

Interim Value for Money Update for 2019/20 and 2020/21 Slough Borough Council

May 2024



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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 completing our work under the NAO Code and related guidance. Our audit is not designed to test all arrangements in respect of value for money. However, where, as part of our testing, we identify significant weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all irregularities, or to include all possible improvements in arrangements that a more extensive special examination might identify. 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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Audit approach 2019/20

Completion of audit of the financial statements

This draft report was finalised for issue in May 2024. The audit of the financial statements for 2018/19 has reached its conclusion however the audit of the financial statements for 2019/20 and 2020/21 had not begun.

Additional findings and recommendations may emerge following the completion of these financial statement audits, subject to any final guidance received from the Government in response to the local audit consultation on audit backlogs.

A final report will be issued as each financial statement audit is completed and closed.

Our approach 2019/20

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. How we achieve this is determined by The Code of Audit Practice issued by the National Audit Office (NAO).

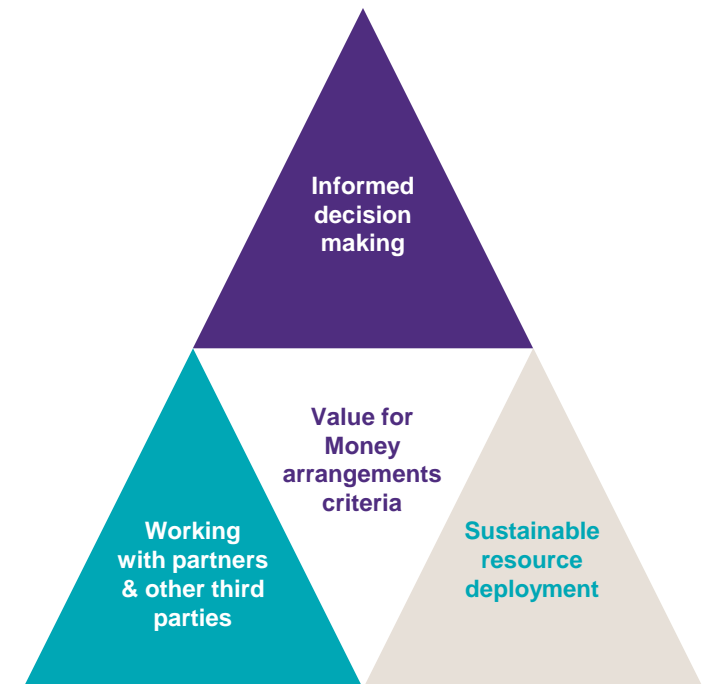
This report considers the Council's VFM arrangements for 2019/20 and 2020/21. For 2019/20, auditors were required to follow the 2015 Code of Audit Practice issued by the NAO, while for 2020/21, auditors were required to follow the NAO's 2020 Code of Practice. The 2020 Code introduced significant changes to the auditor's VFM work. Therefore, we have set out separately our audit approaches for 2019/20 and 2020/21

For 2019/20, we are required to provide a conclusion that in all significant respects, the Council has (or has not) put in place proper arrangements to secure value for money through economic, efficient and effective use of its resources for that period. In carrying out this work, we are required to follow the NAO's Auditor Guidance Note 3 (AGN 03) issued in April 2020. AGN 03 requires that auditors reach their conclusion based on the following overall evaluation criterion:

"In all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people."

This criteria was supported by three sub-criteria, as set out opposite.

The approach undertaken for 2019/20 was a risk based approach following an initial risk assessment to identify any significant risks. Further work was only undertaken in those areas where we had identified significant risks. Further detail of the risks identified can be found on page 21.



Audit approach 2020/21

The revised Code of Audit Practice 2020 introduced three main changes:

- a new set of key criteria, covering financial sustainability, governance and improving in economy, efficiency and effectiveness
- more extensive reporting, with a requirement on the auditor to produce a commentary on arrangements across all of the key criteria, rather than the previous 'reporting by exception' approach. The revised criteria are as set out opposite
- the replacement of the binary (qualified / unqualified) approach to VFM conclusions, with far more sophisticated judgements on performance, as well as key recommendations on any significant weaknesses in arrangements identified during the audit.



Improving economy, efficiency and effectiveness

Arrangements for improving the way the body delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.



Financial Sustainability

Arrangements for ensuring the body can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3-5 years)



Governance

Arrangements for ensuring that the body makes appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the body makes decisions based on appropriate information



Our commentary on each of these three areas, as well as the impact of Covid-19, is set out on pages 28 to 37

Executive summary



Value for money arrangements and key recommendations

Background and context

Over the following two pages we have set out the sequence of events that, through our work, identified and reported the failings in the Council's financial and governance arrangements.

2018/19 audit process

2018/19 was our first year as the Council's auditors and our audit of the 2018/19 financial statements began in the summer of 2019 as planned. However, the audit process was protracted due to the unreliability of the financial statements and poor quality of the supporting working papers. The Council has had difficulties in producing supporting information for a wide range of areas in the financial statements resulting in significant delay and additional audit resources being required.

The audit process identified a number of areas where in year and prior year adjustments were required. There was a new leadership and finance team put in place to replace the previous teams. The new finance team that was appointed in 2021 has considerable financial expertise and experience of working with or for other local authorities in the sector. The team was responsible for reviewing the financial arrangements at the Council and overseeing the production of a revised set of financial statements for 2018/19.

Statutory recommendations May 2021

Under section 24 schedule 7 of the Local Audit and Accounting Act 2014 as well as responsibilities to give an opinion on the financial statements and assess the arrangements for economy, efficiency and effectiveness in the Council's use of resources, we also have the additional powers to issue written recommendations.

In May 2021 we issued four written recommendations, these related to improving arrangements in the following areas:

1. preparation of the financial statements
2. the low level of earmarked reserves
3. preparation of the financial statements
4. the financial governance, monitoring and controls relating to its group entities.

These written recommendations were agreed by Full Council on the 20 May 2021.

Statutory recommendations – July 2021

Further statutory recommendations were issued by Grant Thornton in July 2021, to coincide with the issue of the Section 114 notice.

We concluded that it was appropriate for us to use our powers to make written recommendations, due to the inadequate arrangements in financial management exposed by the Section 114 notice.

The following written recommendations were raised:

- address the Section 114 notice
- improve the governance at the Council.

Additional statutory recommendations have also since been issued in 2023 relating to inadequate arrangements for informed decision making and the lack of a comprehensive business case to inform a significant capital acquisition.

Section 114 notice

On the 2 July 2021 the Interim Section 151 Officer for the Council issued a Section 114 notice under the Local Government Finance Act 1988 to Full Council. The aim of the notice was to make elected members clear as to the financial situation faced by the Council and that available resources were unlikely to meet planned budgetary demands in the financial year 2021/22.

A range of events led to the Section 114 and were reported as follows:

- incorrectly calculating Minimum Revenue Provision (MRP) since 2016/17, over stating asset lives, incorrectly using capital receipts and omitting some expenditure from the calculation
- quadrupled its borrowing from circa £180m to £760m over the same period with a revenue impact
- faces a range of financial pressures and issues
- has no unallocated general reserves
- has been incorrectly charging some revenue costs to capital.

The Council estimated that the negative general fund balance as at 31 March 2021 would be £56m and if no further action was taken it would be £174m by 31 March 2025.

Capitalisation directive

A capitalisation directive enables a Council to get prior approval from the Department for Levelling Up, Housing and Communities (DLUHC) to fund revenue expenditure from borrowing or from the sale of assets.

The Council prior to issuing the Section 114 notice has been in discussion with the DLUHC since December 2020 in order to obtain financial support. A capitalisation directive had previously been approved as part of the 2021/22 budget to the value of £15.2m, but it was evident that more significant level of support would be needed. Prior to DLUHC agreeing to increase the capitalisation directive, it required two independent reviews to be undertaken:

- CIPFA review on the Council's financial management arrangements
- a separate wider governance review.

Governance and Finance Reviews – October 2021

These reviews which were a requirement of DLUHC and concluded that:

- Slough Borough Council has been failing its Best Value Duty under the Local Government Act 1999 and the underlying cause goes as far back as 2011
- the Council cannot become a financially self-sustaining council without considerable Government support and that to achieve financial sustainability substantial savings will be required and major asset disposals will be required possibly up to the value of £400m.

Commissioners appointed

The Secretary of State was satisfied that based on these reviews the Council is failing to comply with its Best Value Duty and as such Commissioners were appointed in December 2021 and January 2022 to ensure improvement and the following executive functions were transferred to the Commissioners:

- The governance and scrutiny of strategic decision making by the Council.
- The strategic financial management of the Council.
- The oversight of collection of revenues and the distribution of benefits by the Council.
- All non-executive functions relating to the appointment and dismissal of statutory officers, and the designation of those persons as statutory officers at the Council to the Commissioners.

The Commissioners are required to report on progress to DLUHC every six months. Since our original work was conducted, new Commissioner appointments were made in 2023 and additional directions have also been issued in relation to the recruitment, appointment and dismissal of senior Council officers.

Financial support for the Council – March 2022

The Secretary of State acknowledged a capitalisation directive of £307.119m, based on estimates provided by the Council and subject to the closure of the 2018/19 accounts and that the Council takes all reasonable action to reduce the financial risk.

From 2018/19 to 2022/23 the £307.119m capitalisation directive was estimated to be:

- 2018/19 -£61.709 million
- 2019/20 -£40.158 million
- 2020/21 -£25.932 million
- 2021/22 -£95.265 million
- 2022/23 -£84.055 million

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to consider whether Slough Borough Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Our audit of the Council's financial statements for 2018/19 is nearing completion. Due to the significant issues identified we have not been able to issue an opinion on the financial statements and the audit of the financial statements for 2019/20, 2020/21 and 2021/22 have not yet begun. Our VfM conclusion for 2018/19 was presented to the Audit and Corporate Governance Committee in August 2020 and May 2021 in our Audit Findings Reports and is expected to be an adverse opinion.

We are aware that arrangements may have improved, but due to the elapsed timeframe our findings are based upon the arrangements that were in place some years ago.

In relation to value for money audit from 2020/21 onwards, the National Audit Office requires that where an auditor has significant concerns about a Council's arrangements, they report those concerns promptly rather than wait for all other audit work to conclude. This Value for Money Report provides an overview of progress in forming a value for money opinion for 2019/20 and a commentary on value for money arrangements in place during 2020/21, including areas of significant weakness.

