

Slough Borough Council

Report To:	Audit and Corporate Governance Committee
Date:	23 July 2025
Subject:	Annual Governance Statement 2024/25
Chief Officer:	Will Tuckley – Chief Executive
Contact Officer:	Sarah Wilson – Assistant Director – Legal and Governance
Ward(s):	All
Exempt:	No
Appendices:	Appendix 1 – Draft Annual Governance Statement 2024/25 Appendix 2 – Draft Action Plan for AGS 2024/25

1. Summary and Recommendations

1.1 This report presents the Council's draft Annual Governance Statement 2024/25 (AGS), together with a draft Action Plan in response to the issues raised in the assessment.

Recommendations:

Committee is recommended to:

- (a) Review, comment and approve the draft Annual Governance Statement 2024/25 and Action Plan

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

It's pleasing to see such a detailed AGS, outlining the many issues and an attached action plans to address the highlighted issues. It's very important that the Council recognises the importance of this AGS and demonstrates a commitment to addressing the many highlighted issues.

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. **Prepare and present for approval a draft AGS and Action Plan despite the fact the 2024/25 Statement of Accounts have not yet been completed.** This is the **recommended option**. The Council has not been able to produce a draft of its statement of accounts for 2024/25 by July 2025, partly due to issues with completing its 2023/24 accounts. The Council is required to prepare an annual governance statement for each financial year and this must be approved by the appropriate committee or Full Council. The AGS must be approved before the statement of accounts are approved.
2. **Delay submission of the draft AGS and Action Plan until the statement of accounts are prepared.** It is normal practice for the AGS to be approved after closure of the statement of accounts, but prior to approval following the period for the exercise of public rights. This ensures that the assessment includes information arising from the accounts closure process. However, to reflect the historic delays in closing accounts, the Audit and Accounts Regulations 2025 have extended the deadline for approval of accounts. For 2024/25 this is 27 February 2026. Delaying submission, consideration and approval of the AGS until the 2024/25 accounts are prepared is not recommended as it delays reporting on the required governance improvements and publicly acknowledging the actions needs to address these. This is **not recommended**.

Background

2.2 The AGS 2024/25 has been prepared in accordance with proper practices and the Council's Code of Corporate Governance follows the CIPFA/SOLACE Delivering Good Governance framework. The AGS 2024/25 contains a detailed assessment and a separate action plan setting out key governance matters to be addressed in the following year. The AGS assessment has been conducted following directorates completing a directorate assurance statement and discussion at the corporate leadership team and with officers tasked with specific governance responsibility, including the statutory governance officers and internal audit. The draft has also been shared with the MHCLG commissioners and the Council's external auditors.

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

2.4 Appendix 1 contains the draft AGS for 2024/25 and Appendix 2 sets out the Action Plan in response to the assessment. The Action Plan is structured to link to the external auditors' recommendations, the MHCLG direction, the Council's own Code for Corporate Governance and the Best Value guidance themes.

2.5 CIPFA and SOLACE have recently published an addendum to their Delivering Good Governance in Local Government: Framework, specifically covering the annual review of governance and the annual governance statement. Whilst this is intended to apply for AGS from 2025/26 onwards, an assessment has been carried out against this framework. Key aspects of the new guidance are set out below:

- Governance has not been fit for purpose in all authorities and governance reviews following s.114 reports and reports in the public interest or other interventions have highlighted governance weaknesses as well as financial concerns.
- Failures include a culture of widespread failure to follow due process, the constitution and codes of conduct.
- Leadership has lost sight of an authority's role and function as a leader of place and provider or enabler of services.
- There has been a poor understanding or risk or inadequate management of risks and weaknesses in internal controls.
- There has been weak oversight and challenge from those charged with governance and dysfunctional relationships between senior officers and members.
- Critical areas have reduced capacity or capability, with poor quality data or flawed information to inform decision-making.
- There has been limited oversight of arm's length arrangements such as trading companies and joint ventures through a failure to put in place appropriate governance, risk and control arrangements.
- There has been a lack of self-assessment and commitment to continuous improvement and a lack of transparency and/or openness to external challenge.

