

Slough Borough Council

Report To:	Audit and Corporate Governance Committee
Date:	22 November 2023
Subject:	Update on Annual Governance Statement
Chief Officer:	Stephen Brown – Chief Executive Adele Taylor – Executive Director Finance and Commercial Stephen Taylor – Director of Legal
Contact Officer:	Sarah Wilson – Assistant Director – Legal and Governance
Ward(s):	All
Exempt:	No
Appendices:	None

1. Summary and Recommendations

- 1.1 This report provides an update on progress against the Action Plan in the Annual Governance Statement 2022/23 (AGS).

Recommendations:

Committee is recommended to:

- (a) Review and comment on the progress made against the actions contained in the Annual Governance Statement 2022/23.

Reason:

The AGS is a critical part of the Council's corporate governance processes and reviewing action against previous year's AGS's provides a means to review whether appropriate focus is being applied to the improvement required.

Commissioner Review

This report sets out a summary of the progress that has been made to date in implementing the actions from the Annual Governance Statement and rather than simply updating the governance challenges on an annual basis the Council has established a process whereby updates are reported to the Committee.

This ensures there is a continual focus on how the Council is addressing its governance challenges and seeking improvement in how its functions are exercised. This Committee has the responsibility for considering the arrangements for Corporate Governance and this provides the opportunity for the Committee to note and comment on the progress made and collectively agree whether it requires further detail on any particular action for a future meeting.

The commissioners note the report, officer assessment of progress made and ongoing work to implement the Annual Governance Statement Action Plan.

2. Report

Introductory paragraph

2.1 Slough Borough Council is responsible for ensuring that its operations are conducted in accordance with the law and proper standards. It needs to ensure that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. To achieve this the council has to ensure that they have a governance framework that supports a culture of transparent decision making. The AGS 2022/23 was prepared in advance of the statement of accounts being prepared, due to a delay in closing off historic years' accounts. Whilst progress is being made to close previous years' accounts, the Council is some way off being able to close its 2022/23 accounts. Despite this it was possible to conduct a review of the effectiveness of internal control and approve an AGS for 2022/23 which contained an action plan. It is this action plan which has been reviewed and an update provided.

Options considered

1. **Conduct a formal review of progress and update the Committee** – this is the **recommended option** as it provides a transparent account of progress. It also responds to criticism in the DLUHC commissioned Governance Review on the inadequacy of action planning in previous AGSs.
2. **Not report formally to Committee** – whilst committee members could seek assurance outside of the formal meetings and wait until the 2023/24 AGS is prepared to review progress, this is **not recommended**. The Council's governance processes should be subject to regular, ongoing review to ensure a continued focus on this important area. It is accepted that most councils who have been found to have failed to meet their best value duties have failed to have appropriate governance processes in place.

Background

2.2 The AGS is integral to the governance framework at the Council that supports the achievement of the outcomes set out in the Council's corporate plan priorities.

2.3 The Council must at least annually conduct a review of the effectiveness of its systems on internal control and report its findings in an AGS. The AGS was prepared in accordance with proper practices and the Council has followed the CIPFA/SOLACE Delivering Good Governance framework.

2.4 The AGS contained a list of issues identified for specific action and progress against these is set out below. In the next report a rating will be provided on whether satisfactory progress has been made to mark the action as complete. This will inform which actions may need to be included in the annual governance statement for this financial year.

Council Plan and compliance with DLUHC statutory direction

2.5 The Council approved a new Corporate Plan at Full Council in September 2023. This was subject to public consultation and reflected the new administration's priorities. The next step is to ensure there are affordable, delivery plans sitting beneath the Corporate Plan. The Corporate Plan is aligned to the DLUHC statutory directions and

there is a reporting mechanism on improvement and recovery progress to both Cabinet and Full Council. The Council's Corporate Improvement Scrutiny Committee utilises this information to inform its work programme.

