

Slough Borough Council

Report To:	Audit and Corporate Governance Committee
Date:	30 September 2024
Subject:	Update on Annual Governance Statement 2023/24
Chief Officer:	Will Tuckley – Chief Executive
Contact Officer:	Sarah Wilson – Assistant Director – Legal and Governance
Ward(s):	All
Exempt:	No
Appendices:	Appendix 1 – AGS Progress Update Report – September 2024

1. Summary and Recommendations

- 1.1 This report provides an update on progress against the Action Plan in the Annual Governance Statement 2023/24 (AGS).

Recommendation:

Committee is recommended to review and comment on the progress made against the actions contained in the Annual Governance Statement 2023/24.

Reason:

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

Commissioner Review

The 2023/24 Annual Governance Statement (AGS) should reflect the governance matters to the end of the financial year, plus any material governance changes or events, arising between the statement date and the conclusion of the Statement of Accounts for the respective year. The AGS therefore remains draft and consequently, it is possible that further amendments may be required to the Statement and action plans following review by the Councils external auditors.

The Commissioners welcome the frequency and transparency of reporting of progress against the action plan. The Committee, following consideration of a range of the Councils internal and external assurance statements, should assess whether the AGS, its update and RAG self-assessments, properly reflect the risk environment and the actions required to improve it, and that the progress update clearly demonstrates that the measures being implemented are timely, and aligned, to support the achievements of the Councils objectives.

2. Report

Introductory paragraph

2.1 Slough Borough Council is responsible for ensuring that its operations are conducted in accordance with the law and proper standards, that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. To achieve this the Council should ensure its governance framework supports a culture of transparent decision making.

Options considered

1. **Regularly report in public to committee on progress against the action plan in the AGS** – this is the **recommended option**.
2. **Not report publicly on progress** – Whilst there is no requirement to publicly report to committee on progress, the link between the Council's governance failures and its failure to meet its best value duty, means committee should focus on the extent to which progress is being made and reasons for lack of progress. Transparency is also a key aspect of good governance. This is **not recommended**.

Background

Update on progress against the AGS 2023/24

2.2 The AGS 2023/24 was prepared in accordance with proper practices and the Council has followed the CIPFA/SOLACE Delivering Good Governance framework. The AGS 2023/24 contained a detailed assessment and key 2023/24 governance matters to be addressed in the following year. As noted by the commissioners, the process for producing the AGS can be further enhanced in future years, ensuring it is properly informed by an internal audit opinion and a management assurance process both within the Council and from wholly owned companies. The AGS should be used as a key improvement tool, ensuring that issues are captured, lessons learned are properly disseminated and will assist the Council to improve its corporate governance.

2.3 The Council's external auditors use the Council's AGS as a key tool when completing their value for money assessment. The external auditor will consider the internal auditor's opinion and the AGS to see the extent to which management and the Head of Internal Audit are aligned in relation to assessment of risk and governance issues.

2.4 Appendix 1 sets out the progress to date on the AGS actions. This reporting has been changed to incorporate a RAG rating. Whilst there are a number of red and amber ratings, this is due to new senior leaders reviewing their service priorities and that this is the first update report in the year. Improvements in governance is a key focus of the Council's improvement plans and senior officers will continue to focus resources on this.

2.5 The particular areas of concern at this stage relate to the following:

- Evidenced improvement in report clearance processes and early engagement to improve the timeliness and quality of reports to inform member decision-making.
- Improved use of lead member and director meetings to ensure appropriate focus on strategic planning and transformational change.
- Public reporting on staff survey results with detailed action plan responding to findings.
- Use of new officer code of conduct in training and onboarding processes and as part of wider culture change.

- Improvements in financial management, including review of systems for recording financial transactions and workforce plan to address recruitment gaps.
- Financial systems in place for separate companies and partnerships.
- Review of corporate fraud policies and procedures.
- Improvements in internal audit work.
- Improvements in partnerships performance and transparency arrangements in place for reporting.
- Review of compliance with Government's transparency code, including in relation to property records.
- Ensuring new estates strategy aligns with new operating model and MTFs.

2.6 The committee has other reports on its agenda that relate to the previous financial year, including the annual complaints report and Grant Thornton's value for money assessment. Members may wish to seek to triangulate the information coming out of each report to seek to identify themes and causes for issues.

3. Implications of the Recommendation

3.1 Financial implications

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

3.2 Legal implications

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

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

3.3 Risk management implications

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

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

3.4 *Environmental implications*

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

3.5 *Equality implications*

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

4. **Background Papers**

None