2.6 The Council will recognise several of these issues and should note that in previous years prior to 2021, there was either no AGS presented or the AGS was overly positive in its assessment. The guidance highlights an issue with authorities not demonstrating an awareness of where their governance is not fit for purpose and being unwilling or unable to recognise and acknowledge weaknesses, leading to accountability to the public not being fulfilled.

2.7 The guidance recommends the following actions and an assessment is included below of the extent to which the Council is meeting this in this year's assessment.

Guidance	Council's progress
<p>Adoption of a local code of governance setting out its governance arrangements. This should align to the principles of Delivering Good Governance in Local Government: Framework, take account of the best value statutory guidance or other statutory requirements, be up to date and regularly reviewed, identify arrangements put in place to achieve each principle, include values and behaviours as well as processes and include how the code is reviewed and updated.</p>	<p>The Council has a Code of Corporate Governance. Since 2022 this has aligned to the CIPFA Solace Framework. It was last reviewed and amended in May 2024.</p> <p>It is recommended that this is reviewed every two years and therefore the next review should be timetabled for noting in May 2026.</p>
<p>The AGS should provide assurance that the core arrangements set out in the CIPFA Solace Framework are in place and operating effectively. The local code and AGS should be reference points for officers, elected representatives and the public to understand how governance works.</p>	<p>The Code was amended in 2024 to change the language to first person commitments by members and officers to make it more readily understandable.</p> <p>The Code is in the Council's Constitution, which is published on its website. The AGS is also published.</p>

	<p>Consideration will be given to how to make the AGS more readily available and digestible to the public. This may include a summary version.</p>
<p>Authorities should establish processes to gather assurance throughout the year and not only at the year-end. The review should identify areas for improvement. Assurance should come from the head of internal audit, statutory officers and other senior managers, annual reports from committee chairs, performance and data reports, evidence of management of risks, independent assessments, self assessments, external assessments, including from external audit, inspectorates, other regulators, peer reviews and other commissioned reviews and stakeholder engagement.</p>	<p>The assessment for 2024/25 was informed by:</p> <ul style="list-style-type: none"> • Head of Internal Audit opinion and relevant internal audits • CLT and director input via completed directorate assurance statements • Reference to external assessments and inspections, including the external auditor's value for money assessment • MHCLG commissioner reports • DfE commissioner reports • Annual reports for scrutiny and audit and member level reporting • Member survey • Staff survey <p>There is some information from stakeholder engagement, however this is an area of improvement. There is an opportunity to increase the level of member engagement in the assessment.</p> <p>The process for assessment has improved year on year and there are opportunities to capture further evidence as part of the Council's wider work on data maturity.</p> <p>Getting the balance between depth and brief is challenging, particularly in a council such as SBC which is under statutory intervention and already has improvement plans in place.</p> <p>There is a balance to be struck between covering the key governance issues and improvements and indicating the golden thread between governance and achievement of strategic outcomes. There is a risk that the AGS seeks to duplicate other improvement plans and becomes overly long, lacking necessary prioritisation.</p> <p>The AGS action plan has been separated from the assessment and aligned to the external auditor recommendations, MHCLG direction, best value standards</p>

	and Code of Corporate Governance to indicate the golden thread between these.
The assessment should provide an opportunity to identify where governance needs to change or develop to meet the future needs of the authority. This could include new collaborative arrangements, new legislation requiring changes to governance structures and significant risks that will change or challenge governance in future years.	There is more work to be done on ensuring the AGS has a forward look. The work on service planning will assist and key risks and issues should be highlighted in directorate assurance plans in the future based on the service planning approach.
The AGS should be reviewed by the authority's external auditors.	The AGS has been sent to the external auditors as part of their value for money assessment. However the delay in preparing draft accounts means the preparation and approval of the AGS is not currently aligned with the auditing of accounts.
The AGS should be approved by Full Council or a delegated committee. Where it is delegated to a committee, steps should still be taken to engage with the full authority.	A training event was arranged for all members on 14 July to review the AGS and consider the role of officers and members in delivering of the actions. The Council has reported on progress against the action plan on a quarterly basis to Audit and Corporate Governance Committee.
Publication of the AGS should include further steps over and above inclusion in the financial statements. This could include creating a webpage on governance with plain English explanations of what governance is and why it is important, including the AGS on a governance webpage, alongside other materials, use of diagrams or other design features to improve understanding and ensuring it is easily identifiable on the website.	The AGS is published and reported to committee separately from its inclusion in the financial statements. It contains a plain English explanation of what is meant by governance and the AGS, as well as key roles and responsibilities. There is an opportunity to consider how to publicise the AGS to make it more readily understandable and accessible to the public and officers will engage with the communications team to support this following its approval. In addition there should be appropriate internal communication to staff and ongoing work with elected members to ensure collective ownership and contributions as part of creating a healthy governance culture.