Children's Social Care

2.6 The Council's Corporate Plan places a renewed focus on children and young people. Full Council has also passed a motion recognising the important role the Council has as corporate parent and the Corporate Parenting Panel terms of reference were refreshed and approved at May 2023 Full Council. Cabinet has made a number of important decisions in relation to children's services, including:

- (a) April 2023 – Remodelling of Children's Centres
- (b) July 2023 – Early Help Partnership Strategy
- (c) September 2023 – Approval of annual Business and Improvement Plan for Slough Children First (SCF)
- (d) November 2023 – reports presented to Cabinet for approval of Children and Young People Participation Strategy and Children's Placement Sufficiency Strategy, as well as update on the Family Hub Model following reconfiguration of the Children's Centres.

2.7 The refreshed strategies and plans are an important first step, however it will be important to ensure that action plans sitting beneath these are leading to improved service delivery. Partnership working across statutory partner agencies and with the VCS remain critical to ensuring improved service delivery and cost effective services.

SEND Services

2.8 Since approval of the AGS, the Council has been informed it is under formal statutory intervention of the Department for Education due to a lack of progress against its Written Statement of Action. In September Cabinet noted a SEND improvement action plan. The DLUHC commissioners commented that there is a need for a completed action plan and detailed financial implications. These were expected to be reported to November Cabinet, but will now be reported in December 2023. For the time being there is a need for quarterly reports to be produced to demonstrate focused attention at senior officer and member level on this area. The quarterly performance reports are being presented to Cabinet, with the first one presented in October and these contain performance indicators relating to SEND services. There are some early indicators of improvements, but it is fair to say this is from a low base.

Financial management / sustainability

2.9 Officers have changed the reporting format for budget and financial reporting to members. In September 2023, Cabinet received a refreshed finance improvement plan, the revenue and capital budget outturn for 2022/23 and the Quarter 1 Budget Monitoring report. A finance report was also presented to the Corporate Improvement Scrutiny Committee to help it understand the sometimes complex financial arrangements in place in local government. This was intended to help members identify areas of focus for budget scrutiny. Permanent appointments have been made in the finance team to assist the Council to produce a medium term financial model and an updated Capitalisation Direction, to allow a balanced 4 year medium term financial plan to be approved in March 2024. Both the outturn report and Quarter 2 budget monitoring report were delayed due to the assurance work required to provide accurate information. The budget setting process for 2024/25 will be a critical step in establishing whether satisfactory progress is being made against this action.

Asset Disposal Project

2.10 An update on the asset disposal programme was presented to Cabinet in September 2023. This included approval of a refreshed strategy. Some disposals have been delayed whilst the Council reviewed the best consideration evidence and ensures proper accounting practices for assets held in ring-fenced accounts. An update on progress on Quarter 2 budget monitoring was due to be presented to November Cabinet, but will now be presented in December. There is an internal audit planned for 2023 on the asset disposal programme. Whilst market conditions remain volatile, the Council has had considerable success in sales via auction, with many properties selling for considerably more than the reserve price.

2.11 The next phase of the programme will focus on operational assets and decisions need to be made in line with a new estates strategy (due to be approved in December 2023) to ensure that retained assets are utilised to improve service delivery.

Closing of statement of accounts

2.12 There is still a considerable amount of work to be undertaken both by officers and external auditors in relation to closure of previous years' statement of accounts. The latest position is subject to national guidance being issued around catch up arrangements for outstanding external audits across the country. External audit, the finance team and the DLUHC commissioners meet on a monthly basis to discuss financial governance and an update on the progress of how the national guidance will affect external audit work of the statement of accounts.

- 2018/19 Accounts awaiting final sign-off from the auditors, Grant Thornton.
- 2019/20 Accounts prepared and sent to external audit.
- 2020/21 Accounts partially prepared but yet to be fully completed, in light of 2019/20 waiting audit.
- 2021/22 to be completed (work has started).
- 2022/23 to be completed (work has started).

2.13 Due to historic poor record keeping, the accounts for financial years 2019/20 through to 2021/22 are likely to be qualified or disclaimed. Council officers are working closely with the auditors to show an improvement in supporting evidence and importantly to learn from historic weaknesses to ensure that record keeping adheres to best practice and standards of accounting practice.

