk
2. Use pre-determined risk categories
3. Describe the Risk
4. Assess the risk assuming that there are no control measures in place
5. Identify the current controls
6. Identify the Assurances.
7. Re-Assess the Risk taking current controls into account
8. Identify further controls if required
9. Re-Assess the Risk taking proposed controls into account
10. Decide upon a reasonable date for the completion of the proposed control
11. Assign implementation of control to a relevant officer

How to populate the Risk Register

Step 1 – Identifying a Risk

If you have discovered an issue that is or will affect the delivery of one or more of the 5 year plan objectives you will want to ensure that the Risk is managed proportionally, and effectively.

Step 2 – Use pre-defined Categories of Risk

SBC has decided the following categories of risk

Type of Risk	
Economic/ Financial	Events or lost opportunities that have a detrimental affect on the finances of the authority.
Political	Risks that affect the Council's ability to deliver its strategic objectives.
Health & Safety	Events that lead to the physical/mental harm of employees and/or stakeholders.
Environment	Events that may have a detrimental affect on the physical environment
Legal/Regulatory	Actions or events that breech regulations, civil or criminal law
Management including contractual	Events, actions or proposed actions that lead to increased management effort
Programme and Projects	Risks that could have an effect on the successful achievement of the programme or project's outcomes / objectives in terms of service delivery, benefits realisation and engagement with key stakeholders (service users, third parties, partners etc.).

Step 3 – Describe the Risk

Describing the risk clearly is very important. What you must try to avoid is confusing risks with outcomes.

Consider and record potential outcomes

Below is a table of some risks and one of corresponding possible outcomes

Risk	Possible Outcomes
Failure to an appropriate and robust system of internal financial controls.	Fraud
Overspent budget	Damage to reputation
Failure of business critical IT systems	Inability to provide and/or monitor services.
Inadequate or poorly implemented Health and Safety system	Injury to staff and/or visitors

Consider and record circumstances/events that may “trigger” the risk

Step 4 - Assess the risk assuming that there are no control measures in place

To enable us to manage the risk most effectively we need to assess the risk assuming no controls.

SBC has decided to use a 6x4 Matrix as shown below

Likelihood	Very High	6	12	18	24
	High	5	10	15	20
	Significant	4	8	12	16
	Low	3	6	9	12
	Very Low	2	4	6	8
	Almost impossible	1	2	3	4
		Negligible	Marginal	Critical	Catastrophic
		Impact			

The descriptors for both “Probability” and “Impact” are shown below

Impact

	Negligible	Marginal	Critical	Catastrophic
Economic/Financial	Financial impact up to £50,000 requiring virement or additional funds	Financial impact between £50,000 and £500,00 requiring virement or additional funds	Financial impact between £500,000 and £1,000,000 requiring virement or additional funds	Financial impact in excess of £1m requiring virement or additional funds
Political	Could have a major impact one departmental objective but no impact on a Council strategic objective	Could have a major impact on a Departments objective with some impact on a Council strategic objective	Council severely impact the delivery of a Council strategic objective	Council would not be able to meet multiple strategic objectives.
Health & Safety	Reduced safety regime which if left unresolved may result in minor injury	Minor injuries	1 death or multiple serious injuries	Multiple deaths
Environment	Minimal short-term/temporary environmental damage	Borough-wide environmental damage	Major long term environmental damage	Very severe long term environmental damage.
Legal/Regulatory	Minor breach resulting in small fines and minor disruption for an short period	Regulatory breach resulting in small fines and short term disruption for an short period	Minimal CMT but major departmental management effort required	Very severe regulatory impact that threatens the strategic objectives of the Council
Management including Contractual	Minimal contract management required	Minimal departmental but major contract management required	Minimal CMT but major departmental management effort required	Major CMT management effort would be required
Programme and Projects	Risk does not affect overall project tolerances	Risk affects delivery of a milestone but overall project tolerances are unaffected	Risk affects project tolerances to Amber RAG rating	Risk affects project tolerances to Red RAG rating

PROBABILITY

	Almost Impossible	Very Low	Low	Significant	High	Very High
	Less than 10%	10 – 30%	30 -50%	50-70%	70 – 90%	More than 90%
	Event may occur only in exceptional circumstances	Event will occur in exception circumstances	Event should occur at sometime	Event will occur at sometime	Event may occur only in most circumstances	Event will occur only in most circumstances

Step 5 - Identify the current controls

Now we need to identify the “current controls” These are the things we already do to reduce the risk.

Control measures are the actions taken to “mitigate” the probability and impact of a risk.

Control measures can take many guises and below is a list of control measures and how they mitigate a risk.

Control Measure	How it Mitigates
Project Plan	The discipline of completing and maintaining a project plan is a good way of identifying and planning the management of issues that may arise.
Monitoring	This can take the form of a 121, appraisal, service meeting with a contractor or provider. Monitoring to a set of defined performance indicators helps ensure that actions are performed to a prescribed level in a timely manner.
Reporting	Regular reporting of performance to senior officer/ member groups encourages the completion of actions especially reports that highlight non-performance.
Auditing	This ensures the veracity of claims that actions are in progress or have been completed.
Action	Action proposed to mitigate a risk. These, when completed should affect the probability and/or impact of a risk.

Step 6 – Record Assurances

When identifying the current controls we also need to record what “assurances” we have that the controls are working.

There are two types of “assurance”, internal and external.

Examples of external assurance are External Audit reports, OFSTED Inspections, CQC reports

Examples of internal assurances are internal reports that the controls to manage risks are working

Step 7 - Re-Assess the Risk taking current controls into account

You now need to follow the same process as “Step 4” but take the current controls into account.

Any risk with a residual rating of 12 and above will be reviewed by the Risk Management Board for consideration of whether it should be included on the Corporate Risk Register

Step 8 - Identify further controls if required

Now is the opportunity to record the further actions you need to take to mitigate the risk to an acceptable level. Further control measures must have an implementation date and a responsible officer

Step 9 - Re-Assess the Risk taking proposed controls into account

You now need to follow the same process as “Step 4” but take the effect of the proposed controls into account.

Ways to Mitigate Risks

The vast majority of risks can be mitigated in some way or other but most risks cannot be eliminated altogether and risk management is about determining what level of risk is acceptable.

