

# Slough Borough Council

Audit work review and sector updates

March 2026



# Agenda

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# 2024-25 Audit work review

# Review of 2024/25 work performed

## Local Authority Backstop

On 30 September 2024, the Accounts and Audit (Amendment) Regulations 2024 came into force. This legislation introduced a series of backstop dates for local authority audits. These Regulations required audited financial statements to be published by the following dates:

- For years ended 31 March 2023 and prior by 13 December 2024
- For years ended 31 March 2024 by 28 February 2025
- For years ended 31 March 2025 by 27 February 2026
- For years ended 31 March 2026 by 31 January 2027
- For years ended 31 March 2027 by 30 November 2027

The backstop dates were introduced with the purpose of clearing the backlog of historic financial statements and enable to the reset of local audit. Where audit work is not complete, it was recognised that this would give rise to a disclaimer of opinion, whereby the auditor has not been able to form an opinion on the financial statements.

### Slough Borough Council

As a result of applying the local authority backstop arrangements to Slough Borough Council, a number of years of financial statements, up to and including the year ended 31 March 2024, have received disclaimed audit opinions.

## 2024/25 Financial Statements Audit

Initially it had been agreed with the council that we would seek to commence the work to rebuild assurance and complete as full an audit as possible of the 2024-25 financial statements, with a timetable for delivery being agreed.

While the Council was still in the process of finalising financial statements for prior years, we commenced our initial planning work in the first quarter of 2025 and were able to complete work in a number of areas.

However, as the financial statements for the outstanding years were finalised, it became apparent that despite its best efforts the Council would be unable to produce accounts and necessary supporting working papers in line with our agreed timetable for the draft financial statements.

The draft financial statements were published by the Council on 12 December 2025. The publication date was towards the end of the available time period for publication and audit work to be completed. We therefore agreed with Officers that we would be unable to complete an audit and would issue a disclaimed opinion on the 2024/25 financial statements.

However, in order to commence the process of rebuilding assurance, and support the Council in ensuring its internal processes were effective in supporting audit requests, it was agreed that we would undertake a short four week programme of limited work.

# Review of 2024/25 work performed

## 2024/25 Financial Statements Audit (continued)

In view of the limited time available we agreed that this work would focus on agreeing the financial statements to the Council's General ledger, performing a review of the content and disclosures within the financial statements alongside testing of a number of in-year transactions. In addition, where sufficient time was available we would consider other aspects of the financial statements.

The Council's finance team was fully engaged with the programme of work, with regular meetings and discussion on progress and any further assistance that could be provided. The key points arising from the work are:

- Despite the limited time available, the council was able to provide some evidence for all the individual transactions we sampled. We would note that much of this was provided by the central finance team and, to further improve the process, the council should **seek further involvement of service teams** to ensure the information provided is complete and suitable for audit;
- We identified a number of points to be addressed within the Council's financial statements. We would recommend that, as part of its accounts preparation process, the Council complete the Cipfa disclosure checklist to aid in the preparation of a code compliant set of financial statements; and
- It has been some time since a full audit process was completed and there have been significant changes to staff. As such some of the broader controls that have previously been in place do not appear to be operating as effectively as

possible, with the audit noting points on payroll reconciliation, agreement to the Fixed Asset Register and the timely clearance of suspense accounts.

Further details of the points arising from this limited programme of work are set out over the following pages of this report.

# Review of 2024/25 work performed

## Review of financial statements

As part of our work we have completed a review of the reconciliation between the council financial statements and its general ledger. While we have noted some minor improvements in the mapping of codes, we confirmed the draft financial statements reconciled to the Council's accounting records.

In addition, our central team completed a detailed review of the financial statements, identifying a number of points for follow up. Key points include:

- Disclosures and reporting, within the Narrative statements and the draft financial statements, of the receipt, use and financing of the exception financial support / capitalisation directions provided;
- The recording and classification of specific government grants as non ring fenced or ring fenced (Note 14);
- Disclosures of values in respect of the Council's Infrastructure assets within the Property, Plant and Equipment note (Note 18);
- Disclosure of the calculation of the Council's Capital Financing Requirement (Note 23);
- Improvements and amendments to the Council's disclosures in respect of Financial Instruments (Notes 24 and 25) and the Fair Value of assets and liabilities (Note 26);
- Treatment and disclosure of the Council's provision in respect of the likely non-repayment of loans to subsidiary companies to be in line with IFRS9 (Note 30);
- Inconsistencies in the recording of entries around the remeasurement of the net defined pension benefit liability between the Council and Group accounts;
- Presentation of the Group Movement in Reserves Statement (MIRS); and
- A number of other details on consistency of entries within the financial statements, with some difference being identified.

We will provide the council with a separate detailed listing of the points identified for review and follow up as part of the work on the 2025/26 financial statements.

# Review of 2024/25 work performed

## Testing completed

As part of our work we have sought to complete some detailed testing of in year transactions (covering some aspects of income and expenditure). This has been in part to verify individual items and begin the process of rebuilding assurance, but also primarily to provide the Council with a baseline for audit requirements / responsiveness from which to develop its own internal processes and ensure support for future audits is efficient as possible. The results identified from the testing are as follows:

Work area	Sample size	Passed	Bank confirmation outstanding	Audit queries raised	Potential errors	Incorrectly classified	No evidence provided
Fees and charges testing	39	5	1	24	0	9	0
Grant income testing	52	20	2	30	0	0	0
Operating expenditure testing	105	59	0	46	0	0	0
Expenditure completeness	35	30	0	3	2	0	0
Total	231	114	3	103	2	9	0

### Key points arising:

- The council had been able to provide some supporting evidence for all the items selected for testing, although this was incomplete in a number of cases and follow up queries had been raised;
- For 2 items tested within expenditure completeness, we were unable to confirm the expenditure, which invoices confirm related to the year ended 31 March 2025 year, had been accrued for within the financial statements;
- The 9 sampled items within Fees & Charges that are recorded as 'Incorrectly classified' are in respect of items that should have been recorded and mapped in the financial statements as Grant Income; and
- For 3 items shown as 'Bank confirmation outstanding', we had received appropriate evidence to agree the recognition of income, but had been unable to confirm subsequent receipt of income into the Council's Bank account.

# Review of 2024/25 work performed

## Other areas of work performed

In addition to the above review of financial statements and detailed testing, where time was available, we also completed some specific reviews of other areas. Those areas and points arising are noted below:

### Employee Benefits (pay costs)

We sought a reconciliation of expenditure values within the payroll system to the employee benefit expenditure within the draft financial statements. This identified:

- Although a reconciliation was made available during our review, this was not readily available as it does not form part of the Council's usual procedures;
- The Council is aware that some of the difference is a result of several schools making own payroll arrangements and the council having to record entries separately; and
- The reconciliation identified a number of differences, the largest being £1.9m, which in the time available could not be fully explained.

### Fixed Asset register

As a significant value within the Council's Balance Sheet, we sought to reconcile the values within the fixed asset register to the disclosures within the financial statements. From this we noted some differences:

- Property, Plant & Equipment - differences of £221k (cost / valuation) and £15k (depreciation) on overall opening and closing balances; and
- Investment property - difference of £10k on both the overall opening and closing balances.

# Review of 2024/25 work performed

## Cash balances

A key area for the process of rebuilding assurance will be the reconciliation of the Council's cash balances. It is also an area where we have identified, from our prior audits, issues for the Council to address. From our limited work in this area we note:

- We reviewed the detailed bank reconciliations noting these had been completed and reviewed shortly after the year end;
- We reviewed the reconciling items for individual accounts, and were satisfied these had been appropriately recorded in the ledger;
- On discussion with the Council, we noted that the council continued to maintain a number of suspense accounts for transactions recorded in the bank that it had been unable to match with receivable transactions in the ledger;
- We confirmed that these balances are recorded in the ledger as a receipt (debit) to the bank balance and as a credit balance offsetting the value of the council's receivable balances, thereby ensuring the bank reconciliation can be completed;
- However, review of the suspense accounts, of which there are a number, has noted:
  - The net value of transactions within the suspense accounts at 31 March 2025 was £3.382 million, which includes significant Debit and Credit values;
  - The suspense accounts include a significant number of individual line entries;
  - The existence of some variances between the values in the account and that detailed within the Trial Balance (Total difference of £3.123 million);
  - Some accounts include a number of matching contra entries that have not been removed;
  - Individual suspense account include some old balances (2015) indicating these have not been regularly reviewed;
  - Individual suspense accounts include some mis-dated values (2033 and 2047 were identified from review); and
  - The council has not completed regular review of the suspense accounts to resolve issues and remove balances.

We are aware that the Council has previously had some third party assistance in reviewing the suspense accounts but that currently, following the departure of staff previously involved with the work, there is no ongoing review process to resolve and clear suspense items.

# Review of 2024/25 work performed

## Action plan – Recommendations arising

We set out here our recommendations for the Authority which we have identified as a result of issues identified during the completion of 2024/25 work. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

Assessment	Issue and risk	Recommendations
● <b>High</b>	<p><b>Suspense accounts review</b></p> <p>As part of our review of the Council’s year end bank reconciliation we confirmed, from discussion with the Council, that there remain a number of suspense accounts recording unmatched income amounts within the financial statements. As the values represent income received by the council, they have been recorded as offsetting the value of receivables within the financial statements.</p> <p>The suspense accounts include a significant number of entries (both Debits and Credits) that cover a number of periods, as well as a significant net debit balance.</p> <p>Discussion confirmed that, as evidence by the dates within the analysis, the values had not been subject to regular detailed review to ensure amounts are matched and cleared. By not completing this process the council is unable to confirm values of income as correct and ensure that appropriate outstanding receivables are subject to follow up and recovery.</p>	<p>The council should commence a detailed review of suspense account entries to ensure these are resolved and balances appropriately allocated to recorded receivables.</p> <p>In addition, the council should also develop and implement procedures to ensure that suspense accounts are subject to regular review and follow up, with balances cleared on a timely basis.</p> <p><b>Management response</b></p> <p>The Reconciliation Team undertakes all reasonable checks to allocate incoming payments, including reviewing remittances, service requests, and circulating details of unallocated items to service areas. Outstanding unallocated transactions are shared with services on a weekly basis via a SharePoint based spreadsheet. Services are required to review these items and provide the Reconciliation Team with the necessary information to enable allocation.</p> <p>Historically, some items have remained unreconciled on the suspense balance. We are currently undertaking a review to identify transactions that are suitable for write off or write back where tracing is no longer possible due to insufficient information. Alongside this one off exercise, we are developing a formal business process to ensure that write off/write back activity takes place routinely (on an annual basis at year end) using agreed criteria such as age and value. Should a customer subsequently contact us to trace a payment, any written back items can be reinstated and allocated accordingly.</p> <p>While the automation of bank statements is currently in progress, this is not expected to eliminate suspense items entirely, as some payments will continue to lack the level of detail required for automatic or manual allocation.</p>

### Key

- High – Significant effect on control system and/or financial statements
- Medium – Limited impact on control system and/or financial statements
- Low – Best practice for control systems and financial statements

# Review of 2024/25 work performed

## Action plan – Recommendations arising

Assessment	Issue and risk	Recommendations
<p>●</p> <p><b>High</b></p>	<p><b>Financial statement disclosures</b></p> <p>We have completed a detailed review of the financial statements, identifying a number of points for follow up and improvement, including disclosures on the use of EFS and Capitalisation Directives, recording and treatment of government grants and financial instruments. Should the council fail to include required disclosures in the finance statements there is a risk to the availability of data to support the audit as well as the timely completion of audit work and reporting.</p>	<p>To improve the disclosures within the draft financial statements, as part of the preparation of the statements the Council should complete a Cipfa disclosure checklist to provide some confirmation that the requirements of the Cipfa code are being met.</p> <p><b>Management response</b></p> <p>The detailed review of the financial statements identified 122 lines of follow up and improvement. The closing finance team are reviewing these in detail to ensure processes are in place to address these for 2025/26, including obtaining specialist support, where required.</p> <p>Significant improvements to working papers for 2024/25 has likely reduced the scope of the recommendations made.</p>
<p>●</p> <p><b>Medium</b></p>	<p><b>Recording of Accruals at year end</b></p> <p>As part of our work on in year transactions, we completed testing on the completeness of recording of expenditure by reviewing items processed shortly after year end to ensure costs had been reflected within the correct financial period.</p> <p>During the course of this work we identified two items, with a combined value of £51k, which related to the 2024/25 financial statement period and where the council was unable to confirm that the costs had been appropriately accrued for.</p> <p>Where the Council has not included appropriate accrued expenditure within its financial statements there is a risk its financial position may be reporting and budget reporting is incomplete.</p>	<p>The council should implement a procedure to ensure a review of invoices received and processed in the period after year end is completed to identify any individual items that should be accrued for in the prior year, and confirm that appropriate entries have been made to the draft financial statements.</p> <p><b>Management response</b></p> <p>The two amounts identified were above the accrual threshold, but below the triviality threshold. The Council will consider this recommendation as part of its plans for 2025/26.</p>

# Review of 2024/25 work performed

## Action plan – Recommendations arising

Assessment	Issue and risk	Recommendations
<p>●</p> <p>Low</p>	<p><b>Accounts mapping - grant income</b></p> <p>Our testing of grant income received in year has identified that, for entries within some specific general ledger codes, the accounts mapping had been incorrectly allocated. As a result, entries within these codes were being recorded as fees and charges within the financial statements, rather than correctly as grant income. This gives rise to a risk that the financial statements and council's own internal budget monitoring processes, are inaccurate.</p>	<p>The Council should undertake a review of the mapping analysis and ensure that all general ledger codes are appropriately allocated to ensure accurate compilation of the financial statements.</p> <p><b>Management response</b></p> <p>The Council has completed this review. This incorrect allocation was found in review prior to issuing the draft statements, but the edit did not save. More detailed reviews of future sets of accounts will be possible following catching up on the backlog which should minimise the risk of such a misstatement reoccurring.</p>

# Sector Updates

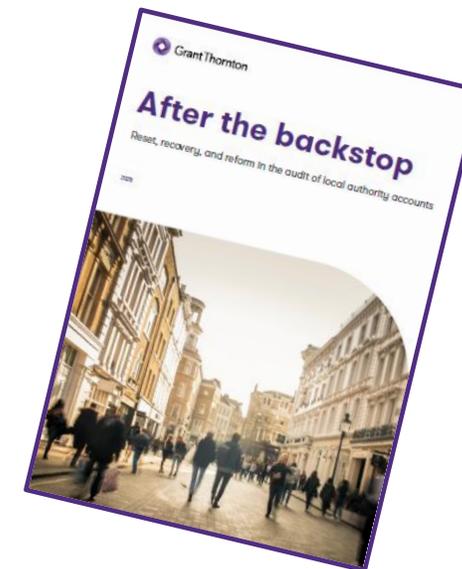
# After the Backstop: Reset, recovery and reform in the audit of local authority accounts

- ❖ Our latest thought leadership report ‘After the Backstop: Reset, recovery and reform in the audit of local authority accounts’ is now available to read.
- ❖ Following the significant milestone of backstop legislation in September 2024, the backlog of unissued accounts has fallen dramatically. The challenge now is to rebuild assurance and secure a sustainable future for the system of local accounts production and audit. The reforms set out in the English Devolution and Community Empowerment Bill are essential to restoring trust and accountability to the local audit system.
- ❖ In our March 2023 publication ‘About time?’ we explored the reasons for delayed publication of audited local authority accounts and set out our recommendations for key stakeholders in the local audit system.
- ❖ The backlog of unissued audit opinions peaked some months after our report at 918, on 30 September 2023. The Department for Levelling Up, Housing and Communities (DLUHC) and subsequently the Ministry of Housing, Communities and Local Government (MHCLG) conducted consultations on reset and reform in the local audit system, leading to secondary ‘backstop’ legislation to clear the backlog. This was a necessary step, allowing auditors and authorities to focus on current periods of account, but it brought with it new challenges, as over 200 authorities received one or more audit disclaimers .
- ❖ In this report we explore the development and implementation of a ‘reset’ of the local audit system, the immediate and longer-term consequences of the ‘backstop’ before turning attention to the reform of the system, the challenges involved in returning to widespread and sustainable compliance with audit reporting timeframes and what, in our view, is needed next.
- ❖ The English Devolution and Community Empowerment Bill paves the way for the creation of a long-awaited and much-needed systems leader for local audit, the Local Audit Office (LAO).

- ❖ Key stakeholders including local audited bodies, the audit firms, the Ministry of Housing, Communities and Local Government (MHCLG), Public Sector Audit Appointments (PSAA), the National Audit Office (NAO), the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Institute of Chartered Accountants in England and Wales (ICAEW) will need to support the successful establishment of the LAO to address the crisis in local public audit.
- ❖ All key stakeholders in the local audit system will need to continue their efforts to secure a return to high levels of compliance with timely publication of accounts with unmodified audit opinions. We explore the challenges to establishing and maintaining a sustainable future for local audit in this report. In our full report, we make several recommendations to secure that sustainable future.

The full report is available here:

[Local audit reset: What comes after the backstop? | Grant Thornton](#)



# Changes at the top, but no sudden twists and turns

Key information for Audit Committees to be aware of:



**Steve Reed** replaced Angela Raynor as Secretary of State for Housing, Communities and Local Government on 5<sup>th</sup> September 2025.

**Angela McGovern** replaced Jim McMahon as Minister of State at the Ministry of Housing, Communities and Local Government on 6<sup>th</sup> September 2025.

With Mr Reed moving from the Department for Environment, Food and Rural Affairs, and Ms McGovern moving from the Department for Work and Pensions, it was hard not to wonder what the impact would be on the government's manifesto commitment to build 1.5 million homes by the end of this parliament.

Steve Reed assured Councillors at the September 2025 Labour party conference in Liverpool that there are going to be no **“sudden policy twists and turns”**.

So far, for building homes, this seems to be holding true.



Key homebuilding developments since 5<sup>th</sup> September are:

On 12<sup>th</sup> September, Mr Reed met with key developers and housebuilders and issued a **'call to arms'** to “build, baby, build”.

On 28<sup>th</sup> September, the **Ministry of Housing, Communities and Local Government** confirmed it will progress work on 12 new towns.

On 18<sup>th</sup> November, the Government announced that **Housebuilding around train stations will be given a default “yes”** if the applications meet certain criteria.

Under the same **18<sup>th</sup> November measures**, Councils are going to be required to inform government when they are inclined to block applications of 150 homes or more so that ministers can decide whether to step in and make the decision themselves instead.

# Autumn Budget 2025

## Key information for Audit Committees to be aware of:

Chancellor Rachel Reeves delivered her second Budget on 26<sup>th</sup> November 2025. Key elements that those in the local government sector need to be aware of are:

- ❖ A High Value Council Tax Surcharge (a “Mansion Tax”) will be charged on owners of homes valued higher than £2 million. Whilst collection will be the responsibility of councils, the revenues will flow directly to central government.
- ❖ Strategic Authority Mayors in England will be empowered to impose a tourist tax on overnight stays. New systems may be needed for compliance and enforcement.
- ❖ The two-child benefit cap will cease to apply from April 2026, which may mitigate some demand pressures for housing and social care.
- ❖ A new electric vehicle (EV) mileage tax will be introduced, with the promise of doubling future road maintenance funding, but new risks for net zero goals if the public turn away from using EVs.
- ❖ The Government commits to devolve at least £13 billion of funding to seven major combined authorities and to create £902 million over four years for local growth funds in 11 Northern and Midlands city regions.
- ❖ Future Special Educational Needs and Disabilities (SEND) costs are to be managed by government once the statutory override ends on 31<sup>st</sup> March 2028. Cumulative deficits at this point will remain with the relevant councils.

For the full Budget, with supporting documents, see: [Budget 2025 - GOV.UK](https://www.gov.uk/government/speeches/budget-2025)

For the Chancellor’s speech, see [Budget 2025 speech - GOV.UK](https://www.gov.uk/government/speeches/budget-2025-speech)



# Local Government support and value

## Key information for Audit Committees to be aware of:

The Local Government Association (LGA) wrote to the Chancellor of the Exchequer on 10<sup>th</sup> November, highlighting the key national policy issues currently being addressed by Councils; and the key financial challenges those Councils face.

LGA stated that key national policy issues addressed by Councils are:

- ❖ Building new homes;
- ❖ Unlocking economic growth;
- ❖ Improving the health and life chances of the most vulnerable in society;
- ❖ Supporting children with SEND;
- ❖ Sourcing temporary accommodation; and
- ❖ Working to develop sustainable asylum accommodation and support systems.



LGA stated that key financial challenges faced by Councils are:

- ❖ Rising levels of debt due to relaxing the financial framework:
  - 42 Councils have had to access £5 billion in exceptional financial support since 2020/21; and
  - At the start of 2025/26, 1 in 6 Social Care Councils (17 per cent) were dependent on exceptional financial support.
- ❖ Real cash deficits:
  - The national dedicated schools grant cash deficit is on track to reach £5 billion by 2025/26; and
  - As a result, substantial cash flow costs are being incurred. The forecast deficit of £5 billion in 2025/26 means Councils will lose £200 million in unearned income alone.

The LGA's letter commented that **“while councils have huge potential to support Government in delivering its objectives, we cannot shy away from the scale of the financial challenges the sector currently faces”**.

# Fair Funding Review

## Key questions for Audit Committees to ask officers:

- ❖ What impact will the Fair Funding Review have on our medium-term financial plan?
- ❖ Have we calculated what level of support we will need from transitional arrangements?
- ❖ What mitigations are we planning if we are net “losers” from the new arrangements?

## Background:

The first multi-year Local Government Finance Settlement in a decade, together with the [Fair Funding Review response](#), was announced by the Government on 20<sup>th</sup> November 2025. Significant changes to be aware of are that:

- ❖ There will be a single settlement for [2026/27 to 2028/29](#);
- ❖ The government plans to use up to date English Indices of Multiple Deprivation, together with up-to-date services cost and demand data to calculate individual council allocations for 2026/27 to 2028/29; and
- ❖ The Children and Young People’s Services formula will use the latest index of deprivation affecting children.

Using new indices will inevitably lead to some Councils seeing increases in their allocations, whilst others see decreases. However, there are [transitional arrangements](#) to help with managing change:

- ❖ A Recovery Grant funding guarantee to upper tier authorities in receipt of Recovery Grant;
- ❖ Funding floors and phasing in of new allocations across the multi-year settlement; and
- ❖ Additional money in the national settlement for children’s social care and a new ring-fenced combined Homelessness, Rough Sleeping and Domestic Abuse grant over three years.

The benefits of using the new indices are expected to be greater transparency; and a reduced reliance on competitive bidding for funds. Reduced paperwork is also expected, as the Government announced it will simplify 33 funding streams, worth almost £47 billion over three years.

Ultimately though, the proof of the pudding will be in the eating. The overall national settlement will need to be fair to the sector as a whole if individual allocations within it are going to be fair as well.

For a full copy of the Ministerial Statement see: [Written statements - Written questions, answers and statements - UK Parliament](#)

# Local government reorganisation – latest developments

## Opportunity for Audit Committee members to contribute to consultations:

The Government is currently consulting on the proposals it received for local government reorganisation in six areas:

- ❖ East Sussex and Brighton and Hove;
- ❖ Essex, Southend-on-Sea and Thurrock;
- ❖ Hampshire, Isle of Wight, Portsmouth and Southampton;
- ❖ Norfolk;
- ❖ Suffolk; and
- ❖ West Sussex.

The consultations will run for seven weeks until Sunday 11<sup>th</sup> January 2026. The consultation documents are available on the Department’s online platform “Citizen Space” and those responding to the consultations can use the online platform, email or post to submit their views.

[Written statements - Written questions, answers and statements - UK Parliament](#)



## Other information for Audit Committees to be aware of:

On 28<sup>th</sup> October, the Government announced the outcome of its consultation on local government reorganisation in Surrey: Two new unitary councils will be created for the county from 1<sup>st</sup> April 2027. To help prepare for this, the Government committed to repay in-principle £500 million of Woking Borough Council’s debt in 2026/27.

Other Councils facing reorganisation are bound to look at Surrey for signs of what may be decided for their areas. It is significant to note that two proposals had been submitted for Surrey (one for two unitaries; and one for three unitaries). The Government confirmed that both proposals met all its criteria, but the two-unitary model was assessed as performing better against the financial sustainability criterion – and was selected for that reason.

When looking ahead at what may follow in other areas, although Surrey is not necessarily a precedent for other areas, it is possible that similar prioritisation may apply again. We note that twenty more areas were required to submit business cases by 28<sup>th</sup> November 2025 and Government decisions are expected in Spring 2026.

For a full copy of the Ministerial Statement on reorganisation in Surrey, see: [Written statements - Written questions, answers and statements - UK Parliament](#)

# Preventative spending

## Key questions for Audit Committees to ask officers:

- ❖ What do we spend on prevention?
- ❖ How do we identify and record that spend?
- ❖ How do we measure outcomes from the spend?
- ❖ How do our practices compare with other similar authorities?

## Background:

CIPFA and the Health Foundation have developed new methodology for mapping and measuring public sector investment in prevention.

The methodology sets out a four-step approach that enables Councils and other public sector organisations to quantify their prevention spending, making it visible so that it can be protected and prioritised.

The framework has already been tested with four Councils in England and Wales:

- ❖ The London Borough of Merton;
- ❖ Three Rivers District Council;
- ❖ Wigan Metropolitan Borough Council; and
- ❖ Rhondda Cynon Taf County Borough Council.

The report from CIPFA and the Health Foundation sets out three recommendations for Councils and other public sector bodies looking to protect their preventative spending:

- ❖ Apply a consistent approach to map and measure preventative investment;
- ❖ Analyse demand drivers alongside financial data to inform priorities; and
- ❖ Embed prevention into strategies, budgets and governance structures.

For a full copy of the report, see [Understanding preventative investment](#)

## Next step for Audit Committee members:

CIPFA is now seeking to build on the momentum of this work by establishing a community of practice on preventative investment, to be launched in early 2026. Anyone able to share their experiences and learning should contact: [zachary.scott@cipfa.org](mailto:zachary.scott@cipfa.org).



# Performance Trackers 2025

Audit Committees can help their Councils by asking officers what performance data they hold for demand led services; how they set realistic targets; how their Council's performance compares to peers and national trends; and what actions are planned when performance falls below a realistic target. The Institute for Government (IFG) published its latest performance trackers for public services in October 2025. For demand led services run by Councils, the findings are consistent with other research in the sector.

## Children's Social Care:

The IFG reports that costs are rising without outcomes improving in step. Shortages of foster carers and secure children's homes are exacerbating issues in the market.

[Performance Tracker 2025: Children's social care | Institute for Government](#)

The IFG's findings are consistent with findings from a separate report by the National Audit Office in October 2025, which also points to supply pressure in the market:

[Managing children's residential care.](#)

## Homelessness:

The IFG report states that homelessness is costing more but delivering less. There has been an unprecedented "tsunami" increase in demand, fuelled partly by landlords leaving the housing sector. The government needs to shift from crisis response to prevention.

[Performance Tracker 2025: Homelessness | Institute for Government](#)

The IFG's findings are consistent with findings from Crisis in November 2025, which notes that demand is rising but it is becoming harder for Councils to access both social housing and private tenancies:

[Homelessness Monitor: England 2025 | Crisis UK](#)

## Adult Social Care:

The IFG report states that the sector has been neglected by successive governments. Spending has increased but performance has declined.

[Performance Tracker 2025: Adult social care | Institute for Government](#)

The IFG's findings are consistent with a recent report by LGiU which points to demand increasing in scale and complexity, costs escalating, market instability, and workforce challenges:

[A national care service in England, Scotland and Wales: Briefing 1: the story so far - LGiUUK](#)

# The Covid-19 Inquiry

## Key information for Audit Committees to be aware of:

An enhanced role for Councils in national decision making for emergencies looks likely following the publication of [Modules 2, 2A, 2B, 2C - Core decision-making and political governance - Volume II - UK Covid-19 Inquiry](#) in November 2025.

The Inquiry found that the “importance of working together” was overlooked by the UK Government. Although the UK does have local resilience forums and partnerships for emergencies, the lack of formalised structure for central government to consult with Councils meant that opportunities for benefitting from local knowledge were lost during the pandemic.

Examples of inadequate engagement with Councils highlighted in the report for England included:

- ❖ The government’s decision to base a large test centre at Manchester Airport without consulting local leaders as to options that might have been more suitable and centrally located;
- ❖ not enough information being given to local leaders in enough time around the implementation of local lockdowns; and
- ❖ local leaders being left to find out information relevant to their communities via the media rather than from the UK Government, impacting on the design of schemes for shielding and contact tracing.

Two other Modules that will have a bearing on the work of Councils have yet to conclude:

- ❖ **Module 6:** This module investigates the impact of the pandemic on the publicly and privately funded adult social care sector in England, Scotland, Wales and Northern Ireland. It considers the consequences of government decision-making, including restrictions imposed, on those living and working within the care sector; and
- ❖ **Module 8:** This module investigates arrangements during the pandemic for Children and Young People; Education and Early Years Provision; Physical and Mental Health; and Social Care and Support Services:

With the [LGA having pointed out](#) just how many key national policy issues are being addressed by Councils, there has perhaps never been a better time to focus on the “importance of working together”.



# Special educational needs and disabilities (SEND)

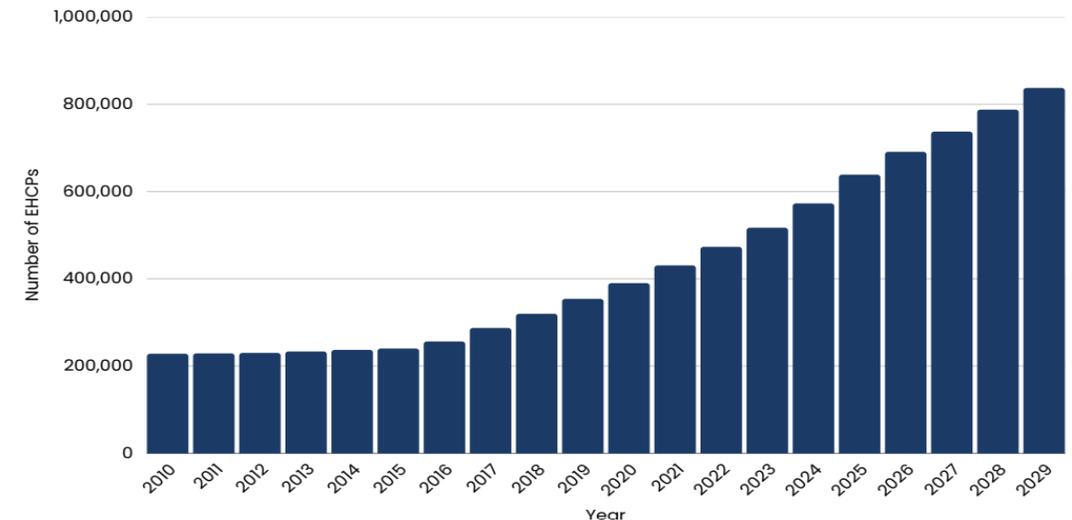
## Key information for Audit Committees to be aware of:

Concern at the mounting costs of SEND continued to escalate across the local and central government sector in months leading up to the Budget:

- ❖ On 21<sup>st</sup> October, the National Audit Office's review of the [Department for Education 2024/25](#) highlighted that 43% of Councils are on track to have SEND deficits that are close to or exceed their total reserves by 31<sup>st</sup> March 2026;
- ❖ On 31<sup>st</sup> October, the National Audit Office reported that the increase in the number of children and young people assessed as having special educational needs has had spiralling implications for [Home to school transport](#), especially considering that travel costs per pupil are higher for children and young people with SEND
- ❖ On [6<sup>th</sup> November 2025](#), Grant Thornton issued the first ever statutory recommendation in respect of significant weaknesses in management planning for a dedicated schools grant deficit; and
- ❖ On 14<sup>th</sup> November, a new report from [the County Councils Network](#) highlighted that the number of children in the SEND system rises every year.

The 26<sup>th</sup> November 2025 Budget announcement that SEND will be financed centrally from 1<sup>st</sup> April 2028 will bring relief to Councils. However, clarity on the government's planned reforms will not be clear until the publication of the delayed white paper and confirmation of the next local government finance settlement.

**Figure 1 - Number of children and young people with EHCPs (actual to 2025 and projected to 2029).** Education, health and care plans, 2025, DfE and survey responses.



Source: [the County Councils Network](#)

# The Renter's Rights Act

## Key questions for Audit Committees to ask officers:

- ❖ How well do we understand the new rules we will be enforcing?
- ❖ How many private rented sector properties do we have in our area?
- ❖ Do we have existing staff capacity to take on the new enforcement powers, and if not, how are we going to recruit?
- ❖ Do we have a strategy for working with partners under the new regime, including landlords, agents, tenants, advisory bodies, and the justice system?

## Background:

The Renter's Rights Act became law on 27<sup>th</sup> October 2025. Under the Act, Councils are going to gain new powers to investigate landlords; act against rogue landlords; and ensure landlord compliance with new standards expected of them. Councils will be required to report on their enforcement activities.

Local housing authorities will receive £18.2 million in 2025/26 to support preparations for the implementation of the Renters' Rights Act 2025 and to build enforcement capacity. Funding will be allocated based on the number of private rented sector properties in each local area. The Government's "[Roadmap for reforming the Private Rented Sector](#)" indicates that there will be a further new burdens funding allocation for 2026/27.

Key points from the [Roadmap](#) that Audit Committees need to be aware of now are:

- ❖ Enforcement guidance for local Councils has been published on GOV.UK. The guidance provides the critical information that enforcement officers will need to know to carry out their work in line with the new legislation;
- ❖ There will be a bespoke programme of training, webinars and resources through 'Operation Jigsaw', a cross-local Councils initiative;
- ❖ Shelter will deliver training to local Council officers, covering different aspects of the Act, funded by government; and
- ❖ Changes will start coming into effect from 1<sup>st</sup> May 2026.



# Proposed new duty of candour and standards regime

## Audit Committees can prepare for change by asking themselves:

- ❖ When was our Code of Ethics last updated?
- ❖ Are our policies and procedures consistent with expected changes to guidance, and consistent with one another?
- ❖ Are we sufficiently candid and transparent?
- ❖ When was the effectiveness of our Standards Committee last assessed?
- ❖ Are our disciplinary arrangements working well?

## Background:

A new Public Office (Accountability) Bill was introduced to Parliament on 16<sup>th</sup> September 2025 and is now at House of Commons Committee stage.

The Bill aims to impose a duty on “public authorities and public officials” to “at all times act with candour, transparency and frankness in their dealings with inquiries and investigations.” Breach of the duty would be a criminal liability.

The Bill is expected to apply not only to both core public bodies delivering public services (Councils) but also private bodies delivering public functions such as those on a government contract.



Separately, the Bill also proposes:

- ❖ A new statutory duty on public authorities to promote and take steps to maintain high standards of ethical conduct, as defined by the Seven Principles of Public Life, or “Nolan Principles”, by adopting a code which sets out what is expected of their workforce. Many Councils already do this, but it would become mandatory;
- ❖ Reforms that will make it easier to prosecute misconduct in public office; and
- ❖ Another new offence of misleading the public.

For a full copy of the Bill, see [Public Office \(Accountability\) Bill - Parliamentary Bills - UK Parliament](#)

In addition, a separate statement by the Government on 11<sup>th</sup> November 2025 announced that there are going to be “sweeping reforms” to strengthen local government standards. These will include a new mandatory code of conduct and new powers to suspend councillors for serious misconduct.

For a full copy of the announcement, see [Tough new powers to clean up local politics.](#)

# Business cases for net zero

## Key questions for Audit Committees to ask officers:

- ❖ Do we have decarbonisation or net zero reporting? What format does it take, and is that format standardised?
- ❖ Can we map the link between decarbonisation and net zero spending and tangible outcomes such as job creation, economic resilience, and community wellbeing?
- ❖ Do we horizon scan for new funding mechanisms and new partnerships?
- ❖ Do we share good practice with other similar Councils?

## Background:

Councils make significant contributions to the UK's journey towards net zero, generally working towards strategic aims that they (the Councils) voluntarily set for themselves. This could be seen as contradictory to work to promote economic growth and enable new housing.

However, the County Council's Network (CCN) commissioned research showing that business cases for net zero are strongest when they are connected to outcomes around the new jobs and community wellbeing that economic growth and new housing can bring.

CCN published a series of recommendations on how to root the journey to net zero in the broader context of economic growth and job creation.

The recommendations are aimed at rural County Councils, but with local government reorganisation on the horizon, and housebuilding targets affecting all areas of the country, they will be of wider interest as well:

- ❖ Optimise green transition strategies and plans;
- ❖ Ground climate policies in strong business cases;
- ❖ Leverage innovation, partnerships, and funding models; and
- ❖ Promote collaboration and community engagement.

For a full copy of the report, see [Resources - County Councils Network](#)



# Healthy environments for resilient towns



Key information for Audit Committees to be aware of:

The Environmental Audit Committee (EAC) concluded in November 2025 that it is “lazy” to write-off nature as a blocker to housing delivery. Instead, the EAC argued that a healthy environment is not only not a luxury, but is in fact a necessity for resilient towns and neighbourhoods:

Environmental sustainability and housing growth.

The EAC made a series of recommendations that were mostly aimed at the UK Government. This included a recommendation to introduce mandatory training in ecology and the decarbonisation of buildings for people working now towards Chartered Town Planner status.

While we wait to see whether any of the EAC recommendations will be implemented, there are things that Councils can be doing now to help the environment in their towns :

- ❖ Ensure that the local plan and environmental policies are up to date and consistent with national environmental targets; and
- ❖ Encourage awareness of ecology and decarbonisation in the existing planning team whilst waiting for any mandatory training benefits in the next generation of town planners.

As Councils are coming under increasing pressure from the UK Government to approve new housing plans, mindfulness of the environment in the towns that Councillors represent is going to be more important than ever.

# Audit Committee resources

The Audit Committee and organisational effectiveness in local authorities (CIPFA):

<https://www.cipfa.org/services/support-for-audit-committees/local-authority-audit-committees>

## LGA Regional Audit Forums for Audit Committee Chairs

These are convened at least three times a year and are supported by the LGA. The forums provide an opportunity to share good practice, discuss common issues and offer training on key topics. Forums are organised by a lead authority in each region. Please email [ami.beeton@local.gov.uk](mailto:ami.beeton@local.gov.uk) LGA Senior Adviser, for more information.

## CIPFA Application Note: Global Internal Audit Standards in the UK Public Sector

[Global Internal Audit Standards in the UK Public Sector | CIPFA](#)

## CIPFA Good Governance

[Delivering Good Governance in Local Government Addendum](#)

## Code of Audit Practice for local auditors (NAO):

<https://www.nao.org.uk/code-audit-practice/>

## The Three Lines of Defence Model (IAA)

<https://www.theiia.org/globalassets/documents/resources/the-ias-three-lines-model-an-update-of-the-three-lines-of-defense-july-2020/three-lines-model-updated-english.pdf>

## Risk Management Guidance / The Orange Book (UK Government):

<https://www.gov.uk/government/publications/orange-book>

## Other CIPFA Guidance and Codes

The following are available from CIPFA but have a charge. We encourage you to make enquiries to determine if copies are available within your organisation:

- Audit Committees: Assessing effectiveness
- Financial Management Code
- Prudential Code
- Treasury Management Code



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