2.14 In addition to the local issues with closure of accounts, there is a national issue with delays. The Public Accounts Committee published a report in June 2023 confirming that only 12% of local government bodies received audit opinions on their finances in time to publish accounts for 2021-22 within an already extended deadline. This increases the risk of significant financial and governance issues being detected too late. Recommendations have been made to Government and DLUHC published the letter dated 14 July 2023 from Minister Rowley to the Chair of the Levelling Up, Housing and Communities Committee setting out an initial proposition and commitment from agencies involved in the audit system. In relation to the role of local authority audit committees, the letter states:

20. Under these proposals, Section 151 Officers will be expected to work with Audit Committee members (or equivalent) to approve the final accounts by the statutory deadline in order for the audit opinion to be issued at the same time. In addition, Chief Executives, Section 151 Officers, local authority Leaders and Chairs of Audit Committees should alert the auditor to significant organisational risks, critical decisions and changes in financial sustainability, and also where they have identified concerns on systems of financial control, financial reporting and capacity and capability to produce high-quality

financial reporting on time. Where there are significant resilience risks, they should alert the auditor of the options, choices and alternatives that are being considered.

Housing Management

2.15 Cabinet received a report on the housing service improvement plan proposals in September 2023. It was agreed that 6 monthly updates would be received against progress. On implementation of the housing software system, a phased plan has been put in place with costs identified to complete all work in the first quarter of 2024. In relation to strategies, it is proposed that a new tenant and resident engagement strategy be presented for Cabinet approval in December 2023.

Company governance arrangements

2.16 The Council has four controlled companies: Slough Children First Ltd (SCF), James Elliman Homes Ltd (JEH), Development Initiative for Housing Slough Ltd (DISH) and Ground Rent Estates 5 Ltd (GRE5). Reports have been presented to Cabinet on SCF and GRE5 and these companies have had reviews of the board composition and skills, with replacements being made to fit the needs of the entity at a particular point in time. There is a review of the board of directors for JEH and progress on this and the company's business plan will be presented to Cabinet in December 2023. Further work is needed on ensuring the governance arrangements in place are suitable and effective.

2.17 The draft best value guidance states that a characteristic of a well-functioning authority is to ensure proper member oversight (as shareholder) or companies and partnership bodies, in accordance with the Local Partnerships Local Authority Company Review Guidance and that their existence is regularly and independently reviewed. The Local Partnerships framework has been utilised for the governance review of SCF and update reports are brought to this committee on a quarterly basis. In addition, Local Partnerships were commissioned to undertake a review of JEH.

Supporting new and inexperienced members

2.18 A report was presented to the Standards Committee in October 2023 updating members on the member induction and development programme and member survey. The induction program was adapted quickly in response to the high turnover and change of political administration in May 2023, for example providing significant additional support for new cabinet members and building their relationship with lead officers through informal and formal mechanisms such as away-days.

2.19 Details of third party training and development opportunities are publicised through the weekly member bulletin. This includes training offered by the Local Government Association and other bodies, plus training provided by council officers. The Centre for Governance and Scrutiny ran a scrutiny induction programme over a number of sessions, funded by the LGA, which included work programming support for the scrutiny committee, finance scrutiny training, and sessions for cabinet members and officers. Council officers co-presented throughout.

2.20 The Audit and Corporate Governance Committee contains a number of new members, including a new Chair. A training programme has commenced and members have been asked to complete skills audits to ensure the future programme is tailored to the skillset of members as a collective and individually. In addition there have been informal meetings with members to support them to undertake their role. Members of this committee are encouraged to confirm what further support can be provided by officers, including the level of information to be provided in reports, input into the work programme, mentoring opportunities, sharing of best practice and delivery of training.

2.21 Most other committees have had some degree of bespoke training, which in some cases was mandatory (such as Planning & Licensing). Because most committee chairs are inexperienced, they have been offered one-to-one support by the Monitoring Officer and Democratic Services, in addition to formal training.