There are 6 basic responses to the mitigation of risk. These are:

- Avoid

- Transfer
- Reduce/Treat
- Terminate
- Accept
- Contingency

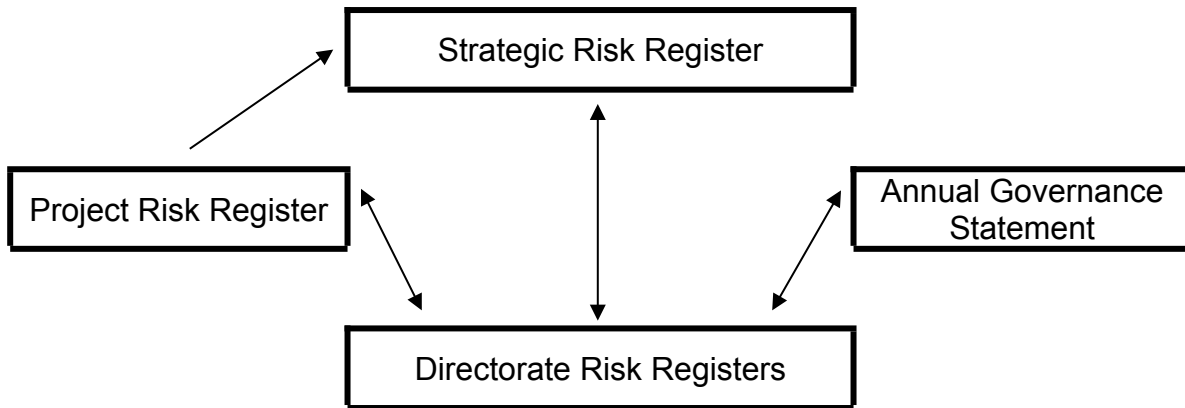
Response	
Avoid	The risk is avoid by changing the project in someway
Transfer	Some risks can be transferred – legal liability can be transferred to an insurer, or service delivery can be transferred to a third party provider.
Reduce/Treat	Some risks will require additional control measures to reduce their probability or impact.
Terminate	Some activities present risks that are so disproportionate to the benefits derived from carrying out that activity that consideration should be given to terminating the activity – it should be noted that this is not always possible.
Accept	This response is acceptable if The risk is already managed to its lowest level of impact and/or probability
Contingency	Have a plan in plan in place if the risk is realised

When assessing project risks, opportunities may be identified, There are four specific responses to opportunities, these are:

- Share - An opportunity is shared with a partner or supplier to maximise the benefits through use of shared resource/technology etc.
- Exploit - A project could be adjusted to take advantage of a change in technology or a new market.
- Enhance - Action is taken to increase the likelihood of the opportunity occurring or the positive impact it could have.
- Reject - Here no action is taken and the chance to gain from the opportunity is rejected. Contingency plans may be put in place should the opportunity occur

Risk Registers

Below is a diagram that shows the links between the various risk registers and other elements that feed into the risk registers



Risk Appetite

CMT has set the Council's **Risk Appetite** at 14.

This means that any risk with a residual risk scoring of 14 or above will be referred to CMT for further remedial actions

Definitions

To ensure that risk management is embedded into the organisation. Below is a list of terms with definitions.

Risk Register – A document that contains details of a risk, current risk assessment, controlled risk assessment, proposed control measures and responsible officer

Probability – Also known as Likelihood – is the estimated chance of a risk transpiring.

Impact – The estimated severity of a risk transpiring

Risk Appetite - The level of risk an organisation is prepared to tolerate

Appendix 1 Risk & Audit Board Terms of Reference

Purpose

To ensure that the Council is proactively managing strategic risk
To ensure that there is a clear process in place to allow CMT, Audit & Corporate Governance, and Cabinet to have assurance that Risk is being robustly managed within the authority

Overview the process for Risk and Audit Management

Work-programme

- To ensure that the Strategic Risk Register reflects known service risks and is reviewed and updated on a monthly basis
- Review and comment on a rolling basis one departmental risk register
- Investigate risks and issues associated with Project and Programme management identified by the Programme Management Office through their oversight of Projects on the Portfolio and other programmes.
- Consider relevant recommendations and actions arising from inspections, reviews etc. so that concerns are adequately reflected in risk registers.
- To act as forum to engage with Directorate SMT representatives
- Annually review,,:
 - the risk management strategy and policy
 - terms of reference for the Risk Management and Audit Board

Membership

- The meetings will be chaired by Director of Finance & Resources

And will consist of:

- Service Lead Governance
- Service Lead Finance

And

- A Service Lead from each department

- Risk & Insurance Officer
- Strategic Programme Management Office (PMO) Manager

Quorum will be at least 1 of the following members:

- Director of Finance & Resources
- Service Lead Governance
- Service Lead Finance

It is expected for the Service Leads to nominate deputies in their absence

Meetings

Meetings will be held on a monthly basis. Minutes will be taken by the PA to Director of Finance & Resources

Below is a table that details the meetings and their primary focus.

Outputs

CMT will receive:

- Copies of all minutes
- Quarterly Internal Audit Recommendation Tracking Report
- Quarterly summary report of Risk register challenge

Audit and Corporate Governance Committee will receive:

- Quarterly Internal Audit Recommendation Tracking Report
- Quarterly Summary report of Risk register challenge
- Reviewed Risk Management Policy and Strategy
- Internal Audit Plan for the year ahead
- External Audit Reports
- The Corporate Risk Register
- Twice yearly updates from the Information Governance Board, including;
 - Policy Changes
 - Details of any breaches, and “near misses”

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SLOUGH BOROUGH COUNCIL

REPORT TO: Audit & Corporate Governance Committee

DATE: 3rd August 2020

CONTACT OFFICER: Neil Wilcox; Director, Finance & Resources
(Section 151 Officer)

(For all Enquiries) (01753) 875368

WARD(S): All

PART I
FOR COMMENT & CONSIDERATION

INTERNAL AUDIT UPDATE – QUARTER 1 2020/211. **Purpose of Report**

The purpose of this report is to report to Audit & Corporate Governance Committee on the progress of the implementation of Internal Audit management actions.

2. **Recommendation(s)/Proposed Action**

That the Committee is requested to comment on and note the attached reports.

3. **The Slough Joint Wellbeing Strategy, the JSNA and the Five Year Plan**

The [Slough Joint Wellbeing Strategy](#) (SJWS) is the document that details the priorities agreed for Slough with partner organisations. The SJWS has been developed using a comprehensive evidence base that includes the Joint Strategic Needs Assessment (JSNA). Both are clearly linked and must be used in conjunction when preparing your report. They have been combined in the Slough Wellbeing Board report template to enable you to provide supporting information highlighting the link between the SJWS and JSNA priorities.

3a. **Slough Joint Wellbeing Strategy Priorities –**

The actions contained within the attached reports are designed to improve the governance of the organisation and will contribute to all of the emerging Community Strategy Priorities

Priorities:

- *Economy and Skills*
- *Health and Wellbeing*
- *Regeneration and Environment*
- *Housing*
- *Safer Communities*

3b. **Five Year Plan Outcomes**

The actions contained within this report will assist in achieving all of the five year plan outcomes

4. **Other Implications**

(a) Financial

There are no financial implications of proposed action

(b) Risk Management

<i>Recommendation</i>	<i>Risk/Threat/Opportunity</i>	<i>Mitigation(s)</i>
<i>That Audit & Risk Committee is requested to comment on and note the attached reports</i>	<i>This report concerns risk management across the Council</i>	

(c) Human Rights Act and Other Legal Implications

There are no Human Rights Act or other legal implications in this report

(d) Equalities Impact Assessment

There is no identified need for an EIA

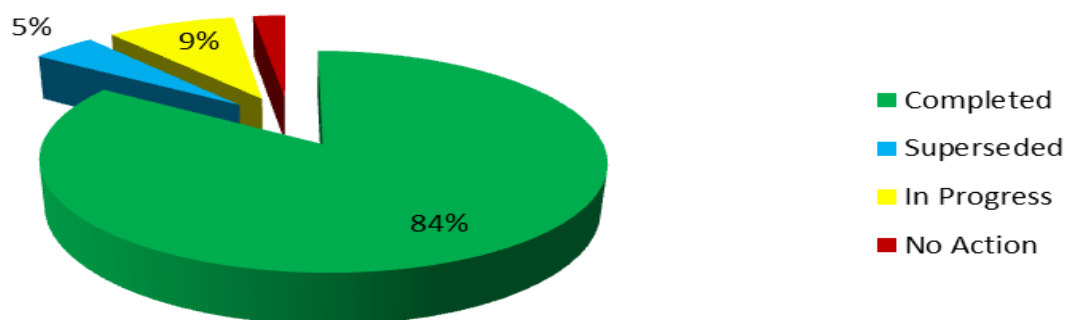
5. **Supporting Information**

5.1 Monitoring Management Actions

5.1.1 The Risk and Insurance Officer regularly monitors the progress of the implementation of the Management Actions made. Below is a graph that shows the percentage of High and Medium risk recommendations, from the current and two preceding audit years, that have either been implemented, are in progress, or no action has been taken.

The information presented below is based on staff confirming the actions are complete, and will be validated by RSM as part of their follow up reviews.

Status of audit recommendations as at 30th June 2020



5.1.2 The percentage of completed actions increased to 84% from last quarter's report which showed a completion rate of 75%.

5.1.3 On a quarterly basis RSM our Internal Auditors conduct a follow up audit to review progress made by the Council to implement the previously agreed management actions. The actions covered are where Council staff have confirmed that the actions have been implemented, and the RSM work involves obtaining supporting evidence to confirm implementation.

5.1.4 The Quarter 4 follow up audit from RSM showed that the Council has made **"little progress"** in implementing the agreed management actions, despite 71% of the sampled actions having being found to have been implemented.

The high priority action not being fully implemented in relation to establishing reporting requirements for **James Elliman Homes 2019/20** has impacted RSM's overall progress opinion. In addition, a further two Medium actions covered had not been implemented. Both of these actions were from the **Neighbourhood ASB Enforcement review from 2017/18** and had not fully been implemented. These related to the lack of clear categorisation of ASB cases on the Flare system and communication of the ASB Policy.

5.1.5 Attached at Appendix 1 is a list of the 'Medium' Management Actions that are classified as still open and remain outstanding past the target date. While the 'target date' column reflects the updated date for implementing the action, the 'update detail' column shows the audit trail from the original date of implementation to the revised date where applicable.

5.1.6 Attached at Appendix 2 is a list of the "High" Management Actions that remain Outstanding past the target date. While the 'target date' column reflects the updated date for implementing the action, the 'update detail' column shows the audit trail from the original date of implementation to the revised date where applicable

Current Position		Previous Audit Committee	
No Action	Partially Complete	No Action	Partially Complete
0	2	0	2

6. **Comments of Other Committees**

There are no comments from other Committees

7. **Conclusion**

Members are requested to consider and note details of the outstanding medium and high agreed management actions.

8. **Appendices Attached**

Appendix 1 – Details of outstanding Medium agreed management actions

Appendix 2 – Details of outstanding High agreed management actions

9. **Background Papers**

None

Audit Title	Target Date	Person Responsible	Required Mangement action	Update Date	Update Detail
Rent Arrears Recovery (9.19/20)	31/3/2020	Colin Moone	The Council will introduce a Service and Improvement Group to investigate the issue concerning former tenant rent arrears balances which are below £3,000. Following this, a strategy will be devised in order to recover amounts owed to the Council.	6/1/2020	The first meeting has taken place and the work to be undertaken has been scoped out.
Rent Arrears Recovery (9.19/20)	31/3/2020	Colin Moone	The Council will investigate the reason behind using multiple debt collection agencies (DCA) and ascertain whether it is necessary to use multiple agencies. The Council will also complete a tendering exercise to ensure that DCAs used for Former Tenant Arrears represent sufficient value for money. Additionally, the Council will agree a contract in place with the awarded DCA to ensure that the collection methods used by the agency are agreed. Collection success rates will be agreed and monitored through the Rent Recovery Team Meetings.	22/7/2020	Matter being led by Finance and Resources Customer and Communications. Have given feedback on the one company (S and G) we use. Which was not positive. Outcome awaited
James Elliman Homes (8.19/20)	31/12/2019	Colin Moone	The chair of the JEH Board will ensure that the SBC / JEH SLA is formally signed by authorised representatives from each body. This will also be regularly reviewed, with progress against agreed actions also presented.	21/2/2020	This action will be completed by 28th Feb 2020

SUR	31/12/2018	Stephen Gibson	The Board will ensure that at least two representatives from each Partner will attend Business Board meetings.	19/2/2020	Management action re-assigned to user: Stephen Gibson
SUR	31/1/2019	Stephen Gibson	The Council will seek assurance that the plans have been approved by JV Partner members prior to the planning of projects. SUR will create a shared drive (restricted to relevant personnel) to enable access to legal documentation.	19/2/2020	Management action re-assigned to user: Stephen Gibson
HR Policies and Procedures	31/3/2019	Dean Tyler	The Council will formulate an overarching procedural document to inform staff on the processes for the creation, approval, review and communication of all Council policies and procedures. This will include the consultation process as part of new/reviewed policies and procedures.	28/11/2019	Management action re-assigned to user: Dean Tyler
Asset Register (16.19/20)	31/5/2020	Stuart Aislabie	The Principle Asset Manager will liaise with ICT to identify any issues affecting the performance of the Terrier System, in order to assure all updated records are recorded accurately. Further, the Principle Asset Manager will ensure that, in line with the Asset Management Property Records Procedure, spot checks are undertaken and documented, to ensure all records are updated on the Terrier System and CIPFA Asset Register.	26/6/2020	IT issues identified and rectified. Data entry and spot checks cannot currently be undertaken due to access to Terrier being office based only.

General Ledger (15.19/20)	31/3/2020	Simon Pallett	<p>The Council will review the password functions within Agresso to ensure the following prior to end of the 2019/20 financial year:</p> <ul style="list-style-type: none"> • Passwords automatically expire and require changing on a periodic basis; and • Acceptable passwords will be subject to rules (certain lengths and unique characters to strengthen them and minimise the possibility of a security breach. 	22/7/2020	Update requested from Officer Responsible
Asset Register (16.19/20)	31/5/2020	Stuart Aislabie	<p>The Principle Asset Manager will undertake a review of the current Asset Management Procedure to determine the responsibilities of all involved departments and staff.</p> <p>The procedure will be updated to outline:</p> <ul style="list-style-type: none"> • How to identify assets; • Responsibility of staff in reporting new assets and disposals to the Finance team, the Legal team and the Asset Management team; • Documentation to be held for assets owned by the Council; • Timeliness and responsibility of reconciliations between the asset values in the asset register and the general ledger; • Timeliness and responsibilities for all involved teams within the asset revaluation process and updating of results; • The process for disposals and acquisitions of assets; and • The requirement for the Principal Asset Manager to oversee the preparation and implementation of a physical asset inspection process which will allow the Council to take assurances on the integrity of asset details maintained in asset managed records. Once reviewed, the procedure will be approved by the Capital Strategy Board and communicated across all service lines 	26/6/2020	Ongoing. Updating of procedures not yet finalised. Subject to input and review by Finance/Legal Team whose procedures form part of this action. Target to bring procedures for approval to the Capital Board during September 2020.

Conflicts of Interest (13.18/19)	31/3/2020	Surjit Nagra	We will ensure that the Recruitment and Selection policy is updated to include guidance on the process for obtaining declarations of interests from new starters as part of the standard pre-employment checks process. Once updated, the policy will be approved and communicated to all staff.	21/11/2019	Was carried out but needs to be revisited because of the insourcing of arvato
Governance - Overview & Scrutiny	30/4/2019	Dean Tyler	As part of the Overview and Scrutiny Committee annual report process, the report will explicitly review the Committee's own effectiveness against the group's objectives, and this will feed into a 'Lessons learnt' action plan that will better enable the Council to review and comment on the report to provide feedback.	31/1/2019	Management action re-assigned to user: Dean Tyler
Conflicts of Interest (13.18/19)	31/3/2020	Surjit Nagra	We will ensure that the online guidance on the intranet for declaring and reviewing interests for both managers and staff is updated to detail the current Council process and is subject to review on a regular basis.	20/7/2020	Surjit to check if this action is complete
General Ledger (15.19/20)	31/3/2020	Kim Bryant	The Group Accountant (Financial Reporting) will undertake a review of the General Accounting Handbook to include the process and rules relating to the setup, amendment and removal of budget codes Further, the Group Accountant (Financial Reporting) will oversee the implementation of an audit trail function within Agresso.	22/7/2020	Unable to obtain update due to staff absence

Audit Title	Target Date	Person Responsible	Agreed Management Action	Update Date	Update Detail
Regulatory Services – Cash Handling Arrangements (5.19/20)	31/12/2019	Sushil Thobhani	The Council will ensure that the 'Money Laundering' training module is updated to include the processes and procedures expected in instances of potential money laundering activities.	30/1/2020	Update at SMT - Sushil advised that in the process of implementing. Need to set up system with Fraud Team, and this should be done by the end of March
				19/2/2020	Progress reviewed at CMT Action will be implemented by 31st March 2020
				20/7/2020	check that the training module has been updated
Cash Handling (18.19/20)	30/4/2020	Barry Stratfull	The Council will ensure that all relevant staff members handling cash as part of their respective job roles are made aware of the Money Laundering Policy in place and have read and understood the following: <ul style="list-style-type: none"> •The Council's cash payment threshold for potential money laundering activities (one payment of £1,000 or £10,000 in smaller payments); •The Council's obligations with respect to money laundering; and The process for reporting and investigating potential money laundering activities	20/7/2020	Barry to email Finance and SLT of Money Laundering procedures Check to ensure that Money Laundering Policy has been updated

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Our ref: SBC HBAP201819/JM/SMB

Housing Benefit Unit
 Housing Delivery Division
 DWP Business Finance & Housing Delivery Directorate
 Room B120D
 Warbreck House
 Blackpool
 Lancashire
 FY2 0UZ

Grant Thornton UK LLP

2 Glass Wharf
 Temple Quay
 Bristol
 BS2 0EL
 T +44 (0)117 305 7600
 F +44 (0)117 955 4934

22 May 2020

To: Housing Benefit Unit, Housing Delivery Division, DWP Business Finance & Housing Delivery Directorate, Room B120D, Warbreck House, Blackpool, Lancashire FY2 0UZ.

And: The Section 151 Officer of Slough Borough Council, Section 151 Officer.

Dear Sir

Housing Benefit (Subsidy) Assurance Process 2019 Module 6 DWP Reporting Framework Instruction (Applicable to England only) Reporting accountants' report for the Housing Benefit Subsidy claim form MPF720A, year ended 31 March 2019

This report is produced in accordance with the terms of our engagement letter with the Slough Borough Council dated 28 February 2019 and the standardised engagement terms in Appendix 2 of HBAP Module 1 2018/19 issued by the Department for Work and Pensions (DWP) for the purpose of reporting to the Section 151 Officer of Slough Borough Council and the DWP.

Our report is prepared solely for the confidential use of the Local Authority and the DWP and solely for the purpose of facilitating the claim for Housing Benefit Subsidy on form MPF720A dated 30 April 2019.

This report should not be copied, referred to or disclosed, in whole or in part (save as otherwise permitted by the standardised engagement terms), without our prior written consent. Without assuming or accepting any responsibility or liability in respect of this report to any party other than the local authority and the DWP, we acknowledge that the local authority and/or the DWP may be required to disclose this report to parties demonstrating a statutory right to see it.

This report is designed to meet the agreed requirements of Local Authority and the DWP as described in the DWP HBAP reporting framework instruction 2019.

This report should not therefore be regarded as suitable to be used or relied by any other party for any purpose or in any context. Any party other than the Local Authority and the DWP which obtains access to this report or a copy and chooses to rely on this report (or any part of it) will do so entirely at its own risk. To the fullest extent permitted by law, we accept no responsibility or liability in respect of our work or this report to any other party and shall not be

liable for any loss, damage or expense of whatsoever nature which is caused by the reliance of anyone other than the addressees on our work or this report.

Respective responsibilities of the Local Authority and the reporting accountant

We conducted our engagement in accordance with HBAP Modules 1 and 6 2018/19 issued by the DWP, which highlight the terms under which DWP has agreed to engage with reporting accountants.

The Section 151 Officer of the Local Authority has responsibilities under the Income-related Benefits (Subsidy to Authorities) Order 1998. The Section 151 Officer is also responsible for ensuring that the Local Authority maintains accounting records which disclose with reasonable accuracy, at any time, the financial position of the Local Authority. It is also the Section 151 Officer's responsibility to extract relevant financial information from the Local Authority's accounting records, obtain relevant information held by any officer of the Local Authority and complete the attached form MPF720A in accordance with the relevant framework set out by the DWP.

Our approach

For the purpose of the HBAP engagement we have been provided with a signed copy of form MPF720A 2018/19 dated 30 April 2019 by the Section 151 Officer. The Section 151 Officer remains solely responsible for the completion of the MPF720A and is the signatory on the local authority's certificate on claim form MPF720A.

Our engagement was carried out in accordance with the DWP reporting framework instruction which has been prepared in accordance with the *International Standard on Related (ISRS) 4400, Engagement to perform agreed-upon-procedures regarding financial information*. The purpose of the engagement is to perform the specific test requirements determined by the DWP on the defined sample basis as set out in HBAP Modules of the HBAP reporting framework instruction on the Local Authority's form MPF720A dated 30 April 2019, and to report the results of those procedures to the Local Authority and the DWP.

The results of these are reported on in appendices A, B, C and D.

Inherent limitations

The procedures specified in DWP's HBAP Reporting framework instruction does not constitute an examination made in accordance with generally accepted auditing standards, the objective of which would be the expression of assurance on the contents of the local authority's claim for Housing Benefit subsidy on form MPF720A. Accordingly, we do not express such assurance. Had we performed additional procedures or had we performed an audit or review of the local authority's claim for Housing Benefit subsidy on form MPF720A in accordance with generally accepted auditing or review standards, other matters might have come to our attention that would have been reported to you. This report relates only to the Local Authority's form MPF720A and does not extend to any financial statements of the Local Authority, taken as a whole.

This engagement will not be treated as having any effect on our separate duties and responsibilities as the external auditor of the Local Authority's financial statements. Our audit work on the financial statements of the Local Authority is carried out in accordance with our statutory obligations and is subject to separate terms and conditions. Our audit report on the Local Authority's financial statements is made solely to the Local Authority's members, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our audit work was undertaken so that we might state to the Local Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Local Authority and the Local Authority's members, as a body, for our audit work, for our audit reports, or for the opinions we have formed in respect of that audit.

Summary of HBAP report

Summary of Initial Testing

In accordance with HBAP modules an initial sample of cases was completed for all general expenditure cells. We have re-performed a sample of the Local Authority's testing and confirm the tests we have carried out concur with the Local Authority's results:

Cell 011 Non HRA Rent Rebate Misclassification of Expenditure

Initial Testing of Cell 011 identified that the Local Authority has incorrectly classified expenditure up to the lower of 90% of the appropriate LHA rate for the property and the upper limit, and above the lower of 90% of the appropriate LHA rate for the property plus the management costs element and the upper limit, in cells 014 and 015. As it was not possible to correctly establish the error for amendment additional testing of 40 cases was completed for the error.

Cell 011 Non HRA Rent Rebate Misclassification of expenditure

Initial Testing of Cell 011 identified that the Local Authority has incorrectly classified expenditure up to the lower of the one bedroom self-contained LHA rate and the upper limit, and above the lower of the one bedroom self-contained LHA rate and the upper limit, in cells 012 and 013. As it was not possible to correctly establish the error for amendment additional testing of 40 cases was completed for the error.

Cell 011 Non HRA Rent Rebate Duplicate payments

Initial Testing of Cell 011 identified that the Local Authority has incorrectly duplicated payments in expenditure up to the lower of 90% of the appropriate LHA rate for the property and the upper limit, and above the lower of 90% of the appropriate LHA rate for the property plus the management costs element and the upper limit, in cells 014 and 015. As it was not possible to correctly establish the error for amendment additional testing of 40 cases was completed for the error.

Cell 055 HRA Rent Rebate Working Tax Credit calculation error

1 claim was identified where the Local Authority has incorrectly calculated Working Tax Credit. As it was not possible to correctly establish the error for amendment additional testing of 40 cases was completed for the error.

Cell 055 HRA Rent Rebate Earned Income calculation error

1 claim was identified where the Local Authority has incorrectly calculated Earned Income. As it was not possible to correctly establish the error for amendment additional testing of 40 cases was completed for the error.

Cell 094 Rent Allowances

No claims were found to be in error.

Completion of Modules

Completion of Module 2

We have tested the Up-rating performed by the Local Authority and no issues were identified.

Completion of Module 5

We have completed the questionnaire for the appropriate software supplier and no issues were identified.

Summary of testing arising from Cumulative Assurance Knowledge and Experience (CAKE)

In line with the requirements of HBAP Modules we have undertaken CAKE testing based upon the preceding years' Qualification Letter. Where appropriate we have completed testing of the sub populations for:

Non HRA Rent Rebates – Cell 011 Earned income calculation error

Non HRA Rent Rebates – Cell 011 Passported claim error

Non HRA Rent Rebates – Cell 012 and 013 Misclassification of Expenditure due to incorrect LHA rate

Non HRA Rent Rebates – Cell 014 and 015 Misclassification of Expenditure due to incorrect LHA rate

Non HRA Rent Rebates – Cell 011 Miscalculation due to change of address

HRA Rent Rebates – Cell 067 Misclassification of overpayments

HRA Rent Rebates – Cell 055 Earned income calculation error

Rent Allowances – Cell 094 Earned income calculation error

Rent Allowances – Cell 094 Rental liability miscalculation error

Rent Allowances – Cell 094 Incorrect LHA rate application

The results are outlined in the appropriate appendix.

The following CAKE tests have returned no errors and are considered as closed:

Non HRA Rent Rebates – Cell 011 Miscalculation due to change of address

Non HRA Rent Rebates – Cell 011 Passported claim error

Rent Allowances – Cell 094 Incorrect LHA rate application

Summary paragraph

For the form MPF720A dated 30 April 2019 for the year ended 31 March 2019 we have completed the specific test requirements detailed in the DWP reporting framework instruction HBAP and have identified the following results set out in Appendix A, B, C and D).

Firm of accountants.....Grant Thornton UK LLP

Office.....Grant Thornton UK LLP, 2 Glass Wharf, Temple Quay, Bristol, BS2 0EL

Contact details...Julie Masci – 02920 347546 – Julie.Masci@uk.gt.com

Grant Thornton UK LLP

Signature / stamp....

Date.....22/05/2020

Appendix A Exceptions/errors found**Cell 011 Overpaid benefit – Earned Income calculation error****Cell 011 – Non HRA Rent Rebates total expenditure****Cell Total: £3,701,953****Cell Total £1,633,527 sub population****Cell Population: 808 cases****Cell Population: 311 cases – sub population****Headline Cell: £ 3,701,953**

In 2017/18 it was identified that the Local Authority has incorrectly calculated Earned Income resulting in an overpayment of benefit. During our initial testing, there were 9 cases (value: £34,930) where the assessment was based on earned income, and no errors were identified.

However, given the nature of the population and the errors found in the previous claim, an additional sample of 40 cases where an assessment in the subsidy period was based upon Earned Income was tested. This additional testing identified:

3 cases which resulted in an overpayment of housing benefit to a total of £140.24 in 2018/19 due to miscalculating the claimants' Earned Income. The errors ranged from £2.12 to £92.22.

3 cases which had resulted in an underpayment of housing benefit to a total of £60.75 in 2018/19 due to miscalculating the claimants' Earned Income. As there is no eligibility to subsidy for benefit which has not been paid, the underpayment (or nil impact) identified does not affect and has not, therefore, been classified as errors for subsidy extrapolation purposes.

Sample	Movement / brief note of error:	Original cell total: sub population (claims with Earnings)	Sample error:	Sample value:	Percentage error rate (to two decimal places)	Cell adjustment:
		[CT]	[SE]	[SV]	[SE/SV]	[SE/SV X CT]
Initial sample – 9 cases	Incorrect Income Calculation	£3,701,953	£0	£34,930		
CAKE sample – 40 cases	Incorrect Income Calculation	£1,633,527	£140	£207,906		
Combined sample – 49 cases	Incorrect Income Calculation	£1,633,527	£140	£242,836	0.06%	£943
Corresponding adjustment:	Cell 14 is overstated	£1,633,527	£2	£242,836	0.00%	-£14
	Cell 15 is overstated	£1,633,527	£14	£242,836	0.01%	-£98
	Cell 23 is overstated	£1,633,527	£124	£242,836	0.05%	-£831
Total corresponding adjustment	Total understatement of Cell 26	£1,633,527	£140			£943

Cell 012 Misclassification of Expenditure due to incorrect LHA rate
Cell 012 – Non HRA Rent Rebates - Expenditure up to the lower of the one bedroom self-contained LHA rate and the upper limit
Cell Total: £525,888 (Cell 012) and £340,505 (Cell 013)
Cell Total £866,393 – sub population
Cell Population: 808 cases
Cell Population: 750 cases – sub population
Headline Cell: £3,701,953

In 2017/18 it was identified that the Local Authority has misclassified expenditure where the incorrect LHA rate has been applied, resulting in a misclassification of expenditure between Cell 012 (Expenditure up to the lower of the one bedroom self-contained LHA rate and the upper limit) and Cell 013 (Expenditure above the lower of the one bedroom self-contained LHA rate and the upper limit. During our initial testing, there were 11 cases (value: £25,098) where the assessment was based on Cell 012 and 013, and no errors were identified.

As it was not possible to correctly establish the error for amendment additional testing of 40 cases was completed where an assessment in the subsidy period was based upon the LHA rate. This additional testing identified:

7 cases which resulted in a misclassification of housing benefit to a total of £1,835.94 in 2018/19 due to incorrect application of the LHA rate. The errors ranged from £2.88 to £1,187.51.

This error, and the error in the following tables have been extrapolated separately for transparency and clarity, but should be considered together for the purposes of subsidy.

Sample	Movement / brief note of error:	Original cell total: sub population (claims within Cell 012 and 013)	Sample error:	Sample value:	Percentage error rate (to two decimal places)	Cell adjustment:
		[CT]	[SE]	[SV]	[SE/SV]	[SE/SV X CT]
Initial sample – 11 cases	Misclassification of Expenditure due to incorrect LHA rate	£866,393	£0	£25,098		
CAKE sample – 40 cases	Misclassification of Expenditure due to incorrect LHA rate	£866,393	£1,914	£106,865		
Combined sample - 51 cases	Misclassification of Expenditure due to incorrect LHA rate	£866,393	£1,914	£131,963	1.45%	£12,563
Corresponding adjustment:	Cell 013 is overstated	£866,393	£1,914	£131,963	1.45%	-£12,563
Total corresponding adjustment	Cell 012 is understated	£866,393	£1,914	£131,963	1.45%	£12,563

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Sample	Movement / brief note of error:	Original cell total: sub population (claims within Cell 012 and 013)	Sample error:	Sample value:	Percentage error rate (to two decimal places)	Cell adjustment:
		[CT]	[SE]	[SV]	[SE/SV]	[SE/SV X CT]
Initial sample – 11 cases	Misclassification of Expenditure due to incorrect LHA rate	£866,393	£0	£25,098		
CAKE sample – 40 cases	Misclassification of Expenditure due to incorrect LHA rate	£866,393	£78	£106,865		
Combined sample - 51 cases	Misclassification of Expenditure due to incorrect LHA rate	£866,393	£78	£131,963	0.06%	£12,043
Corresponding adjustment:	Cell 012 is overstated	£866,393	£78	£131,963	0.06%	-£520
Total corresponding adjustment	Cell 013 is understated	£866,393	£78	£131,963	0.06%	£520

Cell 014 Misclassification of Expenditure due to incorrect LHA rate
Cell 014 – Non HRA Rent Rebates - Expenditure up to the lower of 90% of the appropriate LHA rate for the property and the upper limit
Cell Total: £1,679,111 (Cell 014) and £738,939 (Cell 015)
Cell Total £2,418,050 – sub population
Cell Population: 808 cases
Cell Population: 698 cases – sub population
Headline Cell: £3,701,953

In 2017/18 it was identified that the Local Authority has misclassified expenditure where the incorrect LHA rate has been applied, resulting in a misclassification of expenditure between Cell 014 (Expenditure up to the lower of 90% of the appropriate LHA rate for the property and the upper limit) and Cell 015 (Expenditure above the lower of the appropriate LHA rate for the property plus the management costs element and the upper limit. During our initial testing, 9 cases (value £56,567) where the assessment was based on the LHA rate were tested.