Our VfM planning memorandum was presented to Audit Committee. This document set out our approach and the risks that we identified to the VfM arrangements for 2019/20 and 2020/21.

In July 2021, the Interim Section 151 Officer for the Council issued a Section 114 notice under the Local Government Finance Act 1988 to Full Council. The aim of the notice was to make elected members clear as to the financial situation faced by the Council and that available resources were unlikely to meet planned budgetary demands in the financial year 2021/22. Significant financial support was required, in the form of a capital direction to the value of £317m across a five year period, 2018/19 to 2022/23.

We have also issued two sets of statutory recommendations under section 24 schedule 7 of the Local Audit and Accounting Act 2014, in May and July 2021.

We have combined the reporting as the events and findings which occurred in 2021 have had an impact on our findings for both 2019/20 and 2020/21. Our findings and conclusion for 2019/20 will be finalised on completion of the 2019/20 financial statements audit and will be presented in our Audit Findings Report. For 2020/21 we have provided a commentary of the VfM arrangements, but have not issued an interim Auditor's Annual Report (AAR) as further work and findings may be required following the completion of the audit of the 2020/21 financial statements. A final AAR will be issued when the audit of the financial statements for 2020/21 have been completed.

2019/20 VfM conclusion

The approach undertaken for 2019/20 was a risk based approach following an initial risk assessment, unlike the approach for 2020/21 where a commentary on all Code criteria was required. More detail is set out on pages 3 and 4.

We expect to give a qualified, adverse conclusion on the Council's value for money arrangements in 2019/20 for securing economy, efficiency and effectiveness in its use of resources.

We found that the Council did not:

- have adequate financial plans in place during 2019/20 as they were based upon inaccurate and misleading financial information
- have adequate levels of reserves to provide financial sustainability
- follow agreed Council decision-making processes to purchase investment properties both within and outside the boundaries of the Council and did not adequately record the decisions made or assess if those making the decisions had the appropriate skills, capacity and information.
- have effective governance arrangements in place to manage Slough Children's Services Trust.

From 2015/16 to 2020/21 the Council purchased 15 properties as investment properties which should have generated an income for the Council. Four of these properties were outside the Borough. The decisions to purchase these properties was made by the Strategic Acquisitions Board (SAB). The SAB was not a formally constituted committee and the decision to purchase these properties, either in borough or outside the borough was not formally recorded. The full cost of borrowing to purchase these properties was also unclear and not recorded.

The Council did not document or disclose its approach as to whether elected members and statutory officers had appropriate skills and capacity to make decisions relating to the purchase of investment properties undertaken through the SAB.

2020/21 VfM significant weaknesses

We have identified significant weaknesses in the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources and identified a significant weakness in each of the criteria.

Financial sustainability

The Council was not financially sustainable in 2020/21.

The Council did not have adequate levels of reserves. Due to the errors in financial reporting the general reserves have been restated from £11.24m to £1.464m in the 2021/22 budget reserves report. The level of general fund earmarked reserves was low and has declined from £30.9m in 2012/13 to £0.419m in 2018/19, with a deficit expected in 2021/20. The schools reserves (Dedicated Schools Grant) was also in deficit.

Significant financial support is required from the Department for Levelling Up, Housing and Communities (DLUHC) to balance its 2021/22 budget. From 2018/19 to 2022/23 the Council estimated that it would require in the region of £307.119m.

The Council had also quadrupled its borrowing from circa £180m to £760m over past five to six years and had not fully taken into account the revenue cost of this borrowing.

Governance

The Council's ability to make informed decisions and properly manage its risks was a significant weakness in arrangements in 2020/21. This is due to the severity and the pervasive nature of the governance failings at the Council.

This is supported by the Council's:

- failure to meet its Best Value Duty under the Local Government Act 1999
- inadequate risk management arrangements
- inadequate internal control systems, as reported by Internal Audit in their annual report
- lack of member oversight of the fraud service and significant control weaknesses within the Council's whistleblowing function
- lack of robust financial management to produce reliable and accurate financial statements

- inadequate decision making arrangements which did not follow the Council's agreed decision making procedures, which were not open and transparent and were not supported by adequate information to enable informed decisions to be made
- poor decisions making in relation to establishing and maintaining its commercial subsidiaries, as well as inadequate governance arrangements to ensure the subsidiaries were effectively managed
- ineffective governance arrangements to ensure the Council's children's social care services delivered by Slough Children Service's Trust were effectively managed to ensure they delivered value for money
- ineffective governance arrangements of the 'Our Futures' transformation programme to ensure it delivered as planned.

In 2020/21 the Council purchased the former for Azko Nobel site for £40.9m after taking into account Stamp Duty Land Tax. This was not an investment property but part of the Council's town centre regeneration development. The decision was made by Cabinet but was not supported by a fully costed business case and the supporting papers did not clearly set out financial implications, the cost of borrowing and key risks.

Improving economy, efficiency and effectiveness

There was a significant weakness in the Council's arrangements for improving economy, efficiency and effectiveness in 2020/21. This was as a result of:

- lack of current data quality policy
- lack of understanding of costs and how the Council compares to other similar Councils
- significant improvements are still required with the Council's Children's Social Care Services and to address the actions set out within the Written Statement of Action, following the joint SEND inspection
- inadequate arrangements to ensure the Council effectively delivered its role within significant partnerships
- inadequate procurement arrangements

The significant weaknesses in governance arrangements have also had an impact on the Council's ability to improve economy, efficiency and effectiveness.




Direction of travel

The challenges faced by the Council are not short term issues which can be resolved in the next one to two years, the extent and magnitude of the financial deficit and the governance issues that the Council needs to address will require a prolonged effort from both officers and members for a number of years.

The table below illustrates the actual and expect value for money conclusion for 2017/18 to the new arrangements under the new Code of Audit Practice 2020. As can be seen from the table the Council has yet to demonstrate improvements in performance and whilst improvements will require a prolonged effort it is anticipated that these improvements should begin to be evident in 2021/22 after the Section 114 notice was issued.

The expected VfM conclusion for 2018/19 was presented to the Audit and Corporate Governance Committee in August 2020 and May 2021 in our Audit Findings Reports.

	2017/18	2018/19	2019/20	2020/21	Direction of travel
Informed decision making	unqualified conclusion, except for preparation of the financial statements	Adverse conclusion issued	Adverse conclusion expected	Financial sustainability	One significant weakness identified
Working with partners and other third parties	unqualified conclusion, except for inadequate Ofsted inspection			Governance	Three significant weakness identified
Sustainable resource deployment	Unqualified opinion			Improving 3Es	One significant weakness identified

	No significant weaknesses in arrangements identified or recommendation made.
	Except for VfM conclusion issued
	Adverse conclusion expected or significant weaknesses in arrangements identified and key recommendations made.

Key recommendations



Financial sustainability

Recommendation Officers and members should continue to work together to deliver financial sustainability in the medium term. This will be achieved by:

- increasing its level of reserves (earmarked and general reserves)
- progressing the sale of assets under the capital direction
- delivering recurrent savings
- continuing to work with the Schools Forum and partners to ensure full delivery of the agreed Dedicated Schools Grant (DSG) management plan in order to stop the increase in the DSG deficit.

Why/impact The Council needs to be financially sustainable without the requirement for central government support delivered through its capital direction.

Auditor judgement We have assessed financial sustainability as a significant weakness.

Summary findings The Council does not have adequate levels of reserves. Due to the errors in financial reporting the general reserves have been restated £11.24m to £1.464m in the 2021/22 budget reserves report. The level of general fund earmarked reserves is also low and has declined from £30.9m in 2012/13 to £0.419m in 2018/19, with a deficit expected in 2021/20. The schools reserves (Dedicated Schools Grant) is also in deficit. The Council has requested and obtained financial support, a capital direction from DLUHC, to the value of £307m up to 31 March 2023 to enable it to set a balance budget for 2021/22.

Further detail can be found on pages 22, 23, 29 and 30.

Management responses are provided overleaf.

The range of recommendations that external auditors can make is explained in Appendix C.



Key recommendations



Financial sustainability

Management Comments

Steps Taken

The current management accepts the findings in regard to the issues on reserves, need for sale of assets and DSG.

The current budget and medium-term plans were approved at Full Council in March 2024. However, the level of overspends and virements required in 2023/24 was a significant concern and there needs to be closer budget monitoring and management to manage the risks over overspends and savings not being delivered in accordance with agreed timescales.

The focus of asset sales has moved to more operational assets with a Cabinet report on the emerging estates strategy and a scrutiny briefing on asset disposal and community asset transfer.

The Council has made significant progress on reducing the deficit for the DSG. This will continue to be scrutinised by the Department for Education under the Safety Value Programme.

Next Steps

The Council needs to agree an Estates Strategy and consider the use of community based assets to benefit future service delivery and savings plans.

The Council has also identified that a number of assets are accounted for in the HRA. It needs to conduct a review to ensure that assets are correctly held in the General Fund or HRA and then ensure that proper accounting practices are followed when taking decisions on these assets.

Market fluctuation will impact on assumptions in relation to asset sales and the Council must avoid placing reliance on asset sales as a way of avoiding making difficult decisions.

The 2022/23 AGS contained financial sustainability and management and asset sales as key actions and these will continue to feature in the 2023/24 AGS action plan.

The range of recommendations that external auditors can make is explained in Appendix C.





Governance

- Recommendation** The Council should improve its governance arrangements for key decisions, made by members or made under the Council's scheme of delegation, to ensure that decisions:
- follow the Council's decision making procedures
 - are made either by a formally constituted committee, or a Director who has delegated authority
 - are supported by adequate information, which includes the full cost and risks in relation to the decision, such as a comprehensive business case
 - are formally recorded and publicly available to promote openness and transparency.

For investment decisions, the Council should assess that those making a decision have appropriate information to make the decision but also have the capacity and skills to make the decision, seeking appropriate specialist advice where appropriate.

- Why/impact** In order to ensure appropriate and proper decisions are made, those making the decisions should have the authority to make the decision and adequate information to enable them to make an informed decision.

- Auditor judgement** We have assessed the Council's governance arrangements as a significant weakness.

- Summary findings** From 2015/16 to 2020/21 the Council purchased 15 properties as investment properties which would generate an income for the Council. Four of these properties were outside the Borough. The decisions to purchase these properties were made by the Strategic Acquisitions Board (SAB). The SAB was not a formally constituted committee. The decision to purchase an investment property, either in borough or outside the borough was not formally recorded. As a result the information provided to the decision-makers to enable them to make informed decisions is unknown. We were unable to confirm what, if any information was provided to inform these decisions.