2.22 Officers have encouraged members to give feedback on induction and support, including via a member survey in November 2023. Using the results of this survey, the next update of the member development programme is due to be completed in December 2023. The new plan will refresh the first round of training and provide new learning opportunities (particularly moving from skills sessions towards subject-matter sessions). Opportunities are being sought for members to learn from peers at other local authorities. For example, the council is making full use of the Local Government Association's mentoring service, with most members of cabinet and several other committee chairs accepting high-quality peer mentors from other local authorities.

2.23 The Ethical Audit Desktop Analysis presented to the Standards Committee recommended members exploring the use of skills audits to identify any training needs of individual members.

Organisation and culture

2.24 Full Council approved a new chief officer structure and a new director tier in September 2023. The new structure is now being implemented and will allow directors and heads of service to consider whether changes are needed to the structures within each directorate. A specialist external recruitment agency is being used to assist with permanent recruitment to director vacancies.

2.25 Governance learning sessions are run on a weekly basis for senior leaders, alongside governance being covered in the corporate induction. Newly appointed directors and heads of service will attend these, alongside other induction programme activity.

2.26 Regular staff engagement sessions, including in person roadshows, have been rolled out alongside enhanced internal communications. Staff networks, representing staff with specific protected characteristics, are being utilised to inform policy and the proposed new equality objectives include two focused on a diverse workforce. The equality objectives will be subject to public consultation and updates on the work of the staff networks and workforce data will be presented to and reviewed by the Employment Committee.

2.27 Performance appraisals are in place and regularly monitored and there is a plan for Executive Directors to have 360 degree appraisals, facilitated by the LGA. There is a system to monitor completion of performance appraisals. It is important to ensure that the quality of appraisals are monitored as well as the number. Progress on this will be monitored by the Employment Committee.

Resident engagement

2.28 The Council's Corporate Plan was approved in September and included a resident focused approach, which commits to ensuring residents are consulted on key decisions, improving response times and customer service and making it easier for residents to access advice and information.

2.29 As evidence of improved engagement, the Council consulted on its corporate plan and is planning to consult on its equality objectives. A new tenant and resident engagement strategy for housing services is to be approved later in 2023. The Council's adult social care directorate have presented a number of strategies to Cabinet for

approval, following a co-design approach. This has included the Slough Adult Carers Strategy approved in September 2023 and the Slough Older Persons' Strategy and Slough Learning Disabilities Strategy to be approved in November 2023. Finally, Cabinet is being asked to approve a Children and Young People's Participation Strategy in November 2023.

2.30 The Council utilises complaints data as a useful source of learning. This includes the corporate leadership team receiving quarterly updates on complaints data and the Audit and Corporate Governance Committee receiving an annual report, which includes statutory and corporate complaints data, themes and learning as well as information about ombudsman complaints. The complaints process was subject to a scrutiny task and finish group review, which reported in early 2023. This resulted in changes being made to the process to make it more effective and accessible to residents and service users.

Performance and risk management

2.31 The Council's risk management strategy has been reviewed and this committee will have an opportunity to comment on it before it is referred to Cabinet for approval. The Council is also procuring a system which will make it easier to capture and analyse risk across the organisation.

2.32 The Council has reviewed its performance reporting and presented a public performance update to Cabinet in October 2023. It was agreed that this should be reported to Full Council twice a year and scrutiny and audit committee members will have access to performance data to assist with their work programming.

2.33 Further work is being undertaken to ensure the performance measures are appropriate and members are likely to see this evolve over time. This includes ensuring that measures are appropriately outcome focused and frequently interrogated at an officer and member level.

3. Implications of the Recommendation

3.1 Financial implications

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

3.2 Legal implications

3.2.1 There is a legal requirement to prepare an AGS, however there is no requirement to provide a quarterly update on progress against the action plan.

3.2.2 The Council has a best value duty under the Local Government Act 1999 and this includes making arrangements to secure continuous improvement in the way in which its functions are exercised. The draft best value guidance states that authorities should be transparent in their AGS about how they are delivering improvements over time against any recommendations, including those made by external parties. The AGS should be designed to stress-test both the governance framework and the health of the control environment and should be used as an improvement document.

3.3 *Risk management implications*

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

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

3.4 *Environmental implications*

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

3.5 *Equality implications*

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

4. Background Papers

None