Initial testing showed 3 claims (value: £42,204) had an LHA rate incorrectly applied that resulted in a misclassification of £428.27.

As it was not possible to correctly establish the error for amendment additional testing of 40 cases was completed where an assessment in the subsidy period was based upon the LHA rate. This additional testing identified:

10 cases which resulted in a misclassification of housing benefit to a total of £2,752 in 2018/19 due to incorrect application of the LHA rate. The errors ranged from £11.55 to £2,907.50.

This error, and the error in the following tables have been extrapolated separately for transparency and clarity, but should be considered together for the purposes of subsidy.

Sample	Movement / brief note of error:	Original cell total: sub population (claims within Cell 014 and 015)	Sample error:	Sample value:	Percentage error rate (to two decimal places)	Cell adjustment:
		[CT]	[SE]	[SV]	[SE/SV]	[SE/SV X CT]
Initial sample – 9 cases	Misclassification of Expenditure due to incorrect LHA rate	£2,418,050	£135	£56,567		
CAKE sample – 40 cases	Misclassification of Expenditure due to incorrect LHA rate	£2,418,050	£3,534	£371,605		
Combined sample - 49 cases	Misclassification of Expenditure due to incorrect LHA rate	£2,418,050	£3,669	£428,172	0.86%	£20,795
Corresponding adjustment:	Cell 015 is overstated	£2,418,050	£3,669	£428,172	0.86%	-£20,795
Total corresponding adjustment	Cell 014 is understated	£2,418,050	£3,669	£428,172	0.86%	£20,795

Sample	Movement / brief note of error:	Original cell total: sub population (claims within Cell 014 and 015)	Sample error:	Sample value:	Percentage error rate (to two decimal places)	Cell adjustment:
		[CT]	[SE]	[SV]	[SE/SV]	[SE/SV X CT]
Initial sample – 9 cases	Misclassification of Expenditure due to incorrect LHA rate	£2,418,050	£563	£56,567		
CAKE sample – 40 cases	Misclassification of Expenditure due to incorrect LHA rate	£2,418,050	£782	£371,605		
Combined sample - 49 cases	Misclassification of Expenditure due to incorrect LHA rate	£2,418,050	£1,345	£428,172	0.31%	£7,496
Corresponding adjustment:	Cell 014 is overstated	£2,418,050	£1,345	£428,172	0.31%	-£7,496
Total corresponding adjustment	Cell 015 is understated	£2,418,050	£1,345	£428,172	0.31%	£7,496

Cell 067 Expenditure misclassification – Incorrect classification of eligible overpayments

Cell Total: £236,131

Cell population: 985 cases

Cell 067 Total: £236,131

Headline Cell Total: £14,999,226

It was identified in the 2017/18 claim and reported in the qualification letter for that year that Cell 067 included overpayments that should properly have been classified as Cell 065 LA error and administrative delay eligible overpayments. Testing within the initial testing for 2018/19 included 6 cases (value: £1,093) within Cell 067 eligible overpayments and in all cases the overpayments were classified appropriately. Additional 40+ testing was undertaken of Cell 067 overpayments.

As it was not possible to correctly establish the error for amendment additional testing of 40 cases was completed where an assessment in the subsidy period was based upon Cell 067. This additional testing identified:

8 cases where the dates have been incorrectly applied and part of the overpayment should have been classified in cell 065 (LA error overpayments) not Cell 067. Consequently, Cell 067 is overstated by £611.97 and Cell 065 is correspondingly understated; there is no effect on Cell 055.

Values ranged in value from £2.75 to £212.66.

Sample	Movement / brief note of error:	Original cell total: sub population (claims within Cell 067)	Sample error:	Sample value:	Percentage error rate (to two decimal places)	Cell adjustment:
		[CT]	[SE]	[SV]	[SE/SV]	[SE/SV X CT]
Initial sample – 6 cases	Incorrect classification of eligible overpayments	£236,131	£0	£1,093		
CAKE sample – 40 cases	Incorrect classification of eligible overpayments	£236,131	£612	£8,713		
Combined sample - 46 cases	Incorrect classification of eligible overpayments	£236,131	£612	£9,806	6.24%	£14,735
Corresponding adjustment:	Cell 067 is overstated	£236,131	£612	£9,806	6.24%	-£14,735
Total corresponding adjustment	Total understatement of Cell 065					£14,735

Cell 055 Overpaid benefit – Earned income calculation error

Cell 055: Rent Rebates total expenditure

Cell Total: £14,999,226

Cell Total £2,418,390 – sub population

Cell Population: 3,536 cases

Cell Population: 696 cases – sub population

Headline Cell: £14,999,226

In 2017/18 it was identified that the Local Authority has incorrectly calculated Earned Income resulting in an overpayment of benefit. During our initial testing, 7 cases (value £22,214) where the assessment was based on Earned Income were identified.

Initial testing showed 1 claim (value: £5,319) where the Local Authority has incorrectly calculated Earned Income resulting in an overpayment of benefit of £1,288.

As it was not possible to correctly establish the error for amendment additional testing of 40 cases was completed where an assessment in the subsidy period was based upon Earned income figures was tested. This additional testing identified:

3 cases which resulted in an overpayment of housing benefit to a total of £2,123.38 in 2018/19 due to miscalculating the claimants' Earned Income. The errors ranged from £0.38 to £1,639.18.

1 case which had resulted in an underpayment of housing benefit to a total of £5.97 in 2018/19 due to miscalculating the claimants' Earned Income. As there is no eligibility to subsidy for benefit which has not been paid, the underpayment (or nil impact) identified does not affect and has not, therefore, been classified as errors for subsidy extrapolation purposes.

Sample	Movement / brief note of error:	Original cell total: sub population (claims with Earned Income)	Sample error:	Sample value:	Percentage error rate (to two decimal places)	Cell adjustment:
		[CT]	[SE]	[SV]	[SE/SV]	[SE/SV X CT]
Initial sample – 7 cases	Incorrect Earned Income calculation	£2,418,390	£1,288	£22,214		
CAKE sample – 40 cases	Incorrect Earned Income calculation	£2,418,390	£2,123	£144,627		
Combined sample - 47 cases	Incorrect Earned Income calculation	£2,418,390	£3,411	£166,841	2.04%	£49,335
Corresponding adjustment:	Cell 61 is overstated	£2,418,390	£2,838	£166,841	1.70%	£41,037
Corresponding adjustment:	Cell 67 is overstated	£2,418,390	£573	£166,841	0.34%	£8,298
Total corresponding adjustment	Total understatement of Cell 65					£49,335

Cell 094 Overpaid benefit – Earned Income calculation error

Cell 094: Rent Allowances total expenditure

Cell Total: £48,140,092

Cell Total £20,415,235 – sub population

Cell Population: 7,489 cases

Cell Population: 3,328 cases – sub population

Headline Cell: £48,140,092

In 2017/18 it was identified that the Local Authority has incorrectly calculated Earned Income resulting in an overpayment of benefit. During our initial testing, 4 cases (value £17,946) where the assessment was based on Earned Income was tested, and no errors were identified.