2.8 The AGS 2024/25 shows significant improvements the Council has made in governance, including:

- Behaving with integrity - the Standards Committee receiving annual updates, positive feedback from a member officer relations session, increased reporting on workforce data and assurance from directorates on staff understanding and adherence to public section and professional standards.

- Strong commitment to ethical values – the adoption of a Member Leadership Pledge, working relationship between group leaders and regularly reporting and annual reviews of key structures in place to support this are positive.
- Respecting the rule of law – most staff and particularly those with regulatory responsibility are supported to and committed to ensuring compliance with legislative and regulatory responsibilities.
- Developing the entity's leadership – whilst there remains a high reliance on agency workers in some directorates, there is more stability in senior levels and a leadership and development programme in place. There is an established programme of cross council leadership sessions and wider staff communication. Appraisal setting is improving and workforce data is captured and reported to CLT and the Employment Committee.
- Managing performance – corporate performance data is reported in public and performance is regularly discussed in directorate meetings and in some cases benchmarked with statistical neighbours.
- Implementing good practice in transparency – there has been an increase in transparent reporting, including updates on services which require improvement, however this is not always consistent. Reporting to the Audit and Corporate Governance Committee has improved over time and the committee have identified further areas of improvement in its annual report.
- Assurance and effective accountability – there is recent improvement in reporting on internal audits, both from the Head of Internal Audit and from directorates. The Council has been welcoming of external challenge and peer reviews. There is increased reporting to Employment Committee and some increased reporting to members on partnership activity.

2.9 The areas for improvement are set out in the action plan and some of these are carried over from the previous year. This year the action plan aligns to external auditor recommendations, MHCLG direction, Code of Corporate Governance and Best Value guidance. The actions have been themed under the following key areas:

- Financial governance
- Political leadership and democratic governance
- Transformation and organisational design governance
- Property assets governance
- Company governance
- Internal Controls
- Workforce governance
- Information governance
- Children's services governance
- Resident engagement governance
- Procurement and contract management governance
- Partnership governance

2.10 All elected members were invited to a briefing on the AGS on 14 July 2025. 13 members attended, including members from this committee. Members worked in small groups on specific themes and were supportive of the suggested actions. Members asked for more information and focus on the following areas, many of which are incorporated into actions and progress on which can be reported in future updates:

- Ensuring officers work with elected members to have share knowledge of and understand the Borough.

- Continued work on member officer relations and engagement with cross party members.
- Ensuring there are regular updates on the transformation programme to Full Council to allow it to have oversight of the programme and progress.
- Increased briefings to members on how the organisation is moving to a high performance culture.
- Increased reporting on how the Council is improving resident engagement.
- Assurance on data and information held relating to procurement and contract management.
- Increased transparency on property asset management.
- More member briefings on financial governance.

2.11 The assessment relates to the previous financial year. The first update on progress against the action plan will be presented in September and this will continue on a quarterly basis. This will also provide an opportunity to update on any actions required from information that has become available since the end of the financial year. This is likely to include key issues arising in housing management and temporary accommodation, although some of the issues being experienced in this directorate are covered by the areas listed above.

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.

3.1.2 The signed AGS must be incorporated within the 2024/25 Statement of Accounts.

3.2 *Legal implications*

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

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

3.3 *Risk management implications*

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

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

3.4 *Environmental implications*

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

3.5 *Equality implications*

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

4. *Background Papers*

None