

# Independent auditor's report to the members of Slough Borough Council

## Report on the audit of the financial statements

### Disclaimer of opinion

We were engaged to audit the financial statements of Slough Borough Council (the 'Authority') and its subsidiaries (the 'group') for the year ended 31 March 2024, which comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement, the Housing Revenue Account Income and Expenditure Statement, the Statement on the Movement on the Housing Revenue Account, the Collection Fund Statement, the Group Comprehensive Income and Expenditure Statement, the Group Movement in Reserves Statement, the Group Balance Sheet, the Group Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The notes to the financial statements include the Notes to the Core Financial Statements, Housing Revenue Account Notes, Notes to the Collection Fund and Notes to the Group Financial Statements. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.

We do not express an opinion on the accompanying financial statements of the Authority or the group. Because of the significance of the matters described in the basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

### Basis for disclaimer of opinion

The Accounts and Audit (Amendment) Regulations 2024 ('the Regulations') require the Authority to publish audited financial statements for the year ended 31 March 2024 by 28 February 2025 ('the backstop date'). The backstop date has been put in law with the purpose of clearing the backlog of historical financial statements. The latest date on which unaudited accounts could be published to enable local elector rights to be met in time for the backstop was 16 January 2025. The Authority published its unaudited accounts on 31 October 2025. We have not been able to obtain sufficient appropriate audit evidence by the backstop date to conclude that the Authority's or group's financial statements for the year ended 31 March 2024 as a whole are free from material misstatement. We were also unable to obtain sufficient appropriate evidence for the corresponding figures for the same reason. We have therefore issued a disclaimer of opinion on the financial statements. This enables the Authority to comply with the requirement in the Regulations that they publish audited financial statements for the year ended 31 March 2024 as soon as reasonably practicable after the backstop date. We have concluded that the possible effects on the financial statements of undetected misstatements arising from this matter could be both material and pervasive.

In addition, in our auditor's report for the year ended 31 March 2019, we issued a disclaimer of opinion due to two matters:

- The Authority operated without appropriate journal controls throughout 2018/19, and our testing found many to have limited or no supporting evidence. In addition, a number of accounting entries were posted outside of the Authority's general ledger, that were unsupported and poorly documented.
- The Authority did not maintain adequate accounting records to support entries in the trial balance and to ensure the integrity of the financial statements. The number and scale of adjustments demonstrated the likelihood of further material undetected errors within the financial statements.

Both these matters have not been resolved in the current year and because of the limitations imposed by the backstop date, we have been unable to determine whether their impact on the current year financial statements impact could be both material and pervasive.

We have also noted that the 2023/24 financial statements include accounting entries in respect of a Ministry of Housing, Communities and Local Government (MHCLG) capitalisation direction for £46.325m million. To date MHCLG has not confirmed that the Authority is permitted to include this sum in the financial statements and thus we were unable to obtain sufficient, appropriate evidence to support this balance. Had we not disclaimed our opinion, this matter would have led us to modify our opinion on the financial statements.

### **Other information we are required to report on by exception under the Code of Audit Practice**

Because of the significance of the matters described in the basis for disclaimer of opinion section of our report, we have been unable to consider whether the Annual Governance Statement does not comply with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

### **Opinion on other matters required by the Code of Audit Practice**

The Interim Executive Director Corporate Resources is responsible for the other information. The other information comprises the information included in the Statement of Accounts, other than the Authority's and group's financial statements and our auditor's report thereon. Because of the significance of the matters described in the basis for disclaimer of opinion section of our report, we have been unable to form an opinion, whether based on the work undertaken in the course of the audit of the financial statements and our knowledge of the Authority gained through our work in relation to the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources, whether the other information published together with the financial statements in the Statement of Accounts for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which we are required to report by exception**

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

We have nothing to report in respect of the above matters.

### **Responsibilities of the Authority and the Interim Executive Director Corporate Resources**

As explained more fully in the Statement of Responsibilities for the Statement of Accounts (set out on page 28), the Authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Interim Executive Director Corporate Resources. The Interim Executive Director Corporate Resources is responsible for the preparation of the Statement of Accounts, which includes 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 2023/24, for being satisfied that they give a true and fair view, and for such internal control as the Interim Executive Director Corporate Resources determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Interim Executive Director Corporate Resources is responsible for assessing the Authority's and the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have been informed by the relevant national body of the intention to dissolve the Authority and the group without the transfer of its services to another public sector entity.

### **Auditor's responsibilities for the audit of the financial statements**

Our responsibility is to conduct an audit of the Authority's and the group's financial statements in accordance with International Standards on Auditing (UK) and to issue an auditor's report. However, because of the

matters described in the basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on those financial statements.

We are independent of the Authority and group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

#### **Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The audit was defective in its ability to detect irregularities, including fraud, on the basis that we were unable to obtain sufficient appropriate audit evidence due to the matters described in the basis for disclaimer of opinion section of our report.