As it was not possible to correctly establish the error for amendment additional testing of 40 cases was completed where an assessment in the subsidy period was based upon Earned income figures was tested. This additional testing identified:

5 cases which resulted in an overpayment of housing benefit to a total of £212.45 in 2018/19 due to miscalculating the claimants' Earned Income. The errors ranged from £0.13 to £109.20.

2 cases which had resulted in an underpayment (or nil impact) of housing benefit to a total of £7.20 in 2018/19 due to miscalculating the claimants' Earned Income. As there is no eligibility to subsidy for benefit which has not been paid, the underpayment (or nil impact) identified does not affect and has not, therefore, been classified as errors for subsidy extrapolation purposes.

Sample	Movement / brief note of error:	Original cell total: sub population (claims with Earned Income)	Sample error:	Sample value:	Percentage error rate (to two decimal places)	Cell adjustment:
		[CT]	[SE]	[SV]	[SE/SV]	[SE/SV X CT]
Initial sample – 4 cases	Incorrect Earned Income calculation	£20,415,235	£0	£17,946		
TAKE sample – 40 cases	Incorrect Earned Income calculation	£20,415,235	£212	£228,212		
Combined sample - 44 cases	Incorrect Earned Income calculation	£20,415,235	£212	£246,158	0.09%	£18,374
Corresponding adjustment:	Cell 103 is overstated	£20,415,235	£212	£246,158	0.09%	-£18,374
Total corresponding adjustment	Total understatement of Cell 113					£18,374

Cell 094 Overpaid benefit – Rental liability miscalculation error

Cell 094: Rent Allowances total expenditure

Cell Total: £48,140,092

Cell Total £20,415,235 – sub population

Cell Population: 7,489 cases

Cell Population: 3,328 cases – sub population

Headline Cell: £48,140,092

In 2017/18 it was identified that the Local Authority has incorrectly calculated Rental Liability resulting in an overpayment of benefit. During our initial testing, 20 cases (value £129,433) where the assessment was based on Rental Liability was tested, and no errors were identified.

As it was not possible to correctly establish the error for amendment additional testing of 40 cases was completed where an assessment in the subsidy period was based upon Rental Liability figures was tested. This additional testing identified:

1 case which had resulted in an underpayment of housing benefit to a total of £736.82 in 2018/19 due to miscalculating the claimants' Rental Liability. As there is no eligibility to subsidy for benefit which has not been paid, the underpayment (or nil impact) identified does not affect and has not, therefore, been classified as errors for subsidy extrapolation purposes.

Cell 055 Overpaid benefit - HRA Rent Rebate Working Tax Credit calculation error

Cell 055: Rent Rebates total expenditure

Cell Total: £14,999,226

Cell Total £2,418,390 – sub population

Cell Population: 3,536 cases

Cell Population: 696 cases – sub population

Headline Cell: £14,999,226

Initial Testing showed 1 claim (value: £133.12) had Working Tax Credit calculation errors that resulted in an underpayment of £6.51. As there is no eligibility to subsidy for benefit which has not been paid, the underpayment (or nil impact) identified does not affect and has not, therefore, been classified as errors for subsidy purposes.

As it was not possible to correctly establish the error for amendment additional testing of 40 cases was completed.

This additional testing did not identify further errors.

Cell 011 Overpaid benefit – Non HRA Rent Rebate Duplicate payments
Cell 011 – Non HRA Rent Rebates total expenditure
Cell Total: £3,701,953
Cell Population: 808 cases
Headline Cell: £ 3,701,953

During our initial testing, 20 cases (value £100,875) where the assessment was based on Cell 11 were identified. Initial Testing showed 1 claim (value: £14,782) had duplicate payment errors that resulted in an overpayment of benefit of £606.90.

As it was not possible to correctly establish the error for amendment additional testing of 40 cases was completed.

This additional testing did not identify further errors.

Sample	Movement / brief note of error:	Original cell total: sub population (claims within Cell 011)	Sample error:	Sample value:	Percentage error rate (to two decimal places)	Cell adjustment:
		[CT]	[SE]	[SV]	[SE/SV]	[SE/SV X CT]
Initial sample – 1 cases	Duplicate payment errors	£3,701,953	£607	£100,875		
CAKE sample – 40 cases	Duplicate payment errors	£3,701,953	£0	£207,905		
Combined sample - 41 cases	Duplicate payment errors	£3,701,953	£607	£308,780	0.20%	£7,404
Corresponding adjustment:	Cell 14 is overstated	£3,701,953	£26	£308,780	0.01%	-£312
Corresponding adjustment:	Cell 15 is overstated	£3,701,953	£581	£308,780	0.19%	-£7,091
Total corresponding adjustment	Total understatement of Cell 26					£7,404

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Appendix B Observations

Cell 014 Misclassification of Expenditure additional issue

As a result of the additional testing on Cell 14 and 15 Misclassification of Expenditure, it was discovered that an overpayment had been classified as Cell 14 and Cell 15 when it should have been classified as Cell 23.

Should the Department decide that this error means that subsidy has been underpaid, the effect of this error is that Cell 14 is overstated by £3,938, Cell 15 is overstated by £111,442 and Cell 23 is understated by £115,380.

Cell 012 Underpaid benefit

Initial testing showed 1 claim (value: £2,697.86) had deductions incorrectly applied which the claimant was not entitled to, that resulted in an underpayment of £266.15. As there is no eligibility to subsidy for benefit which has not been paid, the underpayment (or nil impact) identified does not affect and has not, therefore, been classified as errors for subsidy purposes.

Appendix C: Amendments to the claim form MPF720A

There are no amendments to report.

Appendix D Additional issues

In year reconciliation cells

Cells 037, 077 and 130 should agree to the entries in cells 011, 055, and 094 respectively. The following differences are noted:

Claim cell:	£ amount:	Claim-Reconciliation cell:	£ amount:	Difference:
011 – Non HRA Rent Rebates	£3,701,953	037	£3,703,744	(£1,791)
055 – Rent Rebates	£144,999,226	077	£15,000,206	£980
094 – Rent Allowances	£48,140,092	130	£48,142,516	£2,424

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