In 2020/21 the Council purchased the former for Azko Nobel site for £40.9m after taking into account Stamp Duty Land Tax. This was not an investment property but part of the Council's town centre regeneration development. The decision was made by Cabinet but was not supported by a fully costed business case and the supporting papers did not clearly set out financial implications, the cost of borrowing and key risks.

The Council did not document or disclose its approach as to whether elected members and statutory officers had appropriate skills and capacity, supported by access to specialist advice, to make decisions relating to the purchase of investment properties undertaken through the SAB.

The Council's inability to consider the risks associated with external borrowing, either from the PWLB or other local authorities has resulted in the Council having unaffordable excessive levels of borrowing.

Decisions have been made to establish a wide range of different subsidiaries, some of which have not delivered any benefits to the Council and have never become active, whilst some have been operational but failed to deliver the expected benefits.

Further detail can be found on pages 24, 31 and 32.

Management responses are provided overleaf.



Governance

Management comments

Steps Taken

The Council's 2022/23 Annual Governance Statement contained a review of its governance arrangements. This concluded that historic decision-making had been poorly supported by legal and financial advice and that new clearance deadlines and an increased focus on this at CLT had led to some improvements. It also assessed that significant improvements had been made in relation to decision-making at member level, including increasing the amount of information put in Part 1 (public) reports, improving the evidence base for decisions, delivering officer training on decision-making processes and report writing, improvements in data collection and analysis and requiring business cases for specific decisions.

The assessment also referenced a historic reliance on fully Part 2 reports, detailed information only being taken to internal, informal boards and confusion as to the decision-making function of such boards. This included the Our Futures board.

In relation to property transactions, where commercially confidential information cannot be put in a public report at the point of a decision being made, efforts have been made to provide more information in public at a later stage to increase transparency.

The Council has put in place internal schemes of delegation for directorates, to provide written evidence of delegations from the Executive Director.

In 2022 the Council's internal auditors conducted an audit of delegated decision-making and in response the Council has reviewed and amended its significant officer decision-making processes. Systems and training to ensure these are complied with have been put into place in 2023/24.

The Council has delegated its legal function to the London Borough of Harrow, which has held the Council's seal since the end of 2020. There is a process for obtaining evidence of and checking authority and an electronic sealing book to allow for easier checks to be made of authority for historic transactions. It is of note that it was during the sealing process that reliance on authority from the Strategic Acquisition Board was noted and legal staff required that proper authority from a constituted body or single officer was obtained in accordance with the Council's Constitution. This also resulted in executive decision-making rules, including the officer scheme of delegation, and financial procedure rules being reviewed and updated. The Strategic Acquisition Board was disbanded and all reference of it has been removed from the Constitution.

Urgency procedures have been amended to permit the Leader to make an urgent cabinet decision, with a public report published in advance and greater transparency than relying of emergency powers at officer level. Where call in has been waived, quarterly reports are presented to Council to report on this to further increase transparency.

A governance learning programme has included focus on public law decision making, report writing, access to information and the role of scrutiny.

Next Steps

The Council is currently assessing its governance arrangements as part of formulating its AGS for 2023/24. It is likely this assessment will include the following:

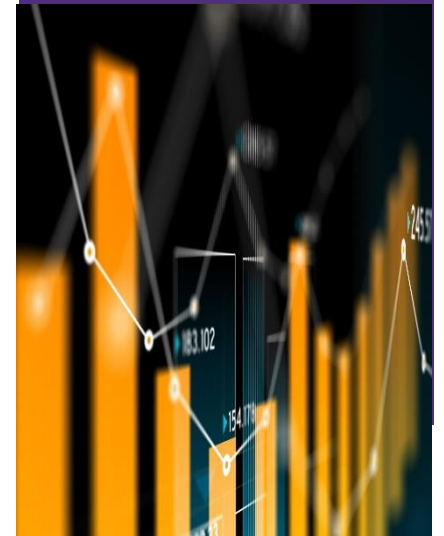
- (a) there is still an issue with late reports which limit opportunity for early engagement with legal and finance colleagues and CLT.
- (b) There are still examples of reports being published after the statutory deadline, limiting opportunity for members and the public to review the report and consider whether to ask questions or comment.
- (c) The Council should consider prioritising an audit of officer decision-making to ensure that there is consistent compliance with significant officer decision-making procedures and production and publication of such decisions.
- (d) Forward planning at CLT needs to improve to ensure that senior officers are spending time on discussing strategic priorities and projects.
- (e) An estates strategy should be approved by Members setting out how the Council's property and land assets will be managed.
- (f) A review of systems in place for record keeping to ensure compliance with the Government's Transparency Code for property assets.
- (g) The Council's needs to review its internal schemes of delegation to ensure they reflect the current management structure and are kept under review. It is proposed that democratic services retain a copy of these schemes and seek assurance that an annual review has taken place.



Governance

Recommendation	The Council should ensure it effectively manages Slough Children First Ltd (SCF), the wholly owned company which from April 2021 delivers its children's social care services, so that the Council is able to demonstrate that the services provide both quality and value for money services to families and children in Slough.
Why/impact	In the past the cost of services provided by SCST have continued to increase and additional funds provided have not enabled transformational change.
Auditor judgement	We have assessed the Council's inability to effectively manage SCST as contributory factor to the governance significant weakness.
Summary findings	<p>Throughout 2019/20 and 2020/21 children's social care services have been delivered by SCST. The Children's Trust was established by the Secretary of State in October 2015, following two Ofsted judgements of 'inadequate' since 2011. However, the financial position of SCST has deteriorated and in August 2019 projected a deficit of £3.7m for 2019/20 was reported. This increased further in 2020/21 to £5.4m and was funded jointly by the Council and the Department for Education to avoid liquidation.</p> <p>In February 2019 Slough Children's services was rated as 'requires improvement to be good'. This was the first time following a number of years 2011, 2013 and 2015 where they were rated as inadequate.</p> <p>Whilst the Council has made significant improvements, the Ofsted monitoring visits, indicate that significant improvements are still required.</p> <p>Further detail can be found on pages 27 and 32.</p> <p>Management responses are provided overleaf.</p>

The range of recommendations that external auditors can make is explained in Appendix C





Governance

Management comments

Steps Taken

In March 2023 Ofsted published its report into its inspection of Slough children's services. The overall effectiveness was found to be requires improvement to be good, with impact of leaders found to be inadequate. Scrutiny by senior leaders of the Council and governance arrangements, including corporate parenting, were areas particularly highlighted for the Council to improve.

The 2022/23 Annual Governance Statement contained an assessment of governance of children's services and SCF.

In 2022, the Council's scrutiny panel undertook a task and finish topic on workforce strategy in SCF. Recommendations from this were accepted by Cabinet in full and an update report was taken to the new Corporate Improvement Scrutiny Committee. This confirmed that improvements were made against each recommendations, but that there was less progress in relation to commissioning.

The Council commissioned an external review of its corporate parenting panel, which has resulted in new terms of reference and focus to improve its effectiveness. This includes producing public reports and minutes to increase transparency.

The Council conducted a governance review of SCF in 2022, reporting this to Cabinet. Since then quarterly reports have been taken to the Audit and Corporate Governance Committee to show progress. The Committee received a report updating on progress in March 2024 and agreed that the quarterly reports can cease as this will be reviewed under the established contract management arrangements.

The new leadership team, includes a new Executive Director of Children who is also the Chief Executive of SCF, a new Chairman of the Board, a new Council non-executive director with a finance background and a new Operations Director and a new Finance Director.

The Council has approved a new Corporate Plan focusing on children and young people and has consulted on new equality objectives, which include an objective in relation to children and young people with vulnerabilities.

The Council agreed to the Department for Education commissioning a review of business planning by Mutual Ventures. In December 2023, the Council approved an updated business and improvement plan for SCF, together with new contractual key performance indicators, which include indicators relating to short and medium term financial sustainability and value for money. This plan has included increased funding for SCF based on data and benchmarking evidence and on the basis that these funds are being utilised to reduce costs of services in the future.

Next Steps

The 2023/24 Annual Governance Statement is likely to include actions on the following:

- (a) Closer working between the SCF board, CLT and Cabinet to ensure better understanding of distinct roles.
- (b) Updates on progress against governance review to be agenda'ed at quarterly strategic commissioning group meetings and any retrograde steps to be reported to the Council's Audit and Corporate Governance Committee.
- (c) Ensure that strategic partnerships' performance is effectively evaluated to demonstrate the value they are adding to service provision and impact for residents.



Governance

Recommendation	The Council should ensure it effectively manages all its subsidiaries and winds up those subsidiaries which are not delivering value to the Council.
Why/impact	Ineffective and dormant subsidiaries incur costs to the Council.
Auditor judgement	We have assessed the Council's inability to effectively manage its subsidiaries as a contributory factor to the governance significant weakness.
Summary findings	<p>In May 2021 we issued a statutory recommendation that the Council should review and implement effective financial governance and monitoring arrangements for its group entities (subsidiaries). This recommendation was based upon our 2018/19 audit work. Following this statutory recommendation the Council has reviewed the majority of its active companies on the basis of risk to the company. These reviews have confirmed that the Council did not have effective oversight of its subsidiaries, the quality of the governance and the monitoring arrangements varied, and that for a number of the companies there was limited if any benefit from them being established.</p> <p>As a result, modifications in the governance arrangements have been sought through changes in the make-up of the company boards, introducing corporate oversight boards and aligning to the Council's strategic objectives. We understand that the Council is progressing the wind up of the majority of its companies and has wound up six of its subsidiaries to date. A risk based approach has been taken on this work.</p> <p>Further detail can be found on page 33.</p> <p>Management responses are provided overleaf.</p>

The range of recommendations that external auditors can make is explained in Appendix C





Governance

Management comments

Steps Taken

It is accepted there were significant issues in regard to process on subsidiaries. The Council provided a response to the statutory recommendation in relation to James Elliman Homes in 2021. Since then several companies have been dissolved.

An update on governance of SCF is provided under the recommendation above.

The 2022/23 Annual Governance statement contained an assessment of company governance. This found that the Council's approach to governance of its companies has been poor in the past. Whilst there have been some improvements on regularising loan arrangements, taking decisions on financial support and formally reviewing and reporting on governance, this is still an area of challenge and a new cabinet committee was set up to receive reports on company performance.

The Council has named senior responsible officers for each company and has replaced board directors with a view to having directors with more relevant skills to manage the business of the companies. However, there has been less progress on public reporting, including reporting on financial performance and governance improvements. A progress update on the AGS action plan to Audit and Corporate Governance Committee in March 2024 provided an update as follows:

"2.34 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.

2.35 Less formal reporting and progress has been made in relation to JEH and DISH, although a new director appointment has been made and reports are planned for Cabinet in March. This is despite statutory recommendations from the Council's external auditors in 2021. Further work is needed on ensuring the governance arrangements in place are suitable and effective and where appropriate, to identify appropriate exit strategies.

2.36 The draft best value guidance states that a characteristic of a well-functioning authority is to ensure proper member oversight (as shareholder) of 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, as the Council's most significant company, and update reports have been brought to this committee on a quarterly basis. In addition, Local Partnerships were commissioned to undertake a review of JEH.

Next Steps

The 2023/24 is in the process of being finalised, but it is anticipated it will contain the following actions:

- (a) For SCF, closer working between Board, CLT and Cabinet to ensure better understanding of roles and responsibilities.
- (b) For SCF, updates on progress against governance review to be agenda'd at quarterly strategic commissioning group meetings and any retrograde steps in progress to be reported to A&CG Committee.
- (c) For other Council companies, review and report on contractual and governance documentation, decision-making, risk and performance reporting arrangements for each company.



Improving economy, efficiency and effectiveness

Recommendation	<p>The Council should develop its corporate oversight to ensure it delivers improvements in economy, efficiency and effectiveness and address the following weaknesses:</p> <ul style="list-style-type: none"> • lack of understanding and cost comparisons with other similar local authorities • Inadequate arrangements to ensure the Council effectively delivers its role within significant partnerships • inadequate procurement arrangements.
Why/impact	Improvements should enable the Council to demonstrate that the services provided are value for money
Auditor judgement	We have assessed improving economy, efficiency and effectiveness as a significant weakness.
Summary findings	<p>The Council agreed its corporate plan in February 2020 and has been superseded by a revised corporate plan issued in May 2022, following the issue of the Section 114 notice. The Council need to ensure the accuracy and robustness of the data used to monitor progress against these objectives , however, the Council’s data quality policy has not been updated since 2018.</p> <p>We found no evidence of the Council undertaking any benchmarking of costs or performance in 2020/21. This is something that the Council should consider introducing once it has more accurate financial information on which the benchmarks would be based.</p> <p>In 2020/21 the Council has little if any oversight of the partnership arrangements operating across the Council. We found no evidence of partnership arrangements or performance being reported to members in 2020/21.</p> <p>The procurement function had been undertaken by an external contractor since 2019, who are also the Council’s internal audit providers. This was intended to be a temporary six-month arrangement to fill a gap in internal procurement resources. However, the arrangement continued due to the plans to recruit a permanent team being put on hold due to the ‘Our Futures’ transformation programme. The temporary arrangements have resulted in the Council having no strategic oversight and no contracts register being in place. We found no evidence that the Council was aware of the number of contract waivers or breaches that occurred during 2020/21 and that members had oversight of the number of waivers and breaches.</p> <p>Further detail can be found on pages 35 and 36.</p>
	Management comments are provided overleaf.



Improving economy, efficiency and effectiveness

Management comment

Steps Taken

The Council has reviewed its performance dataset and reinstated arrangements to produce quarterly performance reporting to Cabinet. Measures have been set taking account of benchmarking data from other local authorities.

The 2022/23 AGS flagged that the Council needs to make significant improvements in the way it works with its partners, including ensuring that partnership forums are effective and evidence the value they add. This has been highlighted in external reviews and reports, including in the Ofsted inspection in January 2023. The review also highlighted that there was no central record of partnerships and in some cases no clarity around legal documentation to govern the arrangements. It also noted a lack of reporting on the effectiveness of partnerships and whether they are achieving their strategic aims and adding value.

The Council has updated the terms of reference for its corporate parenting panel and the health and wellbeing board

Next Steps

- Ensure benchmarking performance against national indicators and statistical neighbours to inform commissioning decisions on a consistent basis.
- Ensure performance is focused on outcomes and that there is effective analysis of performance.
- Build in use of external reviews to provide further assurance on progress.
- Adopt a strategic commissioning approach across the Council and across the wider public sector partnership
- Ensure there is benchmarking evidence to support commissioning and policy decisions, including evidencing effective use of external grant.
- Adopt a Data Strategy, agreed at member level, setting out processes in place to ensure data reliability, picking up learning from historic failures, including failures in record keeping impacting on auditing of historic statements of accounts.
- Ensure that each statutory partnership has clear terms of reference, approved strategies and appropriate action plans in place to meet strategic aims and there is public reporting to members on effectiveness of partnerships.
- Review approach to transparency for partnerships, with an expectation that as a minimum each partnership produces a public annual report and considers whether to publish reports and minutes for meetings.
- Consider commissioning external reviews of statutory partnerships on a rolling programme to provide further assurance.

2019/20 value for money arrangements

2019/20 – summary findings

Conclusion

We expect to give a qualified, adverse conclusion on the Council's arrangements in place in 2019/20 for securing economy, efficiency and effectiveness in its use of resources.

We found that the Council did not:

- have adequate financial plans in place during 2019/20 as they were based upon inaccurate and misleading financial information
- have adequate levels of reserves to provide financial sustainability
- follow agreed Council decision-making processes to purchase investment properties both within and outside the boundaries of the Council, did not adequately record the decisions made or assess if those making the decisions had the appropriate skills, capacity and information.
- effective governance arrangements in place to manage Slough Children Service's Trust.

Significant VfM risk

Our VfM planning memorandum was presented to the Council's Audit and Corporate Governance Committee., which set out the VfM risks for 2019/20 and 2020/21. This report set out the significant risks we identified for the 2019/20 VfM conclusion as follows:

Sustainable resources - the Council should have financial plans that accurately budget and forecast its financial position over the short and medium term. During 2019/20 the Council agreed its Medium-Term Financial Strategy and savings plans for 2020/21 onwards. However, during 2021 following both external and internal evaluation, the Council became aware of the significant financial challenge it faced and the Chief Financial Officer issued a Section 114 Statement.

Informed decision making - the audit of the 2018/19 financial statements has been hampered by a lack of appropriately skilled and qualified finance staff and a range of internal control deficiencies. In addition, we and the Council have identified a range of in year and prior year adjustments which have had an impact on the reported financial position of the Council.

Working with partners and other third parties - throughout 2019/20 children's social care services have been delivered by Slough Children's Services Trust Limited (SCST). The Children's Trust was established by the Secretary of State in October 2015, following two Ofsted judgements of 'inadequate' since 2011.

However, the financial position of SCST has deteriorated and in August 2019 projected a deficit of £3.7m for 2019/20 was reported. This increased further in 2020/21 to £5.4m and was funded jointly by the Council and the Department for Education to avoid liquidation.

Throughout 2019/20 the Council did not have adequate arrangements in place to monitor the extent of the SCST's financial position. Although regular contact had been maintained with SCST management, neither Cabinet or the Education and Children's Scrutiny Committee were formally updated of the financial position.

Out of Borough investment properties

In October 2022 we identified an additional significant risk – the decision-making processes relating to the purchase of four investment properties outside the boundaries of the Council. The decision to purchase these investment properties was not in line with the Council's Constitution, did not consider the capacity and skills of the decision makers and did not reflect the full cost of these investments.

Sustainable resources- 2019/20

Financial planning

In February 2019, the Council agreed its Medium Term Financial Strategy (MTFS) and budget for 2020/21. This was prior to the completion of the external audit of the 2018/19 accounts, the issue of Grant Thornton's statutory recommendations in May 2021 and the interim Chief Finance Officer issuing his Section 114 Notice. These reports clearly identified that the financial position of the Council had significantly deteriorated and no longer reflected the financial position suggested by the MTFS and budget agreed in February 2019.

Whilst the Council had agreed financial plans in line with its planned timetable, subsequent events identified that the plans were based upon inaccurate and misleading information. The Section 114 notice made it clear that the Council's available resources were unlikely to meet the planned budgetary demands for 2021/22. The Council's unsatisfactory financial position had resulted from a series of financial issues over a number of years:

- incorrectly calculating Minimum Revenue Provision since 2016/17, over stating asset lives, incorrectly using capital receipts and omitting some expenditure from the calculation
- quadrupled its borrowing from circa £180m to £760m over the same period with a consequential revenue impact
- reduced its unallocated reserves
- incorrectly charging some revenue costs to capital.

Based on this information we can conclude that the Council did not have adequate financial plans in place during 2019/20 as they were based upon inaccurate financial information.

We are aware that since July 2021 the Council has developed and maintained a financial model which is regularly updated by the finance team.

Reserves

Councils should have an adequate level of reserves to act as a contingency to cushion the impact of unexpected events or emergencies, to mitigate the impact of uneven cash flows and to plan for future events/spending. The amount of reserves will vary between councils and the amount required should be agreed and set out within a council's reserves policy and its MTFS.

General fund reserves at the Council had remained stable prior to findings arising from the 2018/19 audit of the financial statements. As a result the general fund reserves have reduced from the forecast £11.24m in the 2021/22 budget to £1.464m in the 2018/19 revised financial statements. The Council plans to increase the level of general fund reserves in 2021/22.

The level of general fund earmarked reserves also remains low and has declined from £30.9m in 2012/13 to £0.419m in 2018/19, with a deficit expected in 2021/20. The schools reserves, (Dedicated Schools Grant) is also in deficit and has been increasing each year. (Further detail on the DSG deficit can be found on page 29.

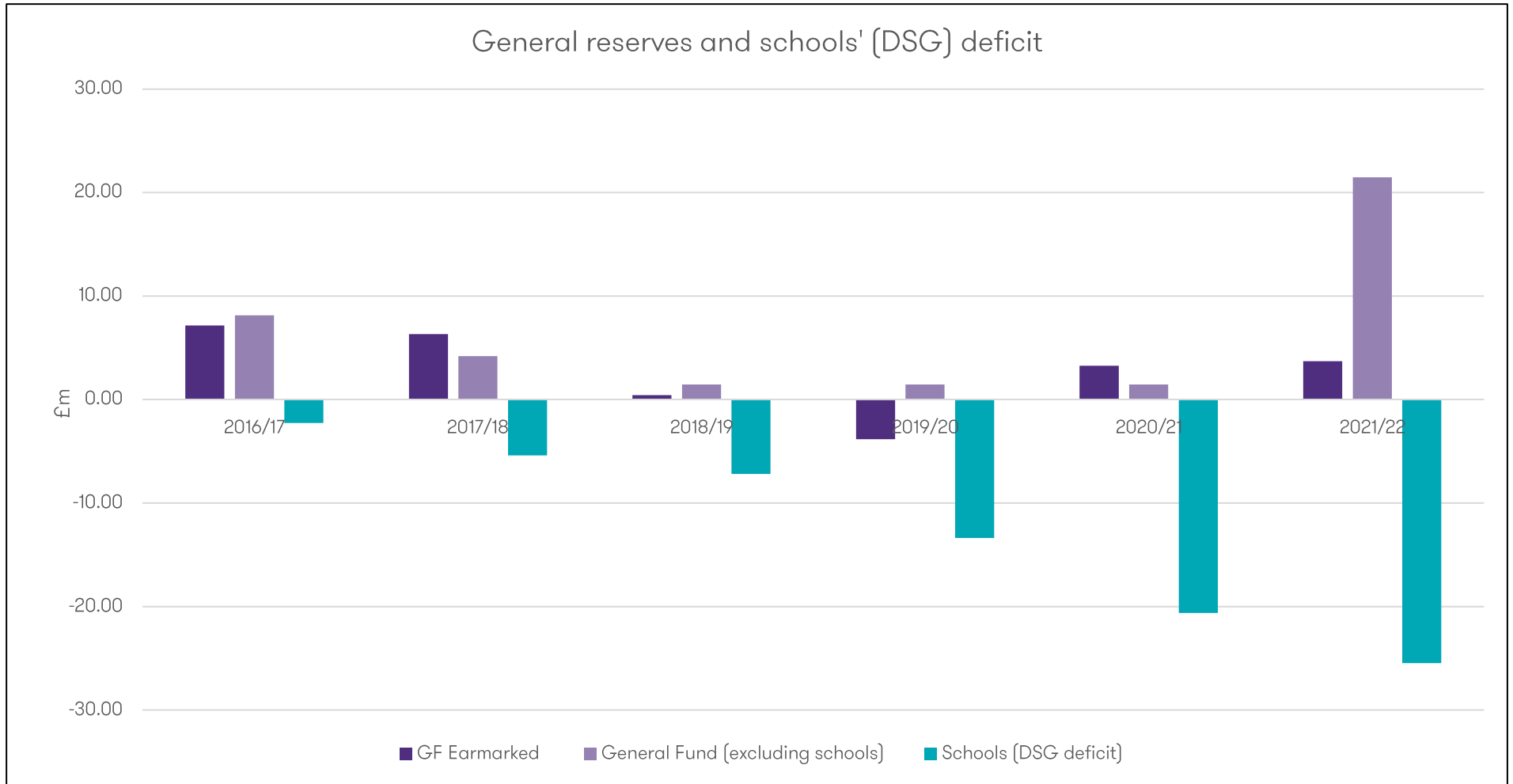
There remain further risks to the level of the general reserves until the outstanding audits of the financial statements have been finalised.

Whilst the going concern statement for the 2018/19 recognises that the minimum level of general fund reserves should be £20m, it will be a number of years before a balance of that level will be achieved, but has been allowed for within the capital directive for 2021-22. The reported level of reserves within the 2018/19 financial statements is not sufficient to ensure financial resilience.

The Council does not have sufficient reserves to ensure financial sustainability.

The movement in reserves is illustrated on the following page.

A capitalisation directive of £307.119m, based on estimates provided by the Council and subject to the closure of the 2018/19 accounts has been agreed with the Secretary of State. This capital direction is to cover the years 2018/19 to 2022/23, more detail can be found on page 7.



The reserves figures from 2018/19 onwards are estimates and may change following the completion of the 2018/19, 2019/20 and 2020/21 audit of the financial statements

Informed decision making - 2019/20

Audit of the 2019/20 financial statements

The audit of the 2018/19 financial statements has reached its conclusion.

The 2019/20 audit and subsequent years to 2022/23 will be subject to the Government's current backstop proposals. We plan to commence our audit of the 2023/24 accounts in Autumn 2024. We will then consider:

- the changes and improvement in internal control arrangements compared to those identified previously and the Council's governance procedures and progress in addressing the previously identified recommendations
- the quality of the working papers provided for the 2023-24 financial statements.

Impact of the outcomes of the 2018/19 audit on 2019/20 financial statements

Our 2018/19 audit reported there were significant weaknesses in the preparation of the 2018/19 accounts and overall financial governance at the Council. The most significant issues related to the accounts audit are:

- Inadequate processes and controls over journals posted by the old finance team, i.e. lack of supporting evidence and explanations for journal entries posted in the general ledger or adjusting entries on the trial balance.
- Inadequate record keeping and audit trails, lack of good working papers and appropriate reconciliations, mapping issues within the financial statements.
- A significant number material misstatements identified in the 2018/19 accounts audit and material prior period misstatement identified relating to the 2017/18 accounts and earlier

We consider the nature of these issues identified within the accounts to be pervasive, we therefore anticipate our audit report opinion will be a Disclaimer of opinion. In our experience, a disclaimer of opinion is unprecedented for a local government body. This reflects a standard of record keeping and accounting which is incompatible with the Council's responsibilities to exercise proper stewardship over public funds. This modification to the opinion, will also have a consequential impact on the subsequent financial statements, due to the impact on the opening balances and comparatives in the 2019/20 statements and the continued poor controls and financial records held during this period.



Investment properties acquisitions

In 2015 the Council wanted to raise additional income and decided to look at purchasing investment properties. In order to give the Council more agile and streamlined decision making the Cabinet agreed in September 2015 to set up the Strategic Acquisitions Board (SAB). The SAB was an officer and member Board, a sub-group of the Capital Strategy Board and included the leader of the Council, the strategic Director of Regeneration and three assistant directors.

The SAB was not a formally constituted committee; however, delegated authority was given to the SAB to make strategic acquisitions in line with the Council's objectives, criteria and governance procedures. Officers and members were of the understanding that the SAB could approve acquisitions up to the value of £25m per annum, above that value Full Council approval would be required. Throughout its operation the SAB was not formally recognised within the Council's Constitution and on that basis did not have formal authority to make decisions.

The SAB operated for 5 years and authorised a significant number of acquisitions both within the borough and four purchases outside of the borough. Across this period, 15 properties were purchased to the value of £84.8m. A summary of which is included in the table below:

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	Total
Value £m	£8.1	£15.7	£0.004	£25.9	£32.7	£2.4	£84.8
No. of properties in borough	2	2	0	3	2	2	11
No. out of borough		2	0		2		4
Total	2	4	0	3	4	2	15

The decision to purchase an investment property, either in borough or outside the borough was not formally recorded. As a result the information provided to the decision-makers to enable them to make informed decisions is unknown. Therefore, we are unable to confirm what, if any information was provided to inform these decisions. We were unable to locate any business cases for these decisions.

Officers have suggested that the decisions were made by the Director of Finance and on one occasion this proposition was supported by a brief email, confirming confirmation of the purchase. However, the Director of Finance did not attend the SAB meetings, so could not have been party to the discussions, neither was there evidence that they had received evidence to support the decision.

Brief minutes were recorded for the SAB, these indicate that the discussions held by the SAB were not based on all costs and did not take into account the cost of borrowing. External funds were raised either through the PWLB or through inter-authority loans to purchase these properties, so the cost of borrowing would have been incurred.

The four out of borough properties purchased by the Council were as follows:

Property	Year of acquisition	Cost of acquisition £m
Waitrose, Gosport	2016/17	3.650
Wickes, Wolverhampton	2016/17	6.959
Odeon , Basingstoke	2019/20	8.364
Euroway, Bradford	2019/20	12.604
Total		31.577

We understand that these properties have now been sold by the Council for the value of £27.220m.

Capacity and skills of the decision makers

The statutory guidance on local government investments issued under section 15(1)(a) of the Local Government Act 2003 requires that a council should disclose the steps taken to ensure elected members and statutory officers involved in the investment decision making process have appropriate capacity, skills and information to enable them to make informed decisions.

The indications are that insufficient information was provided and business cases were not completed to ensure properly informed decisions were made. Whether the Statutory Officer had the skills and capacity to make these decisions is more difficult to assess as they are no longer with the Council. In addition as the decisions were not formally recorded and did not take account of the financial risks this strongly suggests that those making the decisions did not have the skills and capacity to make the decisions as they had not challenged the lack of information provided to them.

We are able to conclude that the Council did not document or disclose their approach as to whether elected members and statutory officers had appropriate skills and capacity to make decisions relating to the purchase of investment properties undertaken through the SAB.

Based on these findings we have concluded that the Council did not follow agreed Council decision-making processes to purchase investment properties both within and outside the boundaries of the Council, did not adequately record the decisions made or assess if those making the decisions had the appropriate skills, capacity and information to make an informed decision.



Working with partners and other third parties - 2019/20

Slough Children's Services Trust (SCST)

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, the SCST took over the management of Slough's children's social care services, following two Ofsted judgements of 'inadequate' since 2011. The cost of establishing SCST was met by the Department for Education (DfE).

The Council had a legally binding contract for the delivery of services with the Children's Services Trust and retains Statutory responsibility.

As part of our review of the VfM arrangements for 2018/19 we concluded that the Council's arrangements were inadequate to enable it to effectively monitor and report on the financial and operational performance of SCST.

The Council introduced new arrangements to more effectively monitor the financial position of SCST. These arrangements included:

- the Director of Children's Services attending SCST Board as an observer
- monthly meetings with the Council's Section 151 Officer and the Finance Director for SCST
- monthly budget and savings reports.

However, the financial position continued to deteriorate, and the Council was not informed of the worsening financial position and likely yearend deficit until August 2019. At this stage SCST projected a year end deficit of £3.7m. Prior to this the Council was not aware of the deteriorating financial position and had assumed that existing advance payments and debts amounting to £6m would be paid.

Cabinet received an update on the financial position of SCST in December 2019. At this meeting Cabinet agreed to provide additional funds to SCST on condition that financial controls within SCST were improved and the DfE were also committed to providing additional funding.

From 2015/16 to 31 March 2019 SCST received £10.4m in additional funding from the Council and £17.8m from the DfE. This additional funding was on top of its agreed contract payment from the Council. Despite this additional funding SCST had an accumulated deficit of £5.247m by the end of 2019/20 and did not achieve an improvement in the Ofsted inspection rating until February 2019 when the children's social care services were rated as 'requires improvement to be good'.

Current investigations by the Council's finance team have identified that the additional funding has been incorrectly classified as transformational funding, as the funding did not result in any changes in service delivery and was used to maintain existing statutory services. The Council is in the process of correcting these transactions within the Council's 2019/20 financial statements.

Whilst the Council and elected members were aware of the deteriorating financial position of SCST in 2019/20, in our view the Council did not have effective governance arrangements in place to ensure the financial position was effectively managed. Although the services did achieve an improvement in the Ofsted rating, significant service improvements are still required.

2020/21 value for money commentary

Financial sustainability – 2020/21



We considered how the Council:

- identifies all the significant financial pressures it is facing and builds these into its plans
- plans to bridge its funding gaps and identify achievable savings
- plans its finances to support the sustainable delivery of services in accordance with strategic and statutory priorities
- ensures its financial plan is consistent with other plans such as workforce, capital, investment and other operational planning
- identifies and manages risk to financial resilience, such as unplanned changes in demand and assumptions underlying its plans.

Identifying and addressing financial pressures

In July 2021, the Section 114 notice and the revenue outturn report for 2020/21 reported to Council a provisional general fund deficit of £56.4m.

This included an overspend of £6.6m attributable to the Adults and Communities Directorate (£2.2m) and the Children, Learning & Skills and Slough Children's Services Trust Directorate (£4.9m), including the overspend of £5m attributable to SCST. The remaining overspend (£49.79m) related to funding the Council's MRP, inadequate provisions and revenue costs of refurbishing Nova House and IT costs incorrectly coded to capital.

In July 2021 support was sought from DLUHC for a capital direction, to enable a balance budget to be set for 2021/22. This capital direction was agreed at £307m up to 31 March 2023 (see page 7 for further detail) and requires the Council to sell assets to provide the revenue funds. The Council continue to actively manage and monitor the estimate for the overall capital direction and in November 2022 reported to Full Council that the amount required could be reduced as asset sales have progressed. This will be updated at the budget.

In addition to delivering significant asset sales, in July 2021 the Council also estimated that it would have to deliver £20m in revenue savings each year from 2022/23 to 2028/29. If these savings were not achieved then additional capital support would be required and vice versa. Delivering this level of savings is a significant challenge for any council, but on the back of the Council's track record of not being able to deliver its planned savings, increases the financial challenge faced by the Council. Prior to the issue of the Section 114 Notice and the increase in the savings target in 2020/21 the Council planned to deliver £7.96m in savings, but achieved only £1.93m, 24% of the planned savings.

Although improvements in the forecast of capital support required have enabled the Council to revise its overall savings estimates, it will still need to deliver significant savings, in the region of £23m in 2023/24 and £12.9m in 2024/25. The Council has an agreed delivery plan to ensure delivery of these savings.

The Dedicated Schools Grant (DSG) deficit has continued to increase in recent years (see page 22) and in 2020/21 was estimated to be £20.6m increasing to £25.5m at the end of the 2021/22 financial year. The Council are aware of the financial challenge and are working with the Department for Education through their 'safety valve' programme to reduce the expected spend so that support would then be provided to reduce the cumulative deficit. The Council has an agreed delivery plan will need to continue to work with the Schools Forum to deliver this.

The financial challenge faced by the Council is not a short term issue, the extent and magnitude of the financial deficit will require a prolonged effort from both officers and members for a number of years.

Financial planning

In March 2021 Full Council approved the 2021/22 budget and Medium Term Financial Strategy (MTFS), prior to the issue of the S114 notice. The S114 notice identified that the plans were based upon inaccurate and misleading information and that the Council's available resources were unlikely to meet the planned budgetary demands for 2021/22. Page 21 identified the financial issues that have resulted in the existing financial plans not being fit for purpose and as a result we have not considered the assumptions and scenarios undertaken within the 2021/22 budget and published MTFS.

Financial planning continued

The Council has developed a financial model which provides the financial assumptions and scenarios to enable it to assess the amount of capital direction required. We are aware of this model but have not considered it in detail. If required this would be undertaken as part of our value for money review for 2021/22.

Reserve levels

We reported on page 22 that the level of reserves in 2019/20, both general fund and earmarked reserves were insufficient to maintain financial sustainability. This position remains unchanged for 2020/21 and beyond. The Council expected to increase its general fund reserves in 2021/22 to £20m. This cannot be confirmed until the financial statements have been issued for 2021/22.

In May 2021 in our Section 24 Statutory Recommendations report we raised concerns about the low level of earmarked and unearmarked reserves and recommended that the Council should increase reserves levels by developing its medium term financial plans to replenish reserves.

Managing financial risk

Financial plans and reports were presented to Cabinet and Full Council during 2020/21. However, these reports did not identify and quantify the risks faced by the Council, the reports often excluded risk assessments of the planned savings and the risks of continuing to expand its capital programme funded by increased levels of borrowing. This risk was further compounded by the Council's Treasury Management Strategy and Capital Strategy. These strategies did not address the increased risks that the Council was exposed to from significant high level of external borrowing.

The CIPFA Finance Review identified that the Council's Treasury Management Strategy provided limited explanation of the financial risk faced by the Council from its increased level of borrowing. The following issues were identified in the Treasury Management Strategy:

- not aligned to the Capital Strategy, resulting in capital purchases being made that were not taken account of within the Treasury Management Strategy
- the high level of temporary borrowing was not risk assessed
- not based on the correct calculations of the MRP.

It is for these reasons that we consider that the Treasury Management Strategy 2020/21 was not fit for purpose and has been updated and revised by officers for 2021/22.

Auditor judgement

Financial sustainability was a significant weakness for the Council in 2020/21. The Council cannot become financially sustainable without considerable Government support. This is due to the magnitude of the financial deficit and the requirement for significant capital support from DLUHC to balance its 2021/22 budget. The Council has not been aware or understood the financial risks it faced in 2020/21 and preceding years.

The Council faces a significant financial challenge, reducing the financial deficit will require a concerted effort over the medium to long-term. As noted by CIPFA in their review in October 2021, assurance cannot be provided as to whether the Council will be able to balance its budget in the medium to long term as the Council has yet to demonstrate it will be able to meet and sustain the commitment for the challenge ahead.



Governance



We considered how the Council:

- monitors and assesses risk and gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud
- approaches and carries out its annual budget setting process
- ensures effectiveness processes and systems are in place to ensure budgetary control
- ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency
- monitors and ensures appropriate standards.

Monitoring Standards

A key aspect of an authority's governance arrangements is its ability to ensure and maintain appropriate standards, both in the behaviour of its members and officers but also in meeting legislative and regulatory requirements.

The Council has not maintained its legislative standards as the DLUHC governance review confirmed that the Council had failed its Best Value Duty under the Local Government Act 1999 and the underlying cause goes as far back as 2011. This failure was a result of inherent and underlying system issues and demonstrates a failure in the Council's overall governance arrangements.

Throughout 2020/21 the Council had codes of conduct and gifts and hospitality policies in place. Registers of interests for officers and members have been maintained.

Risk management

The Council's risk management processes required quarterly risk management reports to be presented to the Audit and Corporate Governance Committee. However, during 2020/21 not all quarterly reports were presented. The Audit and Corporate Governance Committee did not receive a copy of the strategic risk register for quarter two.

Risks on the strategic risk registers were scored and mitigating actions identified. However, review of the strategic risk registers identified that not all relevant risks were included such as the risks relating to the 'Our Futures' transformation programme and the Council's subsidiaries. The DLUHC Governance review also concluded that the strategic risk registers were not fit for purpose and did not include all relevant risks.

Internal Control

Internal Audit identified significant weaknesses in multiple areas of control and the control framework and found 11 areas which should be included in the Council's Annual Governance Statement for 2020/21.

In July 2021 Internal Audit concluded in their annual report that the Council did not have an adequate framework of risk management, governance or internal control. This view was also supported by the DLUHC Governance Review. We have found no evidence to disagree with these opinions.

Prevention and detection of fraud

The Council has an internal fraud investigation team. However, throughout 2020/21 we found no evidence that this team had provided any updates or fraud awareness reports to the Audit and Corporate Governance Committee.

The Committee received only one sector update report in 2020/21 on local government procurement. Throughout 2020/21 members did not have any oversight of the Council's fraud team and the work they had undertaken.

The Officer's Code of Conduct sets out an employee's responsibility to report a fraud or other financial irregularity to their manager or via the whistleblowing policy. However, a review undertaken by Internal Audit in 2020/21 identified significant control weaknesses within the Council's whistleblowing function. These weaknesses have since been addressed and an updated policy was presented to the Audit and Corporate Governance Committee in July 2021.

Final accounts process

The 2018/19 financial statements are finalised following completion of the 2018/29 audit. As documented earlier in our report on page 24, as part of audit of accounts processes we have identified serious and pervasive weaknesses in the audit of the 2018/19 accounts and as such we have issued a disclaimer opinion on these accounts.

In our first Section 24 Statutory Recommendations report (May 2021) we raised concerns about the skills, capacity and expertise of the finance team and recommended that the Council should put in place robust arrangements for the production of the 2019/20 and 2020/21 financial statements. At the time of reporting the financial audits of 2019/20 through to 2022/23 remained outstanding.

Financial management

In our July 2021 we issued an additional statutory recommendations report in which we noted that the Council had failed to put adequate arrangements in place over a number of years to ensure robust financial management. We recommended that the Council should address the issues raised by the S151 officer in their Section 114 notice, including to invest significant resources in finance capacity, internal audit and risk management to ensure robust processes are brought into place across all of the Council's financial and budget management arrangements to meet statutory requirements.

Informed decision making

The work of the Council's committees is governed by the constitution. The constitution is available on the Council's website and any changes have to be agreed by Full Council. The constitution was not reviewed and updated in 2020/21. Changes and updates have been made in 2021/22 and 2022/23.

As noted earlier in our report, the Council has a track record of not following agreed Council decision-making processes and ineffective decision making in relation to the purchase of investment properties both within and outside the boundaries of the Council in 2019/20. This view is supported by the DLUHC governance review which was completed in October 2021. This report identified the following weaknesses in the Council's decision-making procedures:

- ineffective pre-decision scrutiny and scrutiny of performance such as Slough Children's Services Trust (SCST)
- lack of clarity about how capital decisions have been made and prioritised, resulting in the third highest level of borrowing per head for an English unitary authority

- incomplete information to support decisions, lack of business cases, limited consideration of options and benefits, incomplete financial information and analysis of risk
- lack of openness and transparency as decisions were made in confidential sessions.

Acquisition of the former Azko Nobel site

In January 2021 Cabinet agreed the purchase of land to the value of £36.5m for the former Azko Nobel site. The total cost of the purchase was £40.9m after taking into account Stamp Duty Land Tax. This was not an investment property but considered to be a economic development and part of the Council's town centre regeneration development.

The decision was not supported by a business case and the supporting papers did not clearly set out financial implications, the cost of borrowing and key risks. In our view all these issues could have been addressed had the decision been supported by a detailed business case.

Council subsidiaries and group arrangements

Children's social care

As part of our review of arrangements for 2019/20 we concluded that the Council did not have effective governance arrangements in place to manage SCST. Throughout the majority of 2020/21 the arrangements remained unchanged until the delivery model was changed in March 2021, when the Council and the DfE agreed to change the delivery model. Slough Children First Ltd (SCF), a limited company for which the Council is the sole shareholder was established.

In our view effective governance arrangements were not in place in 2020/21 and it is hoped that the establishment of SCF should improve the governance arrangements and service delivery.

It should be noted that the Council's Children's social care services remain under statutory direction which requires that Children's Social Services have operational independence from the Council and as such the service cannot be delivered directly by the Council.

Council subsidiaries and group arrangements continued

In May 2021 we issued a statutory recommendation that the Council should review and implement effective financial governance and monitoring arrangements for its group entities (subsidiaries). This recommendation was based upon our 2018/19 audit work.

We identified that James Elliman Homes did not operate its own financial systems to record the company's transactions. All transactions were processed through the Council's systems. There is a risk that the financial records for the company had not been fully identified and may have included the Council's financial data. The subsidiaries should have separate financial transactions in a separate financial ledger. We also found that a statutory audit began for the company in 2017/18 but was never completed, the reason for this is unclear. James Elliman Homes also had officers of the Council as company directors, in our view this presented a potential conflict of interest.

In addition the Council had over accrued for £7.6m of anticipated profit, indicating poor controls over the financial interests of the Council's companies.

Following this statutory recommendation the Council has reviewed the majority of its active companies on the basis of risk to the company. These reviews have confirmed that the Council did not have effective oversight of its subsidiaries, the quality of the governance and the monitoring arrangements varied, and that for a number of the companies there was limited if any benefit from them being established. This is also an indicator of poor decision making. As a result the governance arrangements have been revisited through changes in the make-up of the company boards and introducing corporate oversight boards. Six of the subsidiaries have now been wound up.

Company	Activity	Date acquired/ incorporated	Status at 24/3/2023
Ground Rent Estates 5 Limited	Owens the freehold to Nova House. Collects ground rent and manages the building.	2018	Active, with planned exit in 2024-25 following major refurbishment programme.
James Elliman Homes Limited	Aim to increase housing stock. Owns several properties and temp accommodation units	2017	Active
Development Initiative Slough Housing Company Limited	Aim to develop and improve national housing stock. 30 year lease with Council, extended to 2027 in relation to 54 properties.	1998	Active
Slough Urban Renewal LLP	Joint venture between the Council and Community Solutions. A commercial development and regeneration company	2012	Active - although a series of sub LLPs have been closed down. No further new development activity and planned exit in FY 2024/25
Herchel Homes Limited	Aim was to provide new build properties for open market	2017	Closed
Slough Asset Management Limited	Aim to acquire commercial properties to generate rental income	2016	Closed
Slough Direct Services Limited	Collection of hazardous and non-hazardous waste	2019	Closed
DISH RP Limited	Aim to provide, develop, acquire, and manage affordable homes that are developed as part of the Council's development strategy for affordable housing.	2020	Closed
DISH RP (FP) Limited	Aim renting and operating of Housing Association real estate	2020	Closed
DISH CLS Limited	Holding Company for the DISH companies	2019	Closed

Budget setting, control and monitoring

The Council set its revenue budget of £133.6m for 2021/22 in March 2021. This budget required approval from the DLUHC for £12.2m of revenue expenditure to be funded from capital. However, subsequent events and the issue of the Section 114 notice have illustrated that the financial position was not clear to officers or members and the budget set in March 2021 was not deliverable and the Council was not in a sustainable position.

It is for these reasons that we have not reviewed the 2021/22 budget and are able to confirm that whilst the Council's 2021/22 budget was agreed following the Council's due processes it was not based upon accurate and reliable information.

Quarterly finance monitoring reports were presented to Cabinet. The Outturn report was presented after the Section 114 notice had been issued and as a result reported the deficit position for the year of £54m.

Capital monitoring

The capital strategy and programme for 2020/21 were agreed by Full Council in February 2020. The capital programme for 2020/21 was £163.9m, with a planned total of £259m up to 2023/24.

However, the Council excessive levels of borrowing and incorrectly calculating MRP as resulted in the Council having to scale back its capital investment going forward.

Our Futures Transformation programme

In April 2019 Cabinet decided to undertake a Council wide staff restructuring, which was badged by the Council as 'Our Futures'. External consultants were commissioned and the restructure was launched during the COVID-19 pandemic. The restructure commenced in 2020 and an update report was presented to Cabinet in March 2020. This report highlights that the restructure was agreed in 2019, but that only an outline business case for change and the high-level outcomes were agreed at this stage.

The re-structure was implemented in August to October 2020. The DLUHC governance review identified that there were mixed views in relation to the timing of the review, increasing the pressure for those delivering front line services. Staff were made aware of the outcome of the restructure via letter, although a large number contained errors. Also, that there was a disconnect between the intent of the transformation project board and that of implementation of the transformation programme on the ground. Overall, there were significant failings in the restructure with problems with technology, ineffective handover and inadequate means of communication. The original business case did not fully evaluate and assess the risks posed by a restructure further compounded by COVID-19. As a result, the 'Our Futures' has not delivered the expected benefits.

In October 2021 the Council reported at its Employment and Appeals Committee that the 'Our Futures' cost the Council £3.009m in 2020/21 and was forecast to spend £2.585m in 2021/22, a total of £5.594m. The savings were anticipated to be £5.2m, but were only expected to deliver £2.5m, a shortfall of £2.7m

Auditor Judgement

The Council's ability to make informed decisions and properly manages its risks was a significant weakness in arrangements in 2020/21. This is due to the severity and the pervasive nature of the governance failings at the Council.

This is supported by the Council's:

- failure to meet its Best Value Duty under the Local Government Act 1999
- inadequate risk management arrangements
- inadequate internal control systems
- lack of member oversight of the fraud service and significant control weaknesses within the Council's whistleblowing function
- lack of robust financial management to produce reliable and accurate financial statements
- inadequate decision making arrangements which did not follow the Council's agreed decision making procedures, which were not open and transparent and were not supported by adequate information to enable informed decisions to be made
- poor decisions making in relation to establishing and maintaining its subsidiaries, as well as inadequate governance arrangements to ensure the subsidiaries were effectively managed
- ineffective governance arrangements to ensure the Council's children's social care services delivered by Slough Children Service's Trust were effectively managed to ensure they delivered value for money
- ineffective governance arrangements of the 'Our Futures' transformation programme to ensure it delivered as planned.

Improving economy, efficiency and effectiveness



We considered how the Council:

- uses financial and performance information to assess performance to identify areas for improvement
- evaluates the services it provides to assess performance and identify areas for improvement
- ensures it delivers its role within significant partnerships, engages with stakeholders, monitors performance against expectations and ensures action is taken where necessary to improve
- ensures that it commissions or procures services in accordance with relevant legislation, professional standards and internal policies, and assesses whether it is realising the expected benefits.

Performance management

The Council agreed its corporate plan in February 2020. The plan set out the objectives which the Council was working towards for the next five years.

Corporate performance was reported quarterly to Cabinet throughout 2020/21. These reports included reported performance on the corporate plan objectives, 28 projects that were in progress across the Council and progress against the Council's 43 manifesto commitments.

We have not reviewed the corporate performance monitoring arrangements in detail as they have been superseded by a revised corporate plan issued in May 2022, following the issue of the Section 114 notice.

The Council has a data quality policy, however, this has not been update since 2018.

Given the overall failure in financial management, governance and service delivery we consider that the council's performance management arrangements were inadequate.

Benchmarking and learning from others

Benchmarking is an effective tool that enables an organisation to compare and analyse its performance with others. It can identify areas for improvement and also provide targets to work towards.

We found no evidence of the Council undertaking any benchmarking of costs or performance in 2020/21. This is something that the Council should consider introducing once it has more accurate financial information on which the benchmarks would be based.

In 2019 and early 2020 the Council invited the Local Government Association (LGA) to undertake a Corporate Peer Challenge and a Governance review.

The findings were accepted and a series of actions to address these reviews were developed. No recent reviews have been undertaken in 2020/21. This demonstrates the Council's willingness to learn from others.

External Inspections

In February 2019 Slough Children's services was rated as 'requires improvement to be good'. This was the first time following a number of years 2011, 2013 and 2015 where they were rated as inadequate. Two monitoring visits have also been undertaken by Ofsted in October 2020 and January 2022.

Whilst outside of our year of audit (2020/21) a more recent joint Special Educational Needs and Disability (SEND) inspection completed in November 2021 by Ofsted and the Care Quality Commission (CQC) inspection identified significant areas of weakness. As a result of the findings of this inspection, and in accordance with the Children Act 2004 Regulations 2014, the inspectorate determined that a Written Statement of Action (WSOA) was required. A joint WSoA has been agreed. However, as at October 2022 progress was reported through the Improvement and Recovery Board to be 'slower than expected'.

Whilst the Council has made significant improvements, the Ofsted monitoring visits and the joint SEND inspection indicate that significant improvements are still required.

Partnerships

In 2020/21 the Council has little if any oversight of the partnership arrangements operating across the Council. We found no evidence of partnership arrangements or performance being reported to members in 2020/21.

In 2020 the former Chief Executive became aware of the lack of corporate oversight of partnerships across the Council and included within the 'Our Futures' transformation programme a department to cover strategic partnerships. These new posts were filled in Spring 2021. The Council has since developed a partnership directory and a partnerships improvement plan.

In our view the Council had inadequate arrangements in place in 2020/21 to ensure it effectively delivered its role within significant partnerships.



Procurement arrangements

The procurement function had been undertaken by an external contractor since 2019 and who is also the Council's Internal Audit provider. This was intended to be a temporary six-month arrangement to fill a gap in internal procurement resources. However, the arrangement continued due to the plans to recruit a permanent team being put on hold due to the 'Our Futures' transformation programme.

The temporary arrangements have resulted in the Council having no strategic oversight and no contracts register being in place. The DLUHC review and a review of the Strategy undertaken in 2021 identified that significant improvements were required.

We found no evidence that the Council was aware of the number of contract waivers or breaches that occurred during 2020/21 and that members had oversight of the number of waivers and breaches.

Based on these findings we consider that the Council did not have adequate procurement arrangements in place during 2020/21.

Auditor Judgement

The Council's ability to improve economy, efficiency and effectiveness was a significant weakness in arrangements in 2020/21. This was as a result of the following weaknesses:

- lack of current data quality policy
- lack of understanding of costs and how the Council compares to other similar Councils
- significant improvements are still required with the Council's Children's Social Care Services and to address the actions set out within the Written Statement of Action, following the joint SEND inspection
- inadequate arrangements to ensure the Council effectively delivered its role within significant partnerships
- inadequate procurement arrangements.

The significant weakness in governance arrangements has also had an impact on the Council's ability to improve economy, efficiency and effectiveness.

COVID-19 arrangements



Since March 2020 COVID-19 has had a significant impact on the population as a whole and how Council services are delivered.

We have considered how the Council's arrangements have adapted to respond to the new risks they are facing.

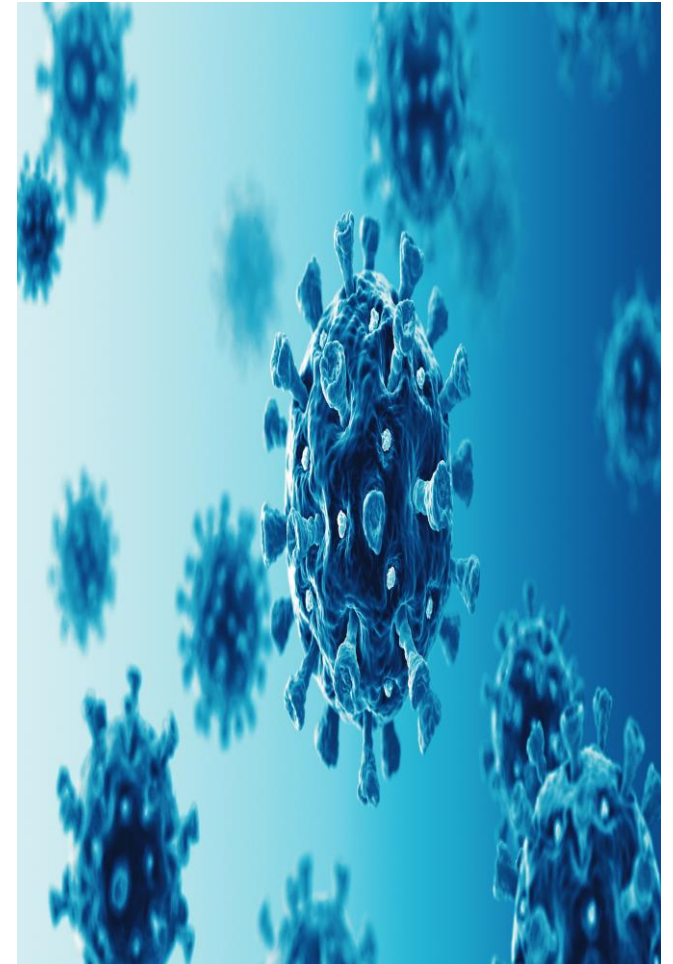
The Council began 2020/21 operating under its emergency powers until virtual meetings were introduced in accordance with the national emergency COVID-19 powers. All decisions reported through these arrangements were reported to Full Council.

Cabinet agreed a COVID-19 strategy in May 2020 and a COVID-19 risk register was established. However, this register was not always completed correctly and COVID-19 was not identified as significant risk within the strategic risk register.

During 2020/21 the Council received £68.5m in funding of which it issued £27.6m in business grants and spent £30.5m. £10.4m was carried forward to 2021/22 for continuing COVID-19 expenditure pressures.

Due to the absence of officers that were with the Council during 2020/21 we were unable to assess the financial monitoring that was introduced for business grants and to track COVID-19 expenditure.

We have raised the significant weakness relating to risk management on page 12.



Appendices

Appendix A - Responsibilities of the Council



Role of the Chief Financial Officer

- Preparation of the statement of accounts
- Assessing the Council's ability to continue to operate as a going concern

Public bodies spending taxpayers' money are accountable for their stewardship of the resources entrusted to them. They should account properly for their use of resources and manage themselves well so that the public can be confident.

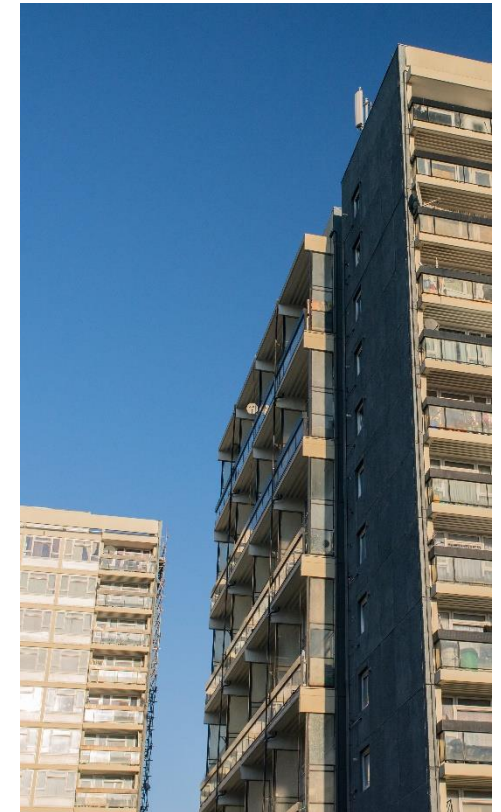
Financial statements are the main way in which local public bodies account for how they use their resources. Local public bodies are required to prepare and publish financial statements setting out their financial performance for the year. To do this, bodies need to maintain proper accounting records and ensure they have effective systems of internal control.

All local public bodies are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. Local public bodies report on their arrangements, and the effectiveness with which the arrangements are operating, as part of their annual governance statement.

The Chief Financial Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Chief Financial Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Chief Financial Officer is required to prepare the financial statements in accordance with proper practices as set out in the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom. In preparing the financial statements, the Chief Financial Officer is responsible for assessing the Council's ability to continue as a going concern and use the going concern basis of accounting unless there is an intention by government that the services provided by the Council will no longer be provided.

The Council is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.



Appendix B – 2020/21 Risks of significant weaknesses - our procedures and findings

As part of our planning and assessment work, we considered whether there were any risks of significant weakness in the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources that we needed to perform further procedures on. The risks we identified are detailed in the table below, along with the further procedures we performed, our findings and the final outcome of our work:

Risk of significant weakness	Procedures undertaken	Findings	Outcome
Financial sustainability was identified as a potential significant weakness, see pages 29 and 30 for more details.	<p>We considered:</p> <ul style="list-style-type: none"> financial outturn position reported as at 31 March 2021, including the level of reserves financial and savings plans developed to achieve financial balance level of external borrowing and how the Council plans to manage the reduction in external borrowing progress made to review and prioritise its capital programme arrangements and action taken to achieve financial sustainability, including asset disposal plan 	Financial sustainability was a significant weakness for the Council in 2020/21. The Council cannot become financially sustainable without considerable Government support. This is due to the magnitude of the financial deficit and the requirement for significant capital support from DLUHC to balance its 2021/22 budget. The Council has not been aware or understood the financial risks it faced in 2020/21 and preceding years.	Appropriate arrangements not in place, one key recommendation raised and three.
Governance was identified as a potential significant weakness, see pages 31 to 34 for more details.	<p>We considered</p> <ul style="list-style-type: none"> changes made to strengthen the governance arrangements, including progress and further action required to address the statutory recommendations raised by Grant Thornton and the recommendations raised in the governance reviews undertaken on behalf of the Department for Levelling Up, Housing and Communities the risk management arrangements and changes made after the issue of the Section 114 notice decision made by the Council to set up a wholly owned company to deliver its children's services and the governance arrangements introduced to effectively manage this statutory service How the Council has reviewed its own arrangements to ensure it is compliant with regulatory requirements such as the CIPFA Financial Management Code and the Prudential Code. 	The Council's ability to make informed decisions and properly manages its risks was a significant weakness in arrangements in 2020/21. This is due to the severity and the pervasive nature of the governance failings at the Council.	Appropriate arrangements not in place, three key recommendation raised and three.

Risk of significant weakness

Procedures undertaken

Findings

Outcome

Improving economy, efficiency and effectiveness was identified as a risk significant weakness, a more detailed review was undertaken see pages 35 and 36 for further information

We assessed:

- the corporate performance management arrangements for all services and considered in further detail the arrangements for the Council's
 - Children's Services, including its improvement plans
 - active companies
 - Our Futures Transformation Programme.

The Council's ability to improve economy, efficiency and effectiveness was a significant weakness in arrangements in 2020/21. This was as a result of the following weaknesses:

- lack of current data quality policy
- lack of understanding of costs and how the Council compares to other similar Councils
- significant improvements are still required with the Council's Children's Social Care Services and to address the actions set out within the Written Statement of Action, following the joint SEND inspection
- inadequate arrangements to ensure the Council effectively delivered its role within significant partnerships
- inadequate procurement arrangements.

Appropriate arrangements not in place, one key recommendation raised and three.

Appendix C – 2020/21 - An explanatory note on recommendations

A range of different recommendations can be raised by the Council’s auditors as follows:

Type of recommendation	Background	Raised within this report	Page reference
Statutory	Written recommendations to the Council under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014. A recommendation under schedule 7 requires the Council to discuss and respond publicly to the report.	No Statutory reports have been raised in previous reports in May 2022, July 2022 and February 2023.	N/A
Key	The NAO Code of Audit Practice requires that where auditors identify significant weaknesses as part of their arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the Council. We have defined these recommendations as ‘key recommendations’.	Five	10 to 19
Improvement	These recommendations, if implemented should improve the arrangements in place at the Council, but are not a result of identifying significant weaknesses in the Council’s arrangements.	No	N/A

This appendix applies to 2020/21 only.