### **Report on other legal and regulatory requirements – the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources**

#### **Matter on which we are required to report by exception – the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources**

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2024.

We have nothing to report in respect of the above matter except:

On 22 May 2024 we identified significant weaknesses in the Authority's arrangements for financial sustainability as the Authority did not have an adequate level of reserves and the requirement for central government support delivered through a capitalisation direction. Due to errors in financial reporting the level of forecast reserves reduced. A capitalisation direction was agreed with central government covering 2018/19 to 2022/23 and subsequently for 2023/24 to set a balanced budget. We recommended that officers and members continue to work together to deliver financial sustainability in the medium term.

The position has not improved and on 31 October 2024 we identified a further significant weakness in how the Authority plans and manages its resources to ensure it can continue to deliver its services. The Authority's Medium Term financial plan relies heavily on the asset disposal programme and the funding of the associated capitalisation direction from the capital receipts generated. Assurance was not able to be gained that the plan is predicated on appropriate, reasonable and robust assumptions; and what level of consideration had been undertaken for the future operating model of the Authority. We recommended the Authority must review the basis of the asset disposal programme to ensure assumptions are robust, appropriate and reasonable and that financial implications are fully considered in the final programme.

On 22 May 2024 we identified significant weaknesses in the Authority's governance arrangements. These were in relation to:

- inadequate arrangements to ensure reliable and timely financial reporting due to poor internal controls and delays in the preparation and publication of the annual statement of accounts;
- inadequate arrangements for informed decision making due to a lack of assessment if those making the decisions had appropriate skills, capacity and information in relation to the purchase of investment properties;
- the need for the Authority to effectively manage Slough Children's First Ltd so that the Authority is able to demonstrate that the services provide both quality and value for money to families and children in Slough; and
- inadequate oversight of its group subsidiaries and the value they deliver to the Authority.

These weaknesses remained in 2022-23 and 2023-24 and on 31 October 2024, we identified further weaknesses in the Authority's governance arrangements relating to its transformation programme and its significant turnover of senior management:

- The Authority's Transformation Programme in place to 31 March 2026 does not include adequate plans to exit its intervention. There was £4 million allocated to the transformation programme for 2021/22 and 2022/23 and this is insufficient for the scale of transformation the Authority needs to deliver. We recommended that the Authority devise a transformation programme supported by adequate and defined funding with the goal of exiting intervention and securing its best value duty. The programme must include how the Authority addresses recommendations from previous reviews or track them centrally to ensure resolution; and
- The Authority has had significant turnover in its senior management team. Since 1 April 2021 there have been four Chief Executives, four Section 151 Officers, five Monitoring Officers, two Directors of Adult Social Services and three Directors of Children's Social Care. We recommended the Authority and Commissioners should aim to maintain the permanence of the senior leadership team as far as reasonably practicable. This should also include the second tier of posts.

On 22 May 2024 we identified a significant weakness in the Authority's arrangements for improving economy, efficiency and effectiveness. This was in relation to inadequate corporate oversight arrangements where we identified:

- a lack of understanding and cost comparisons with other similar local authorities;
- inadequate arrangements to ensure the Authority effectively delivers its role within significant partnerships; and
- inadequate procurement arrangements.

This weakness remained in 2022-23 and 2023-24, and on 31 October 2024, we identified further weaknesses in the Authority's arrangements for improving economy, efficiency and effectiveness due to a lack of regular performance reporting and improvements required in the performance of Children's Services and Special Educational Needs and Disabilities (SEND):

- Due to the longstanding (renewed yearly) statutory direction on Children's Services and the new SEND statutory direction on SEND, the Authority has significant weaknesses in the performance of Children's Services. We recommended that the Authority take all the necessary steps to continue to work with the Department for Education to improve performance in Children's Services and SEND.

### **Responsibilities of the Authority**

The Authority is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

### **Auditor's responsibilities for the review of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources**

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to be satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We undertake our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in November 2024. This guidance sets out the arrangements that fall within the scope of 'proper arrangements'. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

- Financial sustainability: how the Authority plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how the Authority ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness: how the Authority uses information about its costs and performance to improve the way it manages and delivers its services.

We document our understanding of the arrangements the Authority has in place for each of these three specified reporting criteria, gathering sufficient evidence to support our risk assessment and commentary in our Auditor's Annual Report. In undertaking our work, we consider whether there is evidence to suggest that there are significant weaknesses in arrangements.

## **Report on other legal and regulatory requirements – Audit Certificate**

We certify that we have completed the audit of Slough Borough Council for the year ended 31 March 2024 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

### **Use of our report**

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 85 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Signature:

Julie Masci, Key Audit Partner  
for and on behalf of Grant Thornton UK LLP, Local Auditor

Bristol

Date: