

SLOUGH BOROUGH COUNCIL

REPORT TO: Cabinet

DATE: 17 January 2022

SUBJECT: Recovery Plan – Update

CHIEF OFFICER: Director of Finance (S151)

CONTACT OFFICER: Director of Finance (S151)

WARD(S): All

PORTFOLIO: Councillor Rob Anderson
Cabinet Member for Financial Oversight, Council Assets and Performance

KEY DECISION: No

EXEMPT: No

DECISION SUBJECT TO CALL IN: No

APPENDICES: [Appendix 1](#) – Statement of accounts and year-end close
[Appendix 2](#) – Budget setting and delivery
[Appendix 3](#) – Investments in companies
[Appendix 4](#) – Internal audit and procurement
[Appendix 5](#) – Financial systems
[Appendix 6](#) – Finance team
[Appendix 7](#) – Dedicated Schools Grant
[Appendix 8](#) – Insurance
[Appendix 9](#) - Business planning
[Appendix 10](#) - PFI review
[Appendix 11](#) – Revenues and benefits
[Appendix 12](#) - Risk assessment
[Appendix 13](#) – Response to CIPFA Review
[Appendix 14](#) – Response to DLUHC Governance Review
[Appendix 15](#) – Response to Grant Thornton’s recommendations
[Appendix 16](#) - Response to DLUHC further recommendations

1 Summary and Recommendations

- 1.1 To provide Cabinet with the third of a series of updates on work being undertaken to improve all aspect of the Councils financial position and underlying financial and governance processes. The format of this report will be revised when work begins on the broader overall Council recovery plan. In order to facilitate readers’ understanding of the various financial situations facing the Council the report provides commentary on the issues and retains some information from previous

versions that provide useful background while progress on issues is identified by text in *italics*.

Recommendations:

Cabinet is recommended to:

1. Note the current position on the Finance Recovery Plan and recommend the report to Council for noting.

Comments of Commissioners:

“Commissioners have noted the progress that has been made and the proposals for further improvement. However, it should be noted that this is not the Improvement and Recovery Plan that is required to be agreed and implemented as part of the response to the Directions although it will form a significant and important component.

The capacity and gap analysis that is required by February will be a key component of determining the role, shape, and aspiration of the Council as it emerges from the Directions regime. This will be a key topic for discussion at the Commissioner Improvement and Recovery Board in its next meetings.

Commissioner have noted the observations in paragraph 2.18 which highlight new issues. These will require full reports to either or both Cabinet and Audit Committee in due course.”

2 Report

Introduction

- 2.1 As Members are aware and have previously been advised the Council has in recent months received the following:
 - statutory and non-statutory recommendations from the external auditor,
 - a significant number of recommendations from internal audit,
 - a s114 notice from the Director of Finance, highlighting a then estimated budget gap of at least £174m
 - reports from both Department for Levelling Up, Housing and Communities (DLUHC) and CIPFA. Both reports identify significant weaknesses in financial management processes, governance and internal control
 - a formal direction from DLUHC made under s.15(5) and (6) of the Local Government Act 1999, including a direction that prescribed functions are to be exercised by Commissioners;
 - the appointment of Commissioners from 1 December 2021.
- 2.2 The Council’s very serious financial challenges have arisen over a period of several years and represent the combined impact of a wide range of issues. These problems are now being addressed but designing, implementing and embedding

new processes together with the required changes to organisational culture will take an estimated 4 years to achieve based on the experience of local authorities elsewhere. More detailed assessments of the improvement timeframe will only become possible as the situation in Slough develops locally and will inevitably vary.

- 2.3 Also, although the Council is having ongoing discussions with the Government about the possibility of obtaining a Capitalisation Direction, no firm commitment from DLUHC to provide supplementary funding has so far been received. Even with additional support, improving the Council's underlying financial position will take several years beyond this.

Options considered

- 2.4 Grant Thornton, the Council's external auditors, have recommended that there should be regular reports to members on year-end close and audit. This is a statutory recommendation which the Council cannot ignore.
- 2.5 Recent DLUHC/CIPFA reviews have also recommended more regular reporting to members on the Council's financial position and the statutory direction requires the production of a Council Improvement Plan within 3 months, which should include an outline action plan to achieve financial sustainability and to close the long-term budget gap identified in the Medium Term Financial Strategy (MTFS). DLUHC has recently appointed Commissioners to oversee the Council's financial recovery, and any recovery and improvement plans must be to the satisfaction of the Commissioners. These will be reported in future reports
- 2.6 Rather than providing separate reports to members, this single report meets all the above requirements with the exception of the formal DLUHC requirements which will be picked up in future reports and also provides a more comprehensive update on the main workstreams currently in progress within the finance function. See also paragraph 1.1

Background

- 2.7 This report provides an update of progress on key issues and improvement areas since the last report in November, namely:
- Statement of accounts and year end close
 - Budget setting and delivery
 - Investment in companies
 - Internal audit and procurement
 - Financial systems
 - Finance team
 - Dedicated Schools Grant
 - Insurance
 - Business Planning
 - PFI review
 - Revenues and benefits.

2.8 The report also includes the following:

- a detailed risk assessment, and
- the Council's formal responses to the recent CIPFA Review
- the DLUHC Governance Review, and
- to Grant Thornton's statutory recommendations
- response to DLUHC further recommendations

2.9 Further detail on each separate area is provided below and in Appendices 1 to 16.

2.10 All of the projects referred to in this report have nominated team leaders and have or are developing detailed project plans. At the current time much work is focussed on resolving immediate budget management issues, but work is also in hand to:

- implement longer term governance and financial management improvements,
- establish staffing structures based on permanent appointments which will provide a more stable finance function for the Council in future years.

2.11 Assurance continues to be provided to Members through the fact that:

- the new finance team has identified a wide range of issues which were previously unknown to the Council
- the recent DLUHC/CIPFA reviews have been complimentary of the work undertaken by the new team to date and have not challenged the then then estimated S114 value
- work being done to tackle the issues identified is progressing to a very high standard although embedding good practise will take some considerable time
- regular progress monitoring and reporting, such as this report, is taking place
- there has been regular engagement with Lead Members on appropriate issues
- new risk management arrangements are being put in place, see Appendix 12 for further details.

2.12 All of the work referred to in this report is extensive, demanding and will continue to evolve. It is also envisaged that the format of these reports will develop over time. New issues will continue to be identified and will be reported to members as and when they emerge.

Executive Summary

2.13 This executive summary highlights for Members progress made on the various issues being dealt with since the report in November

2.14 This progress is then highlighted in the body of the report by use of *italics* allowing Members to see the overall context and current progress

2.15 Current progress encompasses the following

Statement of accounts and year end close

2.16 Recent work on the 2018/19 accounts has identified that all the core statements, group accounting statements and 60% of the notes will need to be restated and work is ongoing on undertaking this. This will then form a solid base to take forward work on the 2019/20 and 2020/21 accounts

2.17 In more detail the three issues with the 2018/19 accounts identified at the Audit and Governance Committee in May 2021 ie that:

- the appeals provision was understated because a business rates appeal had not been provided for;
- long-term debtors were overstated because a loan to Slough Children's Trust had not been impaired for non-payment; and
- agreeing a way forward regarding the understatement of minimum revenue provision (MRP) for the period 2016/17 to date.

have been followed up and completed and will result in:

- the appeals provision being increased by £4.5m in 2018/19;
- the loan to Slough Children's Trust being impaired by £2.4m;
- a prior period adjustment of £27m in respect of understated MRP has been calculated for the period to 31/3/2018 and a further understatement of £6m in 2018/19. i.e. MRP was understated by £33m to 31/3/2019. The cumulative understatement of MRP to 31/3/22 is £69m.

2.18 In addition to these previously identified issues, work on the accounts has recently identified the following further matters:

- £13m of s.106 contributions recognised as capital grants unapplied in 2016/17 will need to be restated as a long-term creditor, because the conditions associated with the agreements had not been met, therefore the contributions had been incorrectly recognised as income;
- a lease for a plot of land to be used for an Extra Care Home development had been incorrectly accounted for as follows:
 - a) lease rental payments of £2m had incorrectly been capitalised even though ownership of the land did not transfer to the Council. Consequently the payments should have been charged to revenue and a prepayment recognised in 2019/20;
 - b) as a result of the cancellation of the capital project in 2021, £0.6m of development costs currently charged to assets under construction will have to be written off to revenue and have been added to the capitalisation direction;
 - c) also as a result of the cancellation of the project, a £4.5m provision has to be recognised for an onerous contract in respect of the remaining 40 year term of the contract.
- a number of cases where accruals have not been raised including:
 - a) £2.2m of capital expenditure relating to 2019/20 but paid in 2020/21; and
 - b) £1m of DSG-related expenditure paid in 2021/22 but relating to 2020/21.

- 132 assets misclassified as investment properties but which are operational assets. Correcting the misclassification will alter the asset values which is currently being worked through.
- officers have reconciled the asset register to the housing management system for council dwellings for the years 2018/19 to 2020/21. This has identified minor discrepancies between the two systems and work is ongoing to identify the causes and rectify these. This does not have a material impact on the accounts.
- an exercise has been undertaken to review all provisions and contingent liability disclosures for completeness. This has identified a number of provisions which had not been identified:
 - a) £2.6m provision for refunds to tenants arising for the Thames Water v Southwark case;
 - b) Bad debt provisions had not been reviewed for some time and were materially understated. Work is ongoing, but the initial indication is that bad debt provisions in respect of General Fund items have been understated by £11m.
- four loan repayment instalments for a loan to a school had not been collected totalling £28,000 in the two years since the loan was advanced. Processes are being established to ensure collection is made automatically and that this does not recur.
- a review of the arrangements with SUR LLP indicates that loan notes in respect of land optioned to SUR for the Old Library Residential site will have to be impaired by £0.4m, because the scheme is unlikely to make a profit. Currently the senior debt loan of £9.7m is not thought to be at risk of impairment.

As part of embedding improvements in the Council's accounting processes:

- a detailed programme of technical training for Finance staff was completed in November to bring staff up to date with technical developments and the new working paper templates for final accounts.
- regular two weekly meetings are being held with Grant Thornton to discuss technical accounting issues as they arise and agree a way forward as part of the closedown process. This should reduce delays once the audit of the accounts commences.

Budget setting and delivery

2.19 Budget setting and delivery has focussed on:

- preparing reports for approval by Council of the various elements of the budget. These reports will set out those decisions that require separate cabinet approval and a timescale for such decisions.
- a procurement process to appoint external agents to advise and manage the asset disposal process to obtain best consideration from the asset disposal programme and manage the process in a timely manner.

- re-financing all temporary borrowing as it has fallen due thus reducing the re-financing risk. In addition to work is ongoing to re-profile the cashflow forecast to reflect the reductions in capital and revenue spend arising from the Recovery and Renewal Plan.
- updating the HRA reserves balance which is currently forecast to decrease to £8.2m by the end of the current financial year after taking account of the Thames Water refund provision and planned repayment of £10m of borrowing.
- preparing plans to develop a balanced MTFS by May 2022. This will cover in detail the financial year 2023/24 – current challenges in going beyond this are the Council is awaiting a response from DLUHC on the support it will receive from them or be authorised to undertake, the local government settlement recently received is for one year only ie 2022/23 and the raft of financial and other challenges that the Council faces mean that achieving a detailed MTFS by May 2022 is not a feasible scenario. The support from DLUHC will also impact on the level of savings required from the Council and thus the savings it needs to plan for. The longer term MTFS will at this stage be a high level framework

Companies

- 2.20 In response to the Council's financial challenges an options review of SUR LLP has been completed and a number of workstreams are underway to de-risk the Council financial position. In addition there is an ongoing review of the long-term strategy and options for JEH Ltd.

Internal audit and procurement

- 2.21 Significant progress has been made in closing down internal audit management actions from previous financial years through frequent liaison with action owners, executive directors and associate directors
- 2.22 Work to clear internal audit actions from previous financial years is being given priority, and it should be noted that there are some management actions that relate to some key improvements that will take some time to implement, for example, the actions associated with the council's commercial companies.
- 2.23 Work continues to bring in resources to develop and implement the procurement strategy

Financial Systems

- 2.24 The project on the outstanding development work on Payroll, Human Resources and pivotal Interface and general systems enhancements is set to be completed by the end of January 2021.
- 2.25 With these enhancements in place the ERP needs to be fully documented in terms of systems and process architecture as this was not done by Arvato when the system was implemented. A lot of processes have been loaded up onto a support database on an ad-hoc basis but an end to solution that encompasses all the processes needs to be pulled together as a single resource base.

- 2.26 The above will mitigate the risk of the over reliance and dependence on external consultants for the running of an ERP that facilitates the running of core council systems. A project plan will be scoped once the development work is complete as at that point a full gap analysis can be instigated and the resourcing capacity (both internal and external) required to complete it in a timely fashion can be determined.
- 2.27 The S151 officer will include a fit for purpose structure for the Core Agresso Team as part of the permanent finance staffing restructure, this will set the framework for the Council to ensure that best practice in relation to the system is adopted across board.
- 2.28 Finance and Procurement Systems Developments and Enhancements will be addressed after March 2022 once the outstanding statutory accounts have been submitted.

Finance Team

- 2.29 The structure of the finance and commercial function, including procurement and contract management has been reviewed and a new structure designed. Job descriptions, person specifications etc are being revised and the necessary materials for consideration and then implementation of the proposals such as FAQs, recruitments processes are likewise being developed. Linked to this a report outlining future options for the internal audit function was reviewed and agreed by the Audit and Corporate Governance Committee at its meeting on 9 December 2021. This recommended bringing the service back in house and was agreed subject to agreement of a revised implementation timeline. Work on the implementation plan including agreement of the structure, job descriptions and recruitment is on-going and will be completed in early 2022.

Dedicated Schools Grant

- 2.30 Since November the following actions have occurred:
- accruals of £1m of DSG-related expenditure were identified
 - to minimise the risk of payments relating to previous years being incorrectly accounted for in the future, a new accruals process has been implemented;
 - a process for regular monitoring of expenditure and cost reductions has been implemented; and
 - there is now a process for regularly monitoring the quality of data used to manage DSG activity.

Insurance

- 2.31 The shortfall in the 2021/22 annual budget for insurance premiums, and the lack of provisions and reserves set aside in the accounts for uninsured claims has been estimated based on advice from our brokers and an amount to cover the shortfall included in the Capitalisation Direction. Provisions and reserves have been included in the accounts based on this advice and these calculations.

PFI

- 2.32 A review of the contract undertaken in November 2021 did not identify any further opportunities for savings.
- 2.33 Work will now be undertaken to produce shadow information in preparation for the formal PFI benchmarking exercise with the provider in May 2022.
- 2.34 A review of the accounting arrangements for the PFI was undertaken to determine whether a PFI sinking fund should be established to re-profile the PFI grant to mirror the profile of the unitary charge over the remaining life of the contract. The costs of setting up a sinking fund outweigh the benefits.

Inspection reports/correspondence

- 2.35 This reports deals with four inspection reports, correspondence – CIPFA exceptional financial support, DLUHC governance review, External Auditors statutory and other recommendations and the DLUHC correspondence. The latter will be superseded by the statutory DLUHC recommendations in the next report
- 2.36 Progress against each of the specific issues in these reports/correspondence is shown in appendices 13 to 16 inclusive on a line by line basis and in summary shows:
- CIPFA – this report largely agreed with the then financial assessment by the Council and work is ongoing on all except one action in the report
 - DLUHC – this addresses many governance issues within the Council and work is progressing on most of the recommendations
 - External auditors – this heavily focusses on the accounts of the Council and as can be seen above a great of work has been undertaken which will change the 2018/19 accounts significantly and provides a base for the 2019/20 and 2020/21 accounts as the Council parallel runs preparation of these accounts
 - DLUHC correspondence – to be replaced in future by the statutory recommendations and updates work in progress in several areas

Statement of Accounts and year end close

- 2.37 A draft Statement of Accounts for 2018/19 was presented to the Audit and Governance Committee in May 2021, *but the following issues preventing an audit opinion being given at that time were:*
- *the appeals provision was understated because a business rates appeal had not been provided for;*
 - *long-term debtors were overstated because a loan to Slough Children's Trust had not been impaired for non-payment; and*
 - *agreeing a way forward regarding the understatement of minimum revenue provision (MRP) for the period 2016/17 to date.*

2.38 Following discussions between the new finance team and the external auditors, it was decided that rather than try to address these three issues in isolation the Council would run both the preparation of 2019/20 and 2020/21 accounts, and the additional work required to address 2018/19 issues, in parallel over the then next 10-12 months.

2.39 It was expected that, as a result of this approach, a number of further changes would need to be made to the 2018/19 accounts. *In the event, the findings from the work detailed below will require all the core statements, group accounting statements and 60% of the notes to be restated.*

2.40 *Work has been completed on the outstanding issues raised by Grant Thornton as follows:*

- *the appeals provision is to be increased by £4.5m in 2018/19;*
- *the loan to Slough Children's Trust has been impaired by £2.4m;*
- *A prior period adjustment of £27m in respect of understated MRP has been calculated for the period to 31/3/2018 and a further understatement of £6m in 2018/19. i.e. MRP was understated by £33m to 31/3/2019. The cumulative understatement of MRP to 31/3/22 is £69m.*

2.41 *In addition, work on the accounts has identified the following further issues:*

- *£13m of s.106 contributions recognised as capital grants unapplied in 2016/17 will need to be restated as a long-term creditor, because the conditions associated with the agreements had not been met, therefore the contributions had been incorrectly recognised as income;*
- *a lease for a plot of land to be used for an Extra Care Home development had been incorrectly accounted for as follows:*
 - d) *lease rental payments of £2m had incorrectly been capitalised even though ownership of the land did not transfer to the Council. Consequently the payments should have been charged to revenue and a prepayment recognised in 2019/20;*
 - e) *as a result of the cancellation of the capital project in 2021, £0.6m of development costs currently charged to assets under construction will have to be written off to revenue and have been added to the capitalisation direction;*
 - f) *also as a result of the cancellation of the project, a £4.5m provision has to be recognised for an onerous contract in respect of the remaining 40 year term of the contract.*
- *a number of cases where accruals have not been raised including:*
 - c) *£2.2m of capital expenditure relating to 2019/20 but paid in 2020/21; and*
 - d) *£1m of DSG-related expenditure paid in 2021/22 but relating to 2020/21.*
- *132 assets misclassified as investment properties but which are operational assets. Correcting the misclassification will alter the asset values which is currently being worked through.*

- 2.42 *In addition, officers have reconciled the asset register to the housing management system for council dwellings for the years 2018/19 to 2020/21. This has identified minor discrepancies between the two systems and work is ongoing to identify the causes and rectify these. This does not have a material impact on the accounts.*
- 2.43 *As part of the closedown process, an exercise has been undertaken to review all provisions and contingent liability disclosures for completeness. This has identified a number of provisions which had not been identified:*
- *£2.6m provision for refunds to tenants arising for the Thames Water v Southwark case;*
 - *Bad debt provisions had not been reviewed for some time and were materially understated. Work is ongoing, but the initial indication is that bad debt provisions in respect of General Fund items have been understated by £11m.*
- 2.44 *Four loan repayment instalments for a loan to a school had not been collected totalling £28,000 in the two years since the loan was advanced. Processes are being established to ensure collection is made automatically and that this does not recur.*
- 2.45 *Review of the arrangements with SUR LLP indicates that loan notes in respect of land optioned to SUR for the Old Library Residential site will have to be impaired by £0.4m, because the scheme is unlikely to make a profit. Currently the senior debt loan of £9.7m is not thought to be at risk of impairment.*
- 2.46 *Detailed timetables for work on year-end close have now been finalised with the overall aspirational objective of publishing all three year's accounts by 31 March 2022, including two sets of prior period adjustments. The team has also introduced new ways of working which should not only expedite the audit process but support the production of more accurate financial information going forward.*
- 2.47 *Key changes made to date include the following:*
- *amending the format and presentation of the Council's Statement of Accounts*
 - *introducing a "whole team" approach which is upskilling numerous members of staff as well as spreading the workload.*
 - *adopting a "right first time" approach to ensure that all year end work is completed to the expected standard before submission to audit*
 - *standardising the preparation and filing of supporting information*
 - *providing comprehensive technical guidance and training to all staff involved in closedown work*
 - *establishing regular liaison meetings with external audit, and a systematic process for managing and responding to audit queries*
- 2.48 *A detailed programme of technical training for Finance staff was completed in November to bring staff up to date with technical developments and the new working paper templates for final accounts.*
- 2.49 *Regular two weekly meetings are being held with Grant Thornton to discuss technical accounting issues as they arise and agree a way forward as part of the closedown process. This should reduce delays once the audit of the accounts commences.*

2.50 As set out in Appendix 1, additional work has either already been completed or is in hand to address “high risk” accounting areas. Discussions are also ongoing with *DLUHC to address the impact of the understatement* of the Council’s MRP in a manner that meets relevant accounting and legal requirements whilst not placing unnecessary financial demands on the Council.

Budget setting and delivery

- 2.51 The Council has focussed its efforts on verifying its March 2021 savings proposals and on generating proposals to achieve the revenue target set for 2022/23. Scrutiny meetings in November, December and January will review budget proposals for 2022/23 and year-to date delivery of revised budgets for 2021/22. *The Council is now preparing reports for approval by Council of the various elements of the budget. This report will set out those decisions that require separate cabinet approval and a timescale for such decisions.*
- 2.52 In September 2021, the Cabinet received a report from the Director of Finance explaining in detail why current levels of borrowing, coupled with current plans for additional borrowing to finance the approved capital programme, were not affordable. Cabinet therefore approved the following:
- an orderly programme of asset disposals totalling £400-600m over the next five years. These capital receipts will be used to repay external borrowing, which will reduce the impact of debt charges on General Fund revenue budgets.
 - significant reductions to the capital programme for the three years to 31 March 2024. Current proposals are to reduce capital spending over the next three years by £93.4m, and the Strategic Acquisitions Programme is being suspended
- 2.53 *Currently a procurement process is underway to appoint external agents to advise and manage the asset disposal process to obtain best consideration from the asset disposal programme and manage the process in a timely manner.*
- 2.54 Linked to this, the 2021/22 Treasury Management Strategy which is significantly dependant on levels of capital expenditure and capital receipts, is currently being revised and a new Treasury Management Strategy will be presented to members as part of the developing budget round. Although the Council originally planned to take out £65m of new loans in 2021/22, it now expects to take out no additional borrowing in the current financial year.
- 2.55 *At 30 June 2021 the Council had £411m of local authority short-term borrowing presenting the Council with a substantial risk of an increase in interest charges if the Council was unable to re-finance the borrowing. To date the Council has been able to successfully re-finance all temporary borrowing as it has fallen due thus reducing the re-financing risk. In addition to work is ongoing to re-profile the cashflow*

forecast to reflect the reductions in capital and revenue spend arising from the Recovery and Renewal Plan.

- 2.56 The HRA is projecting a net surplus of £0.7m at the end of the current financial year. This is mainly due to increased income from dwelling rents and reduced staff cost due to vacant posts, partly offset by increased depreciation charges during 2021/22. *The provisional HRA reserves balance is therefore currently forecast to increase to £8.2m by the end of the current financial year after taking account of the Thames Water refund provision and planned repayment of £10m of borrowing.*
- 2.57 The HRA 30-year business plan was not updated before setting the 2021/22 budget and is currently under review. The new HRA business plan will be refined in future months with outcomes reported to members in the New Year as part of the 2022/23 budget setting framework.
- 2.58 *Following one of the CIPFA recommendations, plans are being put in place to develop a balanced MTFs by May 2022. This will cover in detail the financial year 2023/24 – current challenges in going beyond this are the Council is awaiting a response from DLUHC on the support it will receive from them or be authorised to undertake, the local government settlement recently received is for one year only ie 2022/23 and the raft of financial and other challenges that the Council faces mean that achieving a detailed MTFs by May 2022 is not a feasible scenario. The support from DLUHC will also impact on the level of savings required from the Council and thus the savings it needs to plan for. The longer term MTFs will at this stage be a high level framework*

Investment in companies

- 2.59 The Council has eleven companies that are wholly owned, partly owned or are considered to be independent but undertake activities that are related to the Council. Six are non-trading and will be closed down during 2021/22.
- 2.60 A number of issues have been identified, and continue to be identified, in relation to financial planning, reporting and management; governance; scrutiny and oversight; operational effectiveness; commerciality; performance management and risk management. *In response to the Council's financial challenges an options review of SUR LLP has been completed and a number of workstreams are underway to de-risk the Council financial position. In addition there is an ongoing review of the long-term strategy and options for JEH Ltd.*
- 2.61 Given the wide range of issues identified, activity has been prioritised to address a number of governance, financial, management and oversight issues, especially in relation to GRE5 and SUR. A Corporate Oversight Board has been established for SUR and significant progress has been made to GRE5's financial planning and reporting, oversight and critical governance arrangements including the appointment of new directors.
- 2.62 In 2021/22, work will continue to focus on addressing internal and external audit recommendations, exploring opportunities for asset disposals and the release of

asset value, developing exit strategies and strengthening value for money and efficiency.

Internal audit and procurement

- 2.63 *Significant progress has been made in closing down internal audit management actions from previous financial years through frequent liaison with action owners, executive directors and associate directors*
- 2.64 *Work to clear internal audit actions from previous financial years is being given priority, and it should be noted that there are some management actions that relate to some key improvements that will take some time to implement, for example, the actions associated with the council's commercial companies.*
- 2.65 *Work continues to bring in resources to develop and implement the procurement strategy:*
- *the structure of the commercial function, including procurement and contract management has been reviewed and a new structure designed.*
 - *procurement and contract management guidance has been developed in line with the improved contract procedure rules which were approved at full council in November.*
 - *the build of a contracts register continues and use of the council's finance system to manage contracts is being explored, and*
 - *financial regulations are currently being updated.*

Financial systems

- 2.66 The Council uses Agresso for its core financial systems, procurement, payroll and HR. Initially installed in 2016, the system is still fit for purpose but is not currently used to its full capacity. Workstreams are now being established which will allow the Council to:
- use the current system to the best of its capacity
 - ensure that the Agresso system operates effectively and can interface with all other Council systems
 - determine fit for purpose staffing structures, external support contracts and revenue budgets for supporting Agresso in the future, and
 - set up a Project Board to consider and approve any further developmental and project work required to ensure that Agresso remains fit for purpose.
 - *The project on the outstanding development work on Payroll, Human Resources and pivotal Interface and general systems enhancements is set to be completed by the end of January 2021.*
 - *With these enhancements in place the ERP needs to be fully documented in terms of systems and process architecture as this was not done by Arvato when the system was implemented. A lot of processes have been loaded up onto a support database on a ad-hoc basis but an end to solution that encompasses all the processes needs to be pulled together as a single resource base.*

- *The above will mitigate the risk of the over reliance and dependence on external consultants for the running of an ERP that facilitates the running of core council systems. A project plan will be scoped once the development work is complete as at that point a full gap analysis can be instigated and the resourcing capacity (both internal and external) required to complete it in a timely fashion can be determined.*
- *The S151 officer will include a fit for purpose structure for the Core Agresso Team as part of the permanent finance staffing restructure, this will set the framework for the Council to ensure that best practice in relation to the system is adopted across board.*
- *Finance and Procurement Systems Developments and Enhancements will be addressed after March 2022 once the outstanding statutory accounts have been submitted.*

Finance team

- 2.67 There is a very large amount of work to do to rectify previous weaknesses and put the Council on a sound financial footing. The external auditors have recommended that the Council invests significantly in its financial resources and a similar requirement has arisen from the recent CIPFA review.
- 2.68 Although the Council has a number of highly competent individuals now working for it who have proven technical and managerial skills, many of these are employed on an interim basis. There is also a need to fill gaps in the service at a more operational level, which is currently being addressed.
- 2.69 In the longer term, the finance function needs to secure more permanent employees and a new staffing structure is being designed together with a more robust recruitment processes, training and development programmes, and appropriate job descriptions which will be instrumental in taking forward the financial future of the Council.
- 2.70 *The structure of the finance and commercial function, including procurement and contract management has been reviewed and a new structure designed. Job descriptions, person specifications etc are being revised and the necessary materials for consideration and then implementation of the proposals such as FAQs, recruitments processes are likewise being developed. Linked to this a report outlining future options for the internal audit function was reviewed and agreed by the Audit and Corporate Governance Committee at its meeting on 9 December 2021. This recommended bringing the service back in house and was agreed subject to agreement of a revised implementation timeline. Work on the implementation plan including agreement of the structure, job descriptions and recruitment is on-going and will be completed in early 2022.*

Dedicated Schools Grant (DSG)

- 2.71 Local authorities are facing increased demand for places for pupils requiring specialist education provision, which has risen in Slough by 86% since 2015. As well as this significant increase in numbers, the complexity of pupils' needs is also increasing.

- 2.72 The Council's DSG deficit has also been growing. The overall deficit has grown from £4.9m in 2015/16 to £19m at 31 March 2021, and could potentially grow to £42m by 2024/25 if no further action is taken.
- 2.73 All local authorities with DSG deficits are now required to prepare and implement a deficit management plan, although the Department for Education (DfE) recognises that some in some cases it may take several years for the situation to improve.
- 2.74 Slough's deficit management plan was shared with the DfE in July 2021, and the following action has been taken to date:
- data has undergone an initial cleanse, and further work is in hand to ensure that numbers of pupils in receipt of additional funding can be tracked by both setting and by primary need.
 - processes at panel reviews have been amended to ensure more robust, transparent decision making
 - regular reviews now take place to ensure that funding ceases promptly when pupils are no longer in education, or when agreed outcomes have been met.
 - all new independent placements now have independent progress assessments so that contract management and challenge can be more effective.
 - commissioning meetings with all independent providers have begun and will be complete by end of financial year 2021-22
 - partnership working with Adult Social Care has been strengthened to improve post-16 placement and transition planning
 - a Resource Base review has identified 3 provisions that can potentially be redesignated as specialist support units.
- 2.75 *Since November the following actions have occurred:*
- *accruals of £1m of DSG-related expenditure were identified*
 - *to minimise the risk of payments relating to previous years being incorrectly accounted for in the future, a new accruals process has been implemented;*
 - *a process for regular monitoring of expenditure and cost reductions has been implemented; and*
 - *there is now a process for regularly monitoring the quality of data used to manage DSG activity.*

Insurance

- 2.76 *The shortfall in the 2021/22 annual budget for insurance premiums, and the lack of provisions and reserves set aside in the accounts for uninsured claims has been estimated based on advice from our brokers and an amount to cover the shortfall included in the Capitalisation Direction. Provisions and reserves have been included in the accounts based on this advice and these calculations.*
- 2.77 Future years' revenue budgets have been amended to reflect potentially significant annual increases in insurance premiums in the medium term of at least 10 per cent per annum. *This reflects the current marketplace. The insurance renewal process*

for 2022/23 has begun and will provide greater certainty on the budget implications once completed in March 2022 Also, like many other local authorities, the Council does not currently procure Cyber Insurance cover due to the significant cost of premiums and limited marketplace.

2.78 *The renewal process will ensure that the Council:*

- has appropriate insurance cover, and
- is maximising value for money in terms of both insurance premiums and the cost of settling uninsured claims.

Business Planning

2.79 Work has commenced on drafting of a comprehensive business plan for the Finance and Commercial Services Department. This document *will now be completed in February 2022* and finalised in advance of the new financial year. The plan will cover culture, productivity, training and development, succession planning as well as:

- quantifying the range of technical and operational activities currently being undertaken by each team in the department
- developing a “dashboard” for reporting progress against key targets, objectives and priorities.

PFI review

2.80 The Council has one PFI contract for 3 schools, two of which are now academies, however the 25 year contract still has 14 years left to run and is part funded by grant from central government. A review in 2015 identified scope for financial savings, most of these have now been implemented as envisaged.

2.81 A high-level review of the PFI was undertaken by Grant Thornton in October 2021 which concluded that the contract was generally well managed, schools were physically well-maintained and costs and performance standards were comparable to similar contracts elsewhere.

2.82 *A review of the contract undertaken in November 2021 did not identify any further opportunities for savings.*

2.83 *Work will now be undertaken to produce shadow information in preparation for the formal PFI benchmarking exercise with the provider in May 2022.*

2.84 *A review of the accounting arrangements for the PFI was undertaken to determine whether a PFI sinking fund should be established to re-profile the PFI grant to mirror the profile of the unitary charge over the remaining life of the contract. The costs of setting up a sinking fund outweigh the benefits.*

Revenues and benefits

2.85 The Council commissioned a review of revenues and benefits services which was carried out by CIPFA in July 2021. This review highlighted a number of shortfalls in the current arrangements, including the following:

- the existing structure is not considered fit for purpose and demonstrates a lack of resources, accountability and ownership. Resource issues also exist in key support services such as ICT and logistics which the service relies upon to deliver improvements
- the service is carrying a high level of vacancies and is heavily reliant on temporary staff which is not sustainable either operationally or financially
- management is spread thinly, and no clear action plans exist to support improvements
- IT initiatives are led by the digital team and deliverables and priorities are not agreed with the service which has limited control over issues such as the implementation of IT upgrades or self-service functions.
- a number of key service support contracts are due to expire within months and there is insufficient time to re-tender or consider options which might offer better value for money going forward.

2.86 *These issues have led to backlogs of work and are also impacting other elements of the service such as collection of benefit overpayments and rent arrears. In recent months progress in addressing outstanding workloads has been made. Whilst backlogs still exist the volume of items outstanding has been reduced by 30%. (From 4,660 to 3,273.) The outstanding documents in Council Tax (3,273) reflect the ongoing efforts to increase recovery activity to maximise income for the council.*

2.87 New staff within the Council's corporate finance team have also identified that the Council needs to:

- agree a clear set of aims and objectives for future service delivery, reinforced by Key Performance Indicators
- clarify how shortfalls in performance will be addressed and on what timescales.
- explore ways of making better use of available technology to improve value for money.

2.88 *A detailed action plan has been developed to address all of these issues over the next 12-18 months, Appendix 11 sets out the key themes for improvement across the service.*

2.89 *Authorisation has been sought to procure an ongoing monitoring tool to prevent single person discount fraud and procurement will commence in the new year. This project is expected to increase income to the council by £250k over three years compared to the traditional annual review*

CIPFA Report

2.90 The report following CIPFA's independent review was received by the Council on 22nd October 2021 and largely agrees with the Council's own assessment of its financial position. As shown by Appendix 13, good progress is being made on the

recommendations included in CIPFA's report with 11 out of 12 being actioned to date.

MHCLG/DLUHC Report

- 2.91 The report following the independent review by MHCLG (as it then was) in August 2021 includes 30 separate recommendations and was received on the 25 October 2021. Good progress is being made on most of these with all recommendations relating to Finance now actioned, and all recommendations relating to governance and legal services now in progress with an expected completion date of 31 March 2022 or earlier.
- 2.92 Five recommendations relate to the Council's corporate priorities and the wider corporate culture. These will take longer to address and will be considered following the very recent receipt of the report.

Grant Thornton – external recommendations

- 2.93 Reports have been received from Grant Thornton which include both statutory and non-statutory recommendations. A summarised action plan is set out in Appendix 15 which confirms that:
- all recommendations relating to year end close and technical accounting issues have either already been addressed or are in the processes of being implemented
 - new arrangements have been put in place for reporting financial performance to members and to the Council's senior management team on a regular and consistent basis
 - work to improve governance of Group relationships is well underway but new processes will take time to become embedded
 - work to improve governance arrangements, specifically production of the Annual Governance Statement and evidencing of the Council's Annual Governance Review, is in hand and due to be completed by 31 March 2022
 - improvement work on medium-term financial planning will be linked to the 2022/23 budget preparations.
- 2.94 Work on financial savings has so far focussed on verifying the 2021/22 revenue proposed savings by clarifying specific savings targets for individual directorates and thus facilitating delivery. Longer term savings targets and action plans will be developed as part of medium-term financial planning but achieving cultural change within the organisation will be key to successful delivery.
- 2.95 Similarly, work to address the current low levels of General Fund reserves has so far been primarily focussed on trying to prevent the current situation from deteriorating still further, by managing the current year's budget within available resources. Plans to improve levels of reserves over time will be finalised following discussion with MLUHC about the MRP position and what (if any) extra grant funding might be available. Realistically however, the Council is likely to be in a deficit reserves position on the General Fund for some years to come.

3 **Implications of the Report**

3.1 **Financial implications**

3.1.1 These are set out throughout the report. Should the work being undertaken not be completed or be significantly delayed, the Council's financial position would quickly deteriorate and become untenable.

3.2 **Legal implications**

3.2.1 The Council has a number of statutory duties in relation to financial management. These include the following:

- Under Part I of the Local Government Act 1999, a best value duty to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of efficiency, economy and effectiveness;
- Under section 31 of the Local Government Finance Act 1992, the requirement to set a balanced budget at the start of each financial year;
- Under section 28 of the Local Government Act 2003, a requirement to review actual expenditure against the approved budget on a regular basis throughout the year and, where it appears that there has been a deterioration in the financial position, a requirement to take such action as is necessary to deal with the situation;
- Under The Accounts and Audit Regulations 2015, a requirement to maintain adequate systems of internal control.

3.2.2 The Council's Constitution, which is based on the requirements of the Local Government Act 2003, requires that decisions in relation to financial management must be taken at specific levels within the organisation, as follows:

- Full Council is responsible for approving the policy and budget setting framework at the start of each financial year. This includes approval of Council Tax increases, revenue and capital budgets, Treasury Management Strategies and capital investment plans.
- Cabinet is then responsible for determining how and when expenditure will be incurred, and what levels of service are provided, so long as this is in accordance with the overall budget framework.
- Part 3 of the Constitution also includes a Scheme of Delegation whereby some decisions can be delegated to individual officers or to senior officers acting as a group.

3.2.3 The Secretary of State for the DLUHC has made a statutory direction under the Local Government Act 1999 on the basis the Council is failing to comply with its requirements under Part 1 of this Act. This requires the Council to take actions as set out in Annex A of the directions, that certain prescribed functions as set out in Annex B shall be exercised by Commissioners from 1 December 2021 and that the Council shall comply with any instructions of the Commissioners in relation to the

exercise of the functions specified in Annex B. The directions remain in force until 30 November 2024.

3.3 Risk management implications

3.3.1 There are a range of risks associated with this work. These risks and the mitigations put in place to manage them are set out in Appendix 12. Some of these mitigating actions are already in place, others will take time to develop and embed. This risk assessment will continue to be developed and the position continuously assessed, with regular reporting to members as part of these progress reports.

3.4 Environmental implications

3.4.1 The work being undertaken will allow the Council to continue to function and thus help address its environmental aspirations

3.5 Equality implications

3.5.1 The work being undertaken will allow the Council to continue to function and thus help meet its equality requirements

3.6 Procurement implications

3.6.1 The proposed asset disposal programme, implementation of the Council's procurement strategy and maintenance or improvements to financial systems will all require the assistance of external specialists who will provide additional skills and capacity not currently available in-house.

3.6.2 Any support obtained from external support consultants will be secured in compliance with the Public Contracts Regulations 2015, Council procurement policies, and within approved budget spending limits.

3.7 Workforce implications

3.7.1 No workforce implications have been identified as a direct result of this report. Possible future changes to the staffing structures within Finance functions referred to in this report are subject to future Cabinet reports which will fully consider workforce implications.

3.8 Property implications

3.8.1 The asset disposal programme referred to in section xx of this report will directly impact on the Council's property holdings. Full details will be provided via six-monthly progress reports to Cabinet.

Background Papers

S114 notice
Grant Thornton 2018/19 audit reports
2018/19 draft Statement of Accounts
2021/22 budget reports

Statement of accounts and year-end close

The position in May 2021

1. A draft Statement of Accounts for 2018/19 was presented to the Audit and Governance Committee in May 2021. The issues that prevented an audit opinion being given at that time were:
 - a business rates appeal which had not been provided for;
 - impairment of a loan to Slough Children's Trust; and
 - agreeing a way forward regarding the understatement of minimum revenue provision (MRP) for the period 2016/17 to date.
2. At that point draft financial statements for 2019/20 and 2020/21 had not yet been prepared or audited.

The new approach

3. Following discussions between the new Finance team and the external auditors, it was decided that rather than try to address 2018/19 issues in isolation the Council would run both the preparation of 2019/20 and 2020/21 accounts, and the additional work required to address 2018/19 issues, in parallel over the next 10-12 months.
4. Accounting issues are likely to be the same for all three years, therefore it will be quicker and more effective to address them all at the same time. It is likely however that, as a consequence of this approach, a number of further amendments will need to be made to the 2018/19 Statement of Accounts as currently presented.
5. Detailed timetables for work on year-end close have now been finalised and key dates are as follows:

Review 2018/19 accounts and working papers	Completed September 2021
Tackle high risk areas (see below) and draft supporting disclosure notes	October to December 2021 (ongoing)
Prepare 2019/20 and 2020/21 accounts Revisit and amend/update 2018/19 accounts	December 2021 to January 2022 (in hand)
QA/review accounts and working papers	February 2022
Publish 3 year's statements of accounts	31 March 2022 - audit commences April 2022

6. This work is now well under way and the Corporate Finance team have implemented new ways of working which should not only expedite the audit process but also support the production of more accurate accounts in future. Key improvements made include the following:
 - amending the format of the Council's Statement of Accounts to improve layout and presentation and to remove unnecessary or duplicated information and disclosures
 - introducing a "whole team" approach to closedown work which now involves all finance staff throughout the Council, particularly business partners and staff in Exchequer and Treasury functions who have previously not been much involved in year-end close. This new approach is upskilling numerous members of staff as well as spreading the workload.

- adopting a “right first time” approach whereby all closedown work is assigned to both a preparer and a reviewer. Reviewers will take responsibility for ensuring that all year end work is completed to the expected standard before draft accounts and working papers are submitted for audit.
- standardising the preparation and filing of supporting information, all of which is now centrally stored so that working papers can be easily located. A comprehensive suite of working paper templates has been introduced so that all information supporting the accounts is provided in a consistent and comprehensible format which meets external audit expectations.
- comprehensive technical guidance and training has been provided to all staff involved in closedown work, through a combination of access to on-line materials and weekly technical briefings via Teams.
- regular meetings now take place between Council staff and external audit to ensure that there is a shared understanding of progress and that where possible any issues identified are resolved at an early stage. One of the key challenges for the Council is managing the volume of audit queries once onsite work commences, therefore a dedicated staffing resource will be put in place to ensure that all queries are monitored and promptly responded to.

Risk areas

7. The following work has either already been completed or is currently in hand to address high risk accounting areas:
 - *Capital accounting and fixed asset registers* – a major data cleansing exercise is under way to ensure that every entry on the register is accurate, up-to-date and there is evidence of Council ownership. This has identified 40 properties not registered with HM Land registry. Work is ongoing to register these properties in the New Year. An exercise to ensure that HRA assets are reconciled to rent collection data has been completed for the years 2018/19 to 2020/21, and that beacon properties used in the valuation process are representative of the stock currently owned.
 - *Bank reconciliations* – bank reconciliation processes are being simplified and work is underway to close all bank accounts not in regular use.
 - *Debtors and creditors* – all year-end debtor and creditor balances are being reviewed so that uncollectable debtors can be written off and out-of-date creditors can be written back to the General Fund. As part of this process, bad debt provisions have been re-assessed for the collectability of debts and increased as appropriate. All feeder systems are now beginning to be reconciled to Agresso and all suspense and holding account balances are to be cleared.
 - *Group accounts* – the Council has reassessed all of its’ corporate interests and investments against Group accounting requirements. The Council has interests in 11 companies (9 subsidiaries, 1 joint venture and 1 associate. The only company with a different year-end to the Council is the joint venture, SUR LLP, with a 31 December year-end. The Council’s interest in SUR is that of an associate which only requires consolidation on an equity basis (in contrast to line by line for subsidiaries). In view of this there is no benefit to be gained from changing the year-end of SUR LLP to 31 March. Work is ongoing to wind up or dissolve all dormant companies.

- *Financial instruments* -work is being undertaken to revisit the classification and accounting treatment of all financial instruments, together with specific work on PFI and leasing disclosures to ensure that disclosures accurately reflect both current contractual arrangements and current accounting requirements.
- *Minimum Revenue Provision (MRP)* – *MRP has been recalculated for all financial years back to 2008/09 highlighting a cumulative understatement to 31 March 2019 of £33m, and a cumulative understatement to 31 March 2022 of £69m. Discussions are ongoing with DLUHC to address the impact of the understatement of the Council's MRP in a manner that meets relevant accounting and legal requirements whilst not placing unnecessary financial demands on the Council.*
- *Leases* – *in preparation for the introduction of the new leasing accounting standard (IFRS16) from 1 April 2022, work has been initiated with Place Directorate officers to identify all leases and lease type arrangements across the Council. Work is expected to be completed by end of January 2022, but has highlighted that a number of spreadsheet records are being used across Directorates rather than the Council's asset management software. This carries the risk that the spreadsheet records have no audit trail, version control or completeness check.*

Budget setting and monitoring

General Fund Budget

1. In March 2021, the Council approved a balanced budget for the General Fund revenue spending for 2021/22, however this budget was based on delivery of in-year savings totalling £15.6m.
2. A great deal of work has been undertaken since July to verify budgets and savings plans for 2021/22 and this work has identified that:
 - many of the assumptions underpinning this budget were inaccurate and unrealistic
 - the budget did not include adequate set aside for repayment of debt charges (MRP)
 - anticipated savings were not fully supported by realistic delivery plans, nor was the total saving requirement of £15.6m allocated out between spending departments so there was no clear accountability for savings delivery, and
 - as a result of audit changes to the Council's 2018/19 financial statements, there were no available balances.
3. Most of the recent activity within this team has therefore been directed at re-balancing the 2021/22 budget in the light of this new information with a view to ensuring that the Council can still operate within its available resources during the current year and that the cumulative deficit on General Fund balances (currently estimated at £183m at 31 March 2022) does not deteriorate further due to in year budget management.
4. This work has involved:
 - reworking all department revenue budgets in the light of current key assumptions regarding income levels, spending, and demand for services
 - agreeing detailed service targets and delivery plans with budget holders.
5. *The current work is now focused on producing the necessary budget reports for approval by Council in March.* However, this position is heavily dependent on DLUHC's agreement to support the Council which is currently pending discussions with them. Recent reports from CIPFA and DLUHC have emphasised that effective financial management is a corporate responsibility which must involve all members of the Council's senior leadership team and all elected members. Since his appointment in May 2021 the Director of Finance has ensured that each directorate has a Business Partner in post who is able to liaise between spending departments and the Corporate Finance team to deliver this important priority. Work is also ongoing to ensure that spending departments understand the composition of their budgets and take ownership for delivering financial targets once these have been agreed.
6. Since the last progress report, the Corporate Finance team has continued to develop and improve in-year financial reporting.

Asset disposal programme

7. In September 2021, Cabinet received a detailed report explaining why current levels of external borrowing were not sustainable. Members therefore approved an orderly programme of asset disposals totalling £400-600m over the next five years. These capital receipts will be used to fund the capitalisation direction and repay external borrowing, which will reduce the impact of debt charges on General Fund revenue budgets and is a key component of the Council's financial recovery.
8. *Since then, action has been taken to identify potential sites for disposal and to establish a well-documented, transparent and consistent process for and demonstrating that the Council is achieving best consideration for all assets disposed of. Members agreed to procure external expertise with the programme of asset disposals. The procurement process is currently underway using a Homes England select list of 19 accredited asset brokers, valuers and property specialists. 6 firms expressed an interest and invitations to tender have been sought with a closing date in January 2022 with a view to appointing in February 2022.*
9. *In the meantime, officers in the Place Department have undertaken work to ensure that all Council property records are accurate and up to date and all properties registered with HM Land Registry. 40 properties have been identified which had not registered and work has started to get these registered in the New Year. This should expedite future asset disposals.*

Capital investment

10. A three-year capital strategy for 2021/22, 2022/23 and 2023/24 was approved by Council on the 8 March 2021. However, as explained in the s.114 report, neither the capital strategy nor the 2021/22 budget report clearly set out the revenue implications of repaying the borrowing necessary to fund this level of proposed expenditure.
11. Project managers were therefore tasked with reducing the capital programme, so that any new schemes financed by external or unsupported borrowing were removed. As a result, the capital programme for the three years to 31 March 2024 is likely to be reduced by £93.4m and the Strategic Acquisitions Programme, which was established to purchase investment property through external borrowing, has been discontinued.

Treasury Management

12. The 2021/22 Treasury Management Strategy which is significantly dependant on levels of capital expenditure and capital receipts, is currently being revised as the version approved by members in March 2021 is now out of date. A new Treasury Management Strategy will be presented to members in the New Year.
13. Although the Council originally planned to take out £65m of new loans in 2021/22, it now expects to take out no additional borrowing in the current financial year.
14. *At 30 June 2021 the Council had £411m of local authority short-term borrowing presenting the Council with a substantial risk of an increase in interest charges if the Council was unable to re-finance the borrowing. To date the Council has been able to successfully re-finance all temporary borrowing as it has fallen due thus reducing the re-financing risk. In addition to work is ongoing to re-profile the cashflow forecast to*

reflect the reductions in capital and revenue spend arising from the Recovery and Renewal Plan..

Housing Revenue Account (HRA)

15. The HRA is projecting a net surplus of £0.7m before repayment of loan debt at the end of the current financial year. This is mainly due to increased income from dwelling rents and reduced staff cost due to vacant posts, partly offset by increased depreciation charges during 2021/22.
16. The HRA is ring-fenced by statute so any net under or overspends at 31 March 2022 must be carried forward within this account and cannot be transferred to other services. *The provisional HRA balance of £17.5m at 31 March 2021 is currently forecast to decrease to £8.2m by the end of the current financial year, primarily because of the planned repayment of £10m of borrowing at the end of the year.*
17. The HRA 30-year business plan was not updated before setting the 2021/22 budget and is currently under review. The new business plan will be refined in future months with outcomes reported to members.

Interests in companies

Overview

1. The Council has eleven companies that are wholly owned, partly owned or undertake activities related to the Council. This report relates to trading companies only and excludes Slough Children's First Ltd which was recently established this year, but which will be reviewed following these. These companies are:

- Ground Rent Estates 5 Limited (GRE5) – Management of the freehold lease for Nova House (100% subsidiary)
- James Elliman Homes Limited (JEH)- Other letting and operating of own or leased real estate (100% subsidiary)
- Development Initiative for Slough Housing Company Limited (DISH CL) – Management of affordable properties*
- Slough Urban Renewal LLP (SUR) – a joint partnership between Slough Borough Council and Muse Developments (50:50 joint venture)

* DISH CL leases properties from the Council for affordable homes.

GRE5

2. Given the known risks associated with the refurbishment works at Nova House and the significant uncertainties with regards to total costs, cost recovery, grant funding, insurance claim and repayment of loans to the Council, GRE5 has been prioritised in recent months.

3. *Since the last update the following progress has been made:*

- *Two new external director appointments have been made;*
- *the Council's Shareholder Function has been established. As part of this governance arrangements have been strengthened with regular reporting to the Council;*
- *a new Statutory Reporting Officer (SRO) has been appointed;*
- *a draft loan has been produced and is awaiting final seal;*
- *Homes England Grant Funding Agreement (GFA) has been finalised with all parties but is currently awaiting final signature by Homes England, DLUHC, SUR LLP and GRE5 Ltd;*
- *ongoing progress with regard to the litigation/insurance claim – expected to continue throughout 21/22;*

JEH

4. A deep dive review was commissioned in June 2021 to provide further insight into the range of issues identified by internal audit. Key progress includes the following:

- *two new JEH directors have been appointed and have had induction training; regular board meetings have been set up to start from January 2022*
- *Local Partnerships have started their review of the future options for JEH and are due to report at the end of February;*

- *Some internal audit comments have been actioned and work continues to address all outstanding recommendations*
- *Operational changes to improve tenancy management, debt recovery and maintenance matters – remains ongoing;*

SUR

5. SUR is a major strategic partner with a number of Council landholdings “opted” to the company under the terms of a Partnership Agreement. Progress made includes:
- *A series of changes have been made to remove and appoint new Directors;*
 - *Partnership meetings have been reinstated in line with the terms of the Partnership Agreement;*
 - *Performance management arrangements within the Council in respect of SUR have been regularised;*
 - *Ongoing due diligence and engagement with Homes England with regard to the disposal of the NWQ site;*
 - *Ongoing engagement with Muse Ltd and advisors on the disposal of key sites optioned to SUR LLP;*
 - *Agreement of key principles with Muse Ltd with regard to the Council’s future relationship with SUR LLP.*

DISH

6. Following a recent internal audit report, Local Partnerships undertook a high level governance review to enable a more risk based approach to be taken re the prioritisation of actions across the Council’s housing companies. As a result, some minor action has been taken although a more far-reaching review is likely to be undertaken to consider the ongoing requirement for DISH and its associated companies.

Procurement and Internal Audit

Procurement Strategy

1. *Work continues to bring in resources to develop and implement the procurement strategy.*
2. *The structure of the commercial function, including procurement and contract management has been reviewed and a new structure designed.*
3. *Work to procure specialist management consultancy to plug resource gaps during the transition of a permanent team is underway, and this resource will also be used to support future complex procurement projects where the resource is not held in house.*

Joint Procurement and Contract Management guidance

4. *Procurement and Contract Management guidance and practice notes have been prepared, including the improvements to the Contract Procedure Rules In particular, processes associated with higher volume, but lower level spend have been implemented..*

Contract Management

5. *Build of a contracts register is progressing. IT has been completed and Place Directorate contracts are being implemented.*
6. *The use of the Council's finance system to manage contracts is being explored and is on the plan of improvements in this area.*

Contract Procedure Rules and Financial Regulations

7. *Improved Contract Procedure Rules were approved by Full Council on 23 November 2021.*
8. *Improvements include the raising of thresholds to allow more flexibility in procuring and lower levels, distinguishing between services and works and ensuring the appropriate controls are in place.*
9. *A timeline for implementation of improved financial regulations is also in place, with an aim to adopt and implement them from 1 April 2022.*

Internal Audit – Independent Review

10. *Following the recommendation in the CIPFA report relating to Internal Audit the Council deployed resources to undertake a review of the Internal Audit Function. A detailed options appraisal was presented to the Audit and Corporate Governance Committee at its meeting on 9 December 2021. The recommendation to bring the internal audit function in-house was accepted by the Committee subject to comments by the Lead Commissioner on the achievability of the timeline outlined in the report. A further paper is being drafted to add additional detail so the proposal can progress as swiftly as possible.*

Internal Audit actions

11. 179 Internal Audit recommendations have been implemented since 1 April 2021. However as at 30 November 2021, 75 outstanding recommendations were overdue. These mostly related to reports issued in previous financial years. All actions have been reviewed and target dates assigned.

Summary across all Audits (including 2021/22)

Status	Total Actions	High	Medium	Low
Not Due	85	10	48	27
Overdue	75	4	35	36
Complete	179*	19	76*	84*
Total	339	33	159	147

**includes no longer relevant*

12. The Risk and Audit Board monitors outstanding internal audit actions and has representation across directorates who take responsibility for ensuring actions are implemented and closed in a timely way.
13. Progress on the implementation of all management actions made is regularly monitored, priority is focussed on high and medium rated actions, as well as those audits where a partial or no assurance opinion was given.
14. Work to clear actions from previous financial years is also being given priority, and it should be noted that there are some management actions that relate to some key improvements that will take some time to implement, for example, the actions associated with the council's commercial companies.

Internal Audits 2021/22

15. To date eight audits have been finalised (as at 30 November 2021). RSM have scheduled a further 26 audits to be completed up to 31 March 2022.
16. Officers continue to have regular dialogue with Internal Audit regarding the content and scope of these audits.

Financial Systems

Current Status

1. As the ERP is fundamental to the information flow in the organisation the new S151 officer has assumed strategic oversight over the system and is working on how to embed the right structure, resources, and practices in the organisation to maximise the output of the system and significantly reduce the costs arising from the inefficient operation that currently subsists.

Background Information

2. It has, been established that SBC does not have a contract with Myriad, but Myriad have been supplying consultants and a project manager / Solutions architect for over 3 years to manage Agresso Systems development mainly in HR and Payroll with minimal development in Finance and have assumed overall responsibility for supporting Agresso for the SBC and Schools Trust clients.
3. SBC does not currently have sufficient resources in place to manage the various development work that has gone into the system, and this is currently hindering SBC's ability to deal with basic functionality and reporting as it relates to core systems such as payroll, HR, Finance.
4. The Myriad consultants currently have a monopoly on a lot of the knowledge required for SBC to function as an independent entity and currently work is being focussed on finalising the project work in payroll and HR and harmonising systems access issues.
5. This is a significant risk to SBC as now the Myriad Consultants are Key People Risks as though they were not involved in the initial systems implementation, they have been responsible for all development from 2017.
6. The recently concluded contractual dispute with the original vendor (Arvato) did not include them supplying systems documentation so as it stands there is no formal documentation as to what's been implemented. This is another major risk as
7. From the above there needs to be another project phase which will include
 - Full Systems Documentation
 - Full Process Documentation (At the moment only development work that Myriad Consultants have carried out has been documented)
 - Knowledge Transfer such that an SBC role has responsibility for each significant process and the administration thereof is visible to all.
8. Updates on Information Provided to last Council Meeting
 - *SBC agreeing with Myriad (Project Manager) the level of project work outstanding, the resources required from them to complete as well as factoring in SBC and other external resources that will ultimately impact delivery. This analysis is now finalised and the current indication post the review of resource availability and SBC requirements is that the project development will be complete by January 2022.*

Update: HR, Payroll & agreed elements of IT related development work is scheduled to be completed by the end of January 2022.

It is imperative that SBC improves its utilisation of the ERP system, but the team's current main priority is completing the 3 outstanding sets of accounts (18/19, 19/20 & 20/21) by March 2022. Resources will be freed up from April 2022 to deal with the items listed below.

- Establishing what needs to be in place to provide best utilisation of the system for the finance and procurement modules as both have not had any real development from implementation and this has resulted in a myriad of manual interventions being undertaken for core financial management and reporting. Consultation with stakeholders will continue and Unit 4 solution providers will be invited to tender for the agreed scope of works.*
- Ascertaining the current costs of support and development work and providing a forecast of potential savings and realistic budgets for the next 2 financial years.*
- Gathering information from similar sized public sector organisations that utilise the functionality SBC currently has in place or will have in place post the imminent completion of the project work to determine a fit for purpose internal team structure for supporting the ERP and managing business as usual.*
- Ensuring that the right resources are in the IT department to provide the support necessary for the ERP system to run optimally and interface with all other SBC systems.*
- Instituting a Project Board that will see the above processes through and assume responsibility for approving any further developmental and project work required to ensure the ERP remains fit for purpose.*

Finance Team

1. The Council's Finance service is currently supplemented by a number of temporary staff who are leading the delivery of the various issues reported here, among other matters
2. The Council's auditors, Grant Thornton(GT), have issued statutory recommendations to the effect that the Council should have sufficient skilled resources to support not just the production and audit of year-end accounts but also to improve in-year financial management. GT have also issued a second recommendation that the Council should invest significantly in the Finance service.
3. The recent CIPFA report has also recommended that the Council enhance financial capacity.
4. *Work is to be completed in January 2022 on a new fully costed departmental structure for the Finance department. Job descriptions and key tasks have been developed for all grades and these will be subject to final review and sign off in January 2022. The structure will then be subject to evaluation and consultation during February 2022 with a view to agreement and final sign off in March. This should enable recruitment to full-time positions to begin in April.*
5. *The development of a finance function with permanent employees and less reliance on interim appointments that has robust recruitment, training and development programmes will be instrumental to securing the financial future of the Council.*
6. *Although the Council has a number of highly competent individuals now working for it who have proven technical and managerial skills, many of these continue to be employed on an interim basis. There is also a need to fill gaps in the service at a more operational level, which is also currently being addressed. Both of these issues remain a risk for the Council in the short term, but they should be able to be mitigated through the recruitment process.*

Dedicated Schools Grant (DSG)

Issues and past practice

1. Since the implementation of the Special Educational Needs and Disability (SEND) reforms as part of the Children & Families Act 2014, there has been a nationwide trend towards increased numbers of Children & Young People (CYP) being assessed for, and being issued with, an Education and Healthcare Plan (EHCP). In the last 3 years in Slough, the number of CYP with an EHCP has increased from 1,243 to 1,532 (an average increase of 7.7% per year).
2. The Council's DSG deficit has also been growing since 2015/16, mainly due to the pressures for additional funding in this area. The overall deficit has grown from £4.9m in 2015/16 to £19m at 31 March 2021, and could potentially grow to £42m by 2024/25 if no mitigating action was taken.
3. All local authorities with DSG deficits are now required to prepare and implement a deficit management plan, although the Department for Education (DfE) recognises that some in some cases it may take several years for the situation to improve. Slough's deficit management plan was shared with the DfE in July 2021. Actions to manage demand for EHCP funding and address the DSG deficit are included in this plan as follows:
 - SEND panels should ensure more robust, transparent decision-making, with commissioning professionals and/or finance officers in attendance
 - all SEND data must be accurate and up to date
 - funding should be ceased promptly when CYP are no longer in education, employment or training and/or their outcomes have been met.
 - there should be a clearer focus on more effective transition planning for post-16 and Preparation for Adulthood for CYP with EHCPs
 - establish a more robust commissioning framework for therapies (particularly speech and language)
 - development of in-borough provision to meet needs of specific SEND cohorts, reducing numbers of specialist setting and out of area placements.
 - Improve contract monitoring with independent providers.
 - audit current banding models to identify potential alternative systems for funding EHCP top-ups in mainstream, specialist resourced provision and special schools.

Risks

4. *Following a recent SEND Local Area Inspection we have now received their final report, which was published in November 2021. This has outlined further areas of concern that have implications for cost reductions in the current Management Plan. It has also highlighted a need for SEND strategic and operational activities to be appropriately resourced, in order to ensure that SEND Reforms are delivered which fully comply statutory requirements, and Management Plan objectives are implemented and sustained.*

5. The other key risk is regarding the assumptions made that underpin the management plan. Assumptions have been informed by all available information including past trends. However given the number of variables and external factors involved, assumptions are likely to change and will continue to be reviewed as new information becomes available and will be reflected in the periodic updates to the management plan to help inform future decision making

Progress to date

6. Progress to date is outlined below:

- All new independent placements now have formal contracts and independent progress assessments so that contract management and challenge can be more effective.
- All SEND data has undergone an initial cleanse, and further work is in hand to ensure that numbers of pupils in receipt of additional funding can be tracked by both setting and by primary need
- Commissioner meetings with all independent providers have begun and will be complete by end of financial year 2021-22
- More robust and transparent processes at SEND panels have been implemented.
- Partnership working with Adult Social Care has been strengthened to improve post-16 placement and transition planning
- A Resource Base review has identified 3 provisions that can potentially be redesignated as SEN Units, which will strengthen the process of ensuring that CYP with SEND are matched to appropriate provision. SLAs are being scrutinised by legal, and the schools involved are liaising with SEND Commissioner re consultation process. This piece of work is expected to be completed by end of current financial year.
- A new SEND Team Leader for post-14 has identified and begun to action EHCPs that the LA should cease to maintain.
- *New service level agreements have been established clarifying designation, admissions criteria and contract monitoring requirements.*
- *A new process to improve governance arrangement has been implemented*
- *To minimise the risk of mis-reporting expenditure in the future, a new accruals process has been implemented and revised arrangements for regular monitoring of expenditure and cost reductions.*

Insurance

1. The Council currently has a three-year Long-Term Agreement (LTA) in place with its insurers for the majority of its insurance covers. This agreement concludes on 31 March 2022, although for most covers there is contractually a two- year extension option to 2024. Such agreements are designed to give some certainty of premium costs and to shield against the impact of market movements. The current global insurance market is the most challenging for decades and this is significantly impacting premiums and cover.
2. *The renewal process for the 2022/23 insurance cover began in December 2021 and will complete in March 2022. Submission of renewal data has already taken place for Slough Children's First in consultation with the Company. Data for the general renewals is to be completed by mid to late January for submission to brokers and insurers during February.*
3. Slough renews its insurance annually. The last renewal on 31 March 2021 resulted in an 8.8 per cent increase in total premium costs to £1.223m including Insurance Premium Tax. There are a number of risks relating to the Council's insurance position that are currently being examined. Most notably:
 - a review of the insurance covers needs to be undertaken to ensure the Council is optimising investment in insurance;
 - there is a shortfall in the 2021/22 annual budget provision for premium costs and cost of claims;
 - there are currently no provisions or reserves set aside in the accounts for insurance claims;
 - future budgets will need to reflect potentially significant annual increases in insurance premiums in the medium term of at least 10 per cent per annum;
 - the Council, like many others, does not currently procure Cyber Insurance cover due to the significant cost of premiums and limited marketplace.
 - there are challenges in recruiting to the specialist risk and insurance manager post, which has been vacant since August.
4. To mitigate these risks, a review is being undertaken of the current insurance provision and an analysis of current and historical claims in order to establish an optimal position. This review has commenced and will be finalised alongside the completion of the insurance renewal by 31 March 2022.
5. The various financial pressures are being built into the budget and the capitalisation direction.
6. The Council's insurers offer a free of charge Cyber Security review and officers are investigating this being undertaken as a matter of urgency. A decision will then be taken as to whether insurance is a cost-effective response to the risk.
7. *The Council has successfully recruited a very experienced Risk and Insurance lead on an initial temporary contract until 31 March 2022. This will allow for completion of the departmental re-organisation to be confirmed before making a permanent*

appointment. It will also enable focus on the current backlog of insurance matters and the completion of renewal documents ahead of the 2022 renewal process.

Finance and Commercial Services – Business Planning

1. Work has commenced on a comprehensive business plan for the Finance and Commercial Services Department. *This document has been slightly delayed due to competing priorities but is on track to be drafted in February 2022 and finalised in advance of the new financial year.* The plan will set out the following:
 - Vision – will set a clear direction and ambition for the service that is achievable but challenging.
 - Achievements in 2020/21 and an overview of the current service provision – despite the issues raised in various reports the department has continued to deliver services during the past year and will reflect on achievements whilst being realistic about the challenges that lay ahead.
 - Key objectives for 2022/23 and beyond –recognising that there is a lot to do but have started on the journey and with appropriate support it is believed that significant change can be made whilst being realistic about the timescales and the environment in which we are operating.
 - What will be delivered in the short, medium and long-term will support achievement of the corporate plan objectives and improve the department to provide the high-quality service that is expected.
 - Operating Context will outline the financial position, set out how the department will work with customers, its people, and how it will embark on making the cultural changes required to achieve the vision.
2. It is recognised that the people and culture change required to achieve ambitions is a crucial part of the plan. There will be a particular focus on our people and their development. Significant investment will be made in recruiting permanent staff to all posts and providing a tailored training and development programme as part of our People strategy.
3. The training and development strategy will seek to embed a coaching and mentoring culture, will focus on succession planning and talent management, and will embed learning through tailored development plans and a range of other activities that will equip people to deliver the best-in-class service the Council requires.
4. The Council will embed an ethos of continuous learning through robust analysis and monitoring of productivity. Given the challenges faced the approach to productivity will be used as a means of adding value and stimulating innovation in order generate efficiencies whilst maintaining workforce motivation.
5. Finally, the service will measure and manage performance whilst ensuring a high level of communication and feedback is maintained so it can be agile and embed any learning for its future development.

Review of Schools PFI Contract

Work done to date

1. The Council has a 29-year PFI contract for three schools that it signed in 2006, two of these schools are now academies.
2. The contract is managed for the Council two days per week by a specialist consultancy, Castle Gate Legal & Commercial Ltd. Although this arrangement works well, as a result there is no expertise within the Council about the contract or how it operates.
3. The contract expires in 2035 and has 14 years left to run. The cost for 2021/22 is £6.9m. The is part-funded by government grant of £3.9m, charges to the schools and a residual charge of approximately £1m pa.
4. In most schools PFI contracts there are affordability gaps, some are charged to revenue accounts and some to the Dedicated Schools Grant (DSG). At the start of the contract an element of the cost of the PFI was charged to the DSG but the schools forum decided at a meeting on 16.01.2019 that they could no longer fund this, and all residual costs are now charged to the Council's revenue budget.
5. The costs of the PFI increase each year with inflation as do the charges to schools. However, the government grant is fixed for the entire period meaning the costs for the council will increase over time above inflation as it will need to cover the increased shortfall on the overall contract.
6. Local Authorities when they set-up PFI contracts allow for the fixed nature of the government grant when they account for the scheme, setting aside an element of the fixed government grant in the early years of the scheme to fund the additional costs at the end in a sinking fund. This balances out the costs of the scheme over its life and allows for any exit costs at the end of the scheme. The Council has not done this, so financial pressures on the Council will increase in years to come as the Council has already received the financial benefit inherent in the early years of the contract.
7. In 2015 a review of the contract was undertaken to determine the scope for financial savings, most recommendations were implemented as agreed.
8. A high-level review of the PFI was undertaken by Grant Thornton in October 2021 and concluded that:
 - the contract manager had a deep understanding of the PFI contract and its related parties, and had worked hard to maintain a healthy, collaborative relationship with the operator and the schools
 - schools are in good condition, both structurally and in terms of maintenance
 - there was no evidence that contract terms and conditions were not being complied with, and
 - costs and performance standards were comparable to similar contracts elsewhere.

9. Representations were made to the DfE in the Summer of 2021 asking for recognition that future grant settlements recognise the affordability gap of schools PFI on certain councils.
10. *A review of the contract undertaken in November 2021 did not identify any further opportunities for savings.*
11. *A review of the accounting arrangements for the PFI was undertaken to determine whether a PFI sinking fund should be established to re-profile the PFI grant to mirror the profile of the unitary charge over the remaining life of the contract. The costs of setting up a sinking fund outweigh the benefits*

Further Work Planned

12. *Work will now be undertaken to produce shadow information in preparation for the formal PFI benchmarking exercise with the provider in May 2022..*
13. Consideration will also be given to how expertise in the PFI scheme can be widened in the permanent finance and service team.

Revenues and Benefits

Introduction

1. Following the return of the service to Council control in late 2019 it has become clear that the current structure and approach is not resilient enough to deliver either operational resilience or value for money. The Council commissioned a review of the revenues service by CIPFA in July 2021 and it highlighted a number of key shortfalls in the current arrangements. These included the following:
 - The existing structure is not considered fit for purpose with a lack of resource, accountability and ownership. Resource issues also exist in key support services such as ICT and logistics
 - The service is carrying a high level of vacancies and is heavily reliant on temporary staff without the appropriate budgets to sustain this.
 - No clear improvement plans are in place.
 - IT initiatives are led by the digital team and not agreed with the service.
 - A number of key service contracts are due to expire within months and there is insufficient time to re-tender.
 - The service has limited control over issues such as the implementation of IT upgrades or self-service functions and this has led to work backlogs.
2. Many of these issues also are impacting the other elements of the service including the collection of benefit overpayments and rent arrears.

Aims for the service

3. The service needs to have a clear set of aims and objectives for its future delivery. These should be
 - Delivering an efficient and value for money service to Slough residents
 - Increasing in year Council Tax, Business Rate and Rents collection rates
 - Reducing outstanding arrears and tackling persistent non-payers.
 - Improving benefits processing times and accuracy rates
 - Providing digital access to services for residents that want to use it
 - Maximising the use of technology to deliver greater automation of high volume transactional activities.
 - Having a permanent trained workforce whose costs are comparable with statistical neighbours
4. Individual KPI's currently exist but will be reviewed in line with performance of comparator authorities to ensure the expectations for the service remain stretching but realistic. A report was taken to the Customer & Community Scrutiny Panel on the 8th December that outlined the current performance and the existing targets.

How does the service address these shortfalls and what actions should be taken?

5. Key areas have been identified for improvement and include:
 - Back office automation to deal with standard, high volume transactions such as Council tax moves, DD set ups etc. Benefit VEP processing, Universal Credit transactions and change of circumstances
 - Increase self-service options to reduce document flow and help to deliver reductions in call volumes for customer services
 - Proactive collection activities eg outbound calling, SMS and Email collection campaigns
 - Creation of a specialist debt collection team to chase older debt on an invest to save basis
 - The move to a robust and fully supported cloud-based system or modern in-house solution
 - Robust approach to procurement, stop rolling contracts etc.
 - Clear down of long running data quality issues
 - Recruitment and retention issues and creation of an apprenticeship programme to create pipeline of staffing and improved resilience
 - Secure a flexible resource support to reduce need for agency staff
6. In order to ensure that the service has a clear view of the activities that need to be delivered and that it can identify its priorities an action plan has been developed which is split into two overlapping elements
 - actions to address the recommendations made in the CIPFA Revenue Service review
 - actions required to modernise and deliver a robust, resilient service that is fit for purpose
7. *All of these action points are due to implemented in the next 12-18 months. Initial costings for all of the actions included have now been finalised and authorisation for the expenditure is being sought.*
8. *Potential suppliers for the technology elements of the improvement plan have been identified and an analysis of the cost and benefits of these investments has been undertaken. The service will commence procurement of the relevant services during the early part of 2022 subject to funding being agreed.*
9. *Funding for the procurement of a monitoring tool to reduce single person discount fraud has been agreed and procurement will commence during January 22. This project is aiming to deliver an increase in council tax receipts of £250k over 3 years.*
10. *Other priority actions that will assist with income collection and debt reduction are being implemented. During the remainder of the 2021/22 year actions will be taken to address unpaid current year debt and to pursue employers who have not made payments in respect of attachments of earnings.*

- 11. The service is seeing increasing covid related pressures and will also be administering the latest grants announced 21st December 2021 to support the retail and hospitality sector. It will also be managing an increasing demand for self-isolation support and the discretionary elements of the household support grant. All will impact the services workloads and its resourcing*

Risk management

1. There are a range of risks associated with this report. Risk identified to date have been listed below, together with the mitigations put in place to manage these risks down to acceptable levels. Some of these mitigations are already in place, others will take time to implement and embed. All risks and mitigations will change and develop over time and the current position will need to be continuously assessed

Risk	RAG Before Mitigation	Mitigation	RAG After Mitigation
DLUHC/CIPFA/Grant Thornton may not have confidence that the Council can address all the matters to the quality and in the time needed	Red	Employment of new finance team Employment of temporary additional resource Creation of appropriate permanent finance structure External review comments on the newly instigated finance service	Green
Accounts not completed	Red	Employment of national experts Creation of robust project plan as developed and successfully used elsewhere Utilisation of proven whole team methodology Ongoing engagement with external audit Extensive training	Green
Budget may not be brought into balance	Red	Development of more rigorous processes and timelines Continuous weekly meetings at all levels – officers and Members from July Proposal for asset sale process at a level that will have a material impact on borrowing levels in the longer term Cleansing of all budgets over the coming 18 months Major reductions in the capital programme Agreement from all involved that all matters have to be considered	Green/Amber
Weaknesses in Council's strategic use of companies, governance, management, financial reporting and performance management continue	Red	Holistic reviews of all companies planned and in some cases underway Some issues already being addressed through Cabinet and Council. (Others will take place over the coming 18 months)	Green
Internal Audit reviews not actioned or consider the holistic requirements of the Council	Red	Pro active management of internal audit now taking place and chasing down of responses to and implementation of actions	Green
Systems continue to fall behind the latest version, development work is not taken forward and priorities are not identified or resourced	Red	Structure, resources and practices are under review and will be analysed, reviewed and assessed to address the issues	Green
Finance Team reverts back to being under resourced and under skilled	Red	Current team of interims are secured for the short to medium term Skills transfer takes place which is already underway Training is developed which is underway Additional required temporary and permanent resources are identified and secured	Green
Poor financial management practises continue New practices are not embedded	Red	Range of new processes introduced on a phased basis Officers trained in the new approaches	Green

Response to CIPFA review

Recommendation	Action taken	Responsible officer	End Date
Strengthening Financial Sustainability			
A On future sustainability: Establish a detailed plan to close its short and long-term budget gap			
The S151 Officer present their plan for the for the steps that they need to take to rebalance the budget to Council in October and seek Council approval for the Plan.	The recovery and renewal plan was approved by full Council on the 23 September 2021	S Mair	Initially September 2021 and continuously thereafter
The Council produces an outline plan to close its identified budget gap for 2022-23 (before taking account of additional Section 114 liabilities) by November 2021.	Work has taken place throughout the summer and the first tranche of budget savings are being tabled at Scrutiny in November 2021 with the balance being tabled in December 2021 and January 2022	S Mair/EDs	November, December, January 2021/22
The Council produces a longer-term outline plan for closing the MTFS budget gap by December 2021.	Plans in place to update the outline MTFS in line with December Settlement. Planned for Council in March 2022	S Mair/EDs	March 2022
The Council produces detailed delivery plans for savings required over the MTFS by May 2022.	This is contingent on the MTFS and whether DLUHC provide just a one year settlement or a multi-year settlement. The recovery and renewal plan requires completion by May 2022	S Mair/EDs	May 2022
B On future sustainability: Establish a high-level risk register			
The Council reviews the existing risk register to identify the high-level risks facing the organisation and assigns a senior risk owner to each risk	<i>The Council's risk register has been reviewed, the second iteration was presented to Audit and Corporate Governance Committee on 9th December. A senior risk owner is assigned to each risk. The register includes assessment of strategic risk and is reviewed on a monthly basis by the officer risk and audit</i>	S Mair/EDs	March 2022

	<i>board, which has representation from all council directorates.</i>		
C On Commercial activities and borrowing: Set limits on future borrowing and capital spending			
The Council sets very tight limits for future borrowing to enable it to better manage the subsequent revenue cost of repaying such debts.	The Capital Programme is being scaled back from £128m for 2021/22 to £60m, and the reliance on borrowing from £68m to £12m	S Mair/EDs	March 2022
The Council restricts investment in its capital programme to essential schemes as identified above.	The Capital Programme review has focussed on only retaining schemes where there is a health and safety or legal obligation	S Mair/EDs	March 2022
D On commercial activities and borrowing: Gain increased assurance concerning the potential scale of past and future liabilities.			
The Council further reviews the risk-based approach to identifying liabilities to enable it to improve its assurance around the size and scale of current and future liabilities before it sets the budget for 2022-23.	Since the CIPFA report was drafted work has been completed to assess the full scale of liabilities – past, current and future. This covers not only capital finance but also provisions eg GRE 5 and others	S Mair	July 2021 November 2021 March 2022
E On Assets: Develop an outline disposal plan			
The Council considers at an early stage its approach to asset disposals and how it will secure the necessary expertise that it needs to achieve best value.	The Council approved the procurement of external advisors in September to assist with the asset disposal programme. Process to procure is ongoing. Local Partnerships Ltd have been engaged to provide options for disposing of James Elliman Homes Ltd. Montague Evans commissioned for options for SUR LLP to explore sale of sites to Homes England	S Mair/R West	June 2021 September 2021
Strengthening Financial Governance and Oversight			
F Raise Member awareness of the scale of the financial challenge and its implication			
Mandatory briefings are provided to all Members on the Council's financial challenge.	Financial briefings provided weekly by s.151 officer and to each Full Council meeting	S Mair	Continuous

Specific further training is provided to members of the Audit Committee to raise further awareness of their governance role and that this training is repeated as part of the induction process for all new members when they join.	Programme of member training being developed in conjunction with the Monitoring Officer. <i>A report on a proposed training programme was on the agenda for Audit & Corporate Governance Committee on 9 December and following comments from the Lead Commissioner will be considered at an extraordinary meeting of the committee on 18 January 2022</i>	S Mair/A Wakefield	Start January 2022
G Address immediate Financial Governance risks			
The Council restores key controls within its Financial Management System as set out above.	<i>Work is in progress and is being addressed daily as anomalies come to light. The latest restructure has been implemented but due, in the main, to vacant posts, updates are still being addressed. The full documentation of the system should assist with addressing outstanding issues</i>	S Mair	March 2022
The Council reviews financial regulations in the medium term	Complete review underway and includes alignment with the recently updated (June 2021) Scheme of Delegation.	S Mair	March 2022
The Council sets out clearly the financial responsibilities of all new staff, interim and agency staff when they commence work with the Council.	The updated Financial Regulations will cover this. Additional briefings required for interim and current staff	S Mair	March 2022
H Prepare an Annual Governance Statement for 2020-21			
An Updated Annual Governance Statement and Action Plan should be prepared for consideration by the Audit and Governance Committee by December 2021.	<i>Draft document completed and to be shared with Executive Management Board for their input in January 2022..</i>	S Mair	January 2022
I Undertake an independent review of the Procurement Function			
The Council commission a separate independent review of the procurement function, rather	<i>Structure of the commercial function, including procurement and contract management has been reviewed and a new structure designed.</i>	S Mair	February 2022

than including this within the annual internal audit plan.	<i>Work to procure specialist management consultancy to plug resource gaps during the transition of a permanent team is underway, and this resource will also be used to support future complex procurement projects where the resource is not held in house.</i>		
J Review the provision of Internal Audit			
The Council commissions an independent review of the internal audit arrangements to ensure that they are effective and provide sufficient coverage to give it the assurance that it needs during this period of financial challenge.	<i>A Structure of internal audit options appraisal paper was presented to Audit and Corporate Governance Committee on 9th December. This included fully costed plans to establish a best practice function.</i>	S Mair	December 2021
K Enhance Financial Capacity			
The S.151 Officer reviews the level of resource required to deliver his plan for restoring sound financial management	Business plan agreed for additional resource through to March 2023. Permanent structure being worked up based on good practice elsewhere Wider business plan for Finance being developed.	S Mair	October 2021 and continuous
The organisation makes further provision to enhance the capacity within the finance team including exploring other delivery avenues e.g. shared services	Ditto	S Mair	December 2022
The Council commissions an independent review to demonstrate that financial procedures and processes are robust by May 2023.	O/S – not yet due		March 2023
L Stabilise the Finance Leadership Team			
The S.151 officer immediately commences the appointment process for a permanent Deputy S151 Officer.	Appointment of a permanent deputy s.151 officer pending completion of the finance structure	S Mair	As part of restructure noted above

The Council seeks to negotiate the contract terms for the S151 officer and his team to extend the current notice period.	Pending		
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Response to DLUHC Governance Review

4. Governance recommendations	P=Priority action M=Medium term action	Action Taken	Responsible Officer	Date
1. Re focus the 'Our Futures' programme on bottom-up service reform and widen the project board membership to include Executive Directors and service leads in key service areas.	P	Report received 25/10/21. The Executive Board will be considering this proposal and actioning proposals to take this forward	EDs	Imminent
2. Undertake a pragmatic, rapid risk assessment of the functional capability of each service area identifying the gaps in capacity and capability. This process needs to be owned by the organisation. Junior managers and front-line colleagues should be involved in contributing to the way forward.	P	<p>Finance Action Plan has been developed reflecting the risks facing the Finance function and is being reviewed monthly</p> <p><i>Democratic Services review is underway and an independent Scrutiny Improvement Review is being carried out by the Centre for Governance and Scrutiny (CfGS)</i></p> <p><i>Corporate Operations have begun work on this</i></p> <p><i>Through the data and insight plan there has been a draft assessment of opportunity and risk strategically and within priority service areas. A refresh of the risk assessment and improvement plan for 2022/23-2024/25 actions is underway. A new Data Strategy Group will be formed early in</i></p>	<p>S Mair</p> <p>R West, A Sinclair, A Adams</p>	Continuous

		<p><i>2022 to coordinate data and insight improvements.</i></p> <p><i>The finance assessment is being undertaken using the work reported though this report and the developing restructure</i></p>		
<p>3. Prioritise the service areas to be addressed and determine a rigorous plan and allocate resource accordingly. Examples of service areas to be prioritised would be finance, revenue and benefits, IT and democratic services, including scrutiny.</p>	P	<p>Finance Action Plan has been developed and is being reviewed monthly</p> <p><i>Democratic Services review is underway and an independent Scrutiny Improvement Review is being carried out by the CfGS</i></p> <p><i>The finance assessment is being undertaken using the work reported though this report and the developing restructure</i></p> <p><i>Priority focus is on ICT as the service is in critical need of resource, capacity and resilience. Currently there is heavy reliance on interims - making up over 50% of the current establishment</i></p> <ul style="list-style-type: none"> • <i>Draft design structure developed within a detailed ICT Business case</i> • <i>Business case has been Independently reviewed through LGA technical support</i> <p><i>Elections</i></p> <ul style="list-style-type: none"> • <i>RO - being sought through the AEA to support election process from March - May</i> 	<p>S Mair</p> <p>S Mair/A Wakefield</p>	<p>Continuous</p> <p>Continuous</p>

		<p><i>Business Support</i></p> <ul style="list-style-type: none"> • <i>All staff are moving back to their respective areas - small corporate cohort of officers managing the day to day operational management of corporate contracts, will be upskilled to provide support to elections - so savings can be proposed in the service</i> • <i>Small cohort of officers also providing corporate support</i> 		
4. Encourage distributed leadership and a permission culture to enable staff at all levels to take rapid decisions to improve services. This will be difficult at the moment due to the Expenditure Panel process.	M	Report received 25/10/21. The Executive Board will be considering this proposal and actioning proposals to take this forward	EDs	Imminent
5. With regard to recommendations 1 to 4, prioritise permanent recruitment and/or longer-term contract status of all relevant interim positions. In particular, the interim s.151 officer, DPH consultant and the Director of Children's Services. Confirming interim positions at junior manager and front-line level is as important. The CIPFA report refers to appointing a permanent Deputy section 151 officer.	P	<p><i>Deputy S151 will be addressed through the restructure of the finance service</i></p> <p>Report received 25/10/21. The Executive Board will be considering this proposal and actioning proposals to take this forward</p>	<p>S Mair</p> <p>EDs</p>	<p>March 2022</p> <p>Imminent</p>

6. Identify permanent statutory post holders within the new scheme of delegation.	P	The Financial Regulations are currently being reviewed to align with the Scheme of Delegation revised in July 2021.	S Mair	March 2022
7. The new Monitoring Officer (MO) is due to (correctly) report directly to the CEO. The new Monitoring Officer should also manage democratic services.	P	New MO appointed October 2021. Current CEO away from work and MO reporting direct to s151 Officer. MO assumed management of Democratic Services on 21 October 2021	Complete	Complete
8. Retain the support for 12 months of the Principal Lawyer from HB Law to work with the new MO and confirm this post as the Deputy Monitoring Officer.	P	Support of the HB Law Principal Lawyer has been retained for 12 months and the Principal Lawyer has agreed to be the Deputy Monitoring Officer	Complete	Complete
9 Enhance the council data and insight functions to enable better evidence-based decision making.	M	Original plan to be updated in the light of the Council's changed financial position. <i>A business case has been drafted for additional investment required in 2022/23-2024/25 to bring the council's management of data and use of insight up to an industry good standard. A new Data Strategy Group will be formed early in 2022 to coordinate future data and insight improvement work.</i>	S Mair	March 2022
10 To enhance the 'Brilliant Basics' programme, conduct rapid training for council officers on effective governance to include report writing, compiling effective business cases, sign off processes prior to submission of reports, evidence-based decision	P	Revised template for reports requiring both Finance and Legal input now in place Clearance process established for both Finance and Legal input as part of report preparation. Legal Services are updating Contract Procedure Rules and Finance are updating Financial Regulations, both of which are contingent on monetary thresholds being approved for the Scheme of Delegation.	S Mair/A Wakefield	Continuous

making and the importance of internal audit. Ensure that officers accept advice from the Principal Lawyer and team (and the new MO) in incorporating all advice and risks into reports prior to submission.		<p>Once the above are in place officer and Member training will take place <i>Revised Contract Procedure Rules were adopted by Full Council on 23rd November. Dates are being arranged for officer and Member training, to commence in January 2022</i></p> <p>Report went to Strategic Finance Board (August 2021) recommending that the Council follow the five case model for writing business cases.</p>		
11 Establish a 'management action' tracking system for internal audit actions which is fit for purpose. Emphasise to all staff the importance of internal audit and that identified actions can be used for continuous improvement within service areas.	P	<i>Finance & Commercial implemented an IA Management Action Tracker which is being monitored weekly. Significant progress has been made in closing down management actions from previous financial years through frequent liaison with action owners, executive directors and associate directors.</i>	S Mair	Done
12 Address each unique management action from internal audit reports and use them as indicators of possible service failure. Prioritise, target and remediate each action as a matter of urgency. Include actions identified in the six draft audits completed in year to date.	P	<p><i>Actions from finalised audit reports are incorporated into the IA Management Action Tracker.</i></p> <p><i>Council has recruited a specific resource to monitor implementation of IA recommendations and the corporate and departmental risk registers.</i></p>	S Mair	Continuous
13 Conduct an independent review of the internal audit contract and establish an 'in house' function which will enable the internal audit team	M	<i>Review reported to Audit and Corporate Governance Committee on 9 December 2021 and recommendation to bring in-house accepted.</i>	S Mair	December 2021

to work alongside colleagues, whilst retaining their independence, as is practice in many councils.		Early discussions being undertaken with recruiters to assess current market.		
14 Independently review the procurement and contract management function and develop an 'in house' team.	M	<i>Structure of the commercial function, including procurement and contract management has been reviewed and a new structure designed. Work to procure specialist management consultancy to plug resource gaps during the transition of a permanent team is underway, and this resource will also be used to support future complex procurement projects where the resource is not held in house.</i>	S Mair	December 2021
15 Continue to understand and identify risk more generally and review the council strategic risk register to make it fit for purpose	P	<i>Training for officers to be rolled out to officers (at ED, AD and GM levels). A risk management module has been loaded onto the council's online training system to be launched in Q1 2022. The Council's risk register has been reviewed, the second iteration was presented to Audit and Corporate Governance Committee on 9th December. The register includes assessment of strategic risk and is reviewed on a monthly basis by the officer risk and audit board, which has representation from all council directorates.</i>	S Mair/EDs	March 2022
16 Improve proper decision making at appropriate governance levels and relevant meetings. For example, the annual review of the Council Tax Reduction scheme at full council and the comprehensive	P	More detailed report to be provided to Cabinet setting out the value, term and purpose of the contracts.	EDs	Continuous

list of annual contracts to Cabinet.				
<p>17 Prioritise and resource the scrutiny function to enable meetings to operate effectively.</p> <p>Reschedule the cancelled scrutiny committee meetings from June and July 2021 as a matter of urgency and re-establish the calendar of scrutiny meetings alongside a forward plan.</p> <p>Review the terms of reference for the Audit and Corporate Governance Committee as outlined in the LGA governance review in 2020.</p>	<p>P</p>	<p>The SBC Recovery & Renewal Plan agreed by Cabinet and Council in September 2021 gave a commitment to “Developing and embedding a fully functioning Scrutiny service with appropriate support to conducts its business”. This will be taken forward as a priority in the service reviews. <i>The findings of the CfGS Scrutiny Improvement Review referred to above will inform this process.</i></p> <p>The programme of scheduled scrutiny meetings restarted in September 2021. Each committee has a forward plan which is reviewed at each meeting and the focus of activity through the Autumn is scrutiny of the 2022/23 budget.</p> <p>Audit & Corporate Governance Cttee ToR are being reviewed and are scheduled to be considered by the Committee at its meeting on 9th December 2021. <i>A report was taken to Audit & Corporate Governance Committee on 9th December as planned. Following comments by the Lead Commissioner a revised report, will be taken to an extraordinary meeting of the Committee on</i></p>	<p>A Wakefield</p> <p>A Wakefield</p> <p>S Mair/A Wakefield</p>	<p>March 2022</p> <p>November 2021</p> <p>December 2021</p>

		<i>18th January, with the recommendation that Council adopts the model CIPFA terms of reference without any amendment, and that Council establishes a separate Standards Committee.</i>		
5. Culture and Leadership recommendations				
18. Building on the newly established 'Reset board', develop a standalone, prioritised, separate governance project board.	M	Report received 25/10/21. The Executive Board will be considering this proposal and actioning proposals to take this forward	EDs	Imminent
19. Prepare an annual governance statement for 2020/21, the current 2019/20 statement does not have an action plan.	P	Draft 2020/21 AGS has been prepared and is to be considered by Executive Management Team before finalisation alongside the Accounts process. Once completed an addendum will be prepared for the 2018/19 and 2019/20 AGS's so both include an action plan and the risks which have transpired since August 2020.	S Mair	January 2022
20. Continue to rebuild trust between officers and members.	M	Periodic development sessions to be established for Members providing briefing on topical issues.	EDs	Continuous
6. Financial governance recommendations				
21 Produce an overarching corporate action plan in response to the section 114 notice which indicates the way to financial sustainability	P	Recovery and renewal plan approved on the 23 rd September 2021. Finance Action Plan drafted in response to s.114 Notice, which is updated and reported to all Council meetings.	S Mair	Continuous
22 Ensure the recommendations in the concurrent CIPFA report are carried out.	P	Ongoing – see above	S. Mair	As above

<p>23 Develop the good awareness raising initiated by the interim s.151 officer into a mandatory financial and budget training module for all councillors and budget holders.</p>	<p>M</p>	<p>To be included in the programme of training for Members and budget holders</p> <p><i>A report on a proposed training programme was on the agenda for Audit & Corporate Governance Committee on 9 December and following comments from the Lead Commissioner will be considered at an extraordinary meeting of the committee on 18 January 2022</i></p>	<p>S Mair</p>	<p>January 2022</p>
<p>24 Ensure that the excellent work of the interim s.151 and his team (in terms of action planning around the external reports) has corporate ownership and that finance is not merely regarded as a technical activity, but as an enabling function to help council wide continuous improvement.</p>	<p>M</p>	<p>Ongoing via weekly finance update briefings to Members and Executive Board and reinforced through the approach to business cases.</p>	<p>EDs</p>	<p>Continuous</p>
<p>25 Respond corporately and systematically (not just in a financial sense) to the ongoing reviews of council owned companies to ensure immediate, effective governance of these companies.</p>	<p>M</p>	<p>Established a Corporate Oversight Board for SUR which has been extended to cover all the Council's companies, except Slough Children First Ltd.</p> <p>Dormant companies to be closed down.</p> <p>Continuation of the active companies is currently under review.</p>	<p>S Mair/R West</p>	<p>Continuous</p>
<p>26 The interim s.151 officer has requested the current capital programme be cut by 50% and this has been accepted. It</p>	<p>P</p>	<p>The capital programme for 2021/22 has been cut by more than 50% and the requirement for new borrowing cut from £68m to £12m, but remains under review.</p>	<p>S Mair</p>	<p>March 2022</p>

would be prudent to consider a capital programme of zero except for government grant allocations and health and safety issues, for example. This would be until past liabilities have been fully understood and there is a plan for financial sustainability within the full response to the section 114 notice.				
27 Carefully manage the potential reduction from £6m to the return on investments as a significant risk. The disposal strategy should be completed. This might take some time, which could delay the amount of revenue available to the council.	M	The asset disposal programme will take into account reductions in investment income streams. However the £6m return is a gross return and did not take into account costs of borrowing or operating costs. Therefore expect this to be minimal impact.	S Mair/R West	Continuous
7. Services recommendations				
28 Seek to 'unify' all Children's Services under the umbrella of Slough Children First as this will provide an economy of scale to the overall children's budget. This could provide greater scope for service reform, reduction in demand and produce greater efficiency savings.	M	New company launched in April 2021 with a new Board and Chief Executive.	A Sinclair	March 2022
29 Address recommendations 1,2 and 3, which will help improve performance in other	P	See above	S Mair	As above

service areas, particularly revenues and benefits, IT, finance and democratic services.				
8 Capacity/capability recommendation				
30 Significantly reduce the reliance on external consultancy and external contracts which deliver 'internal' services. Build and use internal capacity.	M	Report received 25/10/21. The Executive Board will be considering this proposal and actioning proposals to take this forward	EDs	Imminent

Response to Grant Thornton's recommendations

Issue	Action taken	Responsible Officer	Date
<u>Statutory Recommendations</u>			
<p>1. The Council should put in place robust arrangement for the production of the 2019/20 and 2020/21 financial statements which meet statutory requirements and international financial reporting standards. To achieve this the Council should:</p>	<p>The Council has already identified the necessary additional core resources and specialist skills it needs to lead the accounts process going forward and to ensure robust financial management. These arrangements are set in more detail in Appendix 1.</p>	S Mair	Already in place
<ul style="list-style-type: none"> ensure sufficient resources and specialist skills are available to support the accounts production 	Core resources are now in place	See above	See above
<ul style="list-style-type: none"> Ensure the finance team has the skills and capacity to enable effective financial management arrangements and support the production of technically sound financial statements, 	<p>Part of the work of this core team will be to train the Council's own staff to ensure that they have the necessary skills to carry out their work. Gaps in the Council's own team skills and capacity will be addressed in the short term by the appointment of interim staff to provide additional capacity. Longer term the Council will be reviewing its permanent finance team to ensure the Council has higher quality resources and appropriate capacity. There will be a focus on training and development for all staff, new and currently employed covering professional and technical, project management, business planning, leadership and management development among other matters.</p>	See above	See above

<ul style="list-style-type: none"> Ensure finance officers are provided with additional training, to ensure all staff involved in the accounts production process have the necessary technical knowledge of the CIPFA Code 	<p><i>Technical training programme was delivered for all Finance staff in October/November 2021. Further training is being canvassed.</i></p>	See above	See above
<ul style="list-style-type: none"> introduce appropriate project management skills to oversee the timely production of the financial statements and supporting working papers 	<p>The necessary additional core resources and specialist skills have been identified and secured. <i>Additional interim resources will be brought in as and when necessary to provide additional capacity.</i></p> <p><i>The review of the permanent finance structure and the core leadership and technical resources is being undertaken.</i></p> <p><i>Training and development for all Finance staff was completed in November 2021.</i></p> <p><i>A comprehensive accounts closure plan is in place and weekly update meetings with key officers are being held by the s151 officer.</i></p>	See above	See above
<p>2. The Council should develop a comprehensive project plan for the preparation of the accounts which ensures that:</p>	<p>Comprehensive accounts closure plan is now in place for all years' of accounts. This is linked to the auditors required by client schedule and includes a comprehensive training plan, communications plan and resourcing plan.</p>	S Mair	Already in place
<ul style="list-style-type: none"> Entries in the accounts and supported by good quality working papers which are available at the start of the audit 	<p>A standard suite of working papers and folders has been set up for all years' of accounts. Regular reviews of, working papers include evidence of the transactions in the ledger, an enhanced checklist of requirements, quality</p>	See above	See above

	assurance review, links between the working papers and clear mapping to the ledger. The QA process (see next action) ensures that good quality working papers will be available before the audit starts.		
<ul style="list-style-type: none"> The financial statements and working papers have been subject to robust QA prior to approval by the s.151 officer 	<p>A three-stage quality assurance process has been set up covering financial standards, standard working papers and accounts templates and covering:</p> <ol style="list-style-type: none"> 1) preparation, 2) technical review and 3) quality assurance review 	See above	See above
<ul style="list-style-type: none"> There is clear ownership and accountability for tasks across service areas to support the timely production of the financial statements. 	<ul style="list-style-type: none"> A whole team approach has been instigated through the involvement of the whole finance service to bring greater resilience and resource to this key requirement. Improved communication through the project plan includes regular and early communication to all stakeholders. Comprehensive training and development for finance and other staff which includes how to prepare, and also regular reviews of, working papers that include evidence of the transactions in the ledger, an enhanced checklist of requirements, quality assurance review, links between the working papers and clear mapping to the ledger. 	See above	See above

<p>3. The Council should take urgent action to address its low levels of unearmarked and earmarked reserves through:</p>	<p>The Council has begun and agreed at officer level, a robust process for continued review of its base budgets including savings proposals, pressures, mitigations, monitoring etc. This will all lead into an improved MTFS that will contain full detailed savings proposals backed up by appropriate plans and working papers. All savings will be allocated to a named department, officer and Member and all will be subject to continuous review by the finance service reporting into the Executive Board and Members.</p>	<p>S Mair</p>	<p>A detailed plan will be finalised following discussion with DLUHC about MRP position and what (if any) extra resources might be available.</p>
<ul style="list-style-type: none"> Developing a clear, sustainable medium-term financial plan to significantly replenish reserves to a level which enable it to respond to any significant unexpected events or manage its position effectively where its savings programme are not fully achieved 	<p>As a consequence of this work and as part of the budget process a risk analysis has been completed to inform by how much the reserves should be built up over the coming 5 years. <i>This has been included in the Council's submission for a Capitalisation Direction and is reflected in an increased savings target to finance the necessary increase in reserves in future years.</i></p>	<p>S Mair</p>	<p>To be developed as part of 2022/23 budget setting framework</p>
<ul style="list-style-type: none"> Reviewing its medium-term savings plans to ensure clear proposals are developed to achieve savings requirements in line with the MTFP and reserves strategy 		<p>See above</p>	<p>Already completed for the purposes of delivering</p>

			2021/22 budgets. To be developed further as part of the 2022/23 budget setting framework
<ul style="list-style-type: none"> Ensuring agreed savings are owned across the Council by officers and lead members to ensure clear ownership and accountability for delivery 		See above	See above
<ul style="list-style-type: none"> Ensuring it puts in place a clear and transparent savings monitoring and reporting process, in order to ensure that council departments and held to account for delivery of required savings 	The work will be complete in sufficient time to inform a fully engaged Scrutiny, stakeholder and Lead Members process during 2021-22 for the 2022-23 budget process.	See above	See above

<p>4. The Council should review and implement effective financial governance and monitoring arrangements for its group relationships to mitigate exposure to additional financial risk.</p>	<p>The Council has begun reviews of its management of third party organisations and will be implementing a series of changes which will include among other matters appointing appropriate Senior Responsible Officers to ensure that companies meet their objectives, put in place new arrangements for holding companies to account, reviewing how the companies meet the Council’s objectives, a review of the work undertaken by the companies, developing a clear approach to testing value for money etc. This will include a clear separation of all financial transactions, a review of Council officers on all boards, a review of all financial performance information and actions for all boards and identification of any risks the Council is facing. The work will be completed during 2021/22.</p>	<p>S Mair</p>	<p>In progress – to be completed by 31 March 2022</p>
<p>4a. The Council should put in place arrangements to address the issues raised by the S151 officer as set out in his section 114 report. In our view the Council should:</p> <ul style="list-style-type: none"> • Report progress against the action plan to full Council at every meeting • Support the S151 officer’s root and branch review of all aspects of the Council’s finances • Invest significant extra resource in finance capacity, internal audit and risk management to ensure robust processes are brought into place across all of the 	<p>This is being undertaken</p> <p>This is being actioned</p> <p>This has been agreed</p>	<p>S Mair</p> <p>S Mair</p> <p>S Mair</p>	<p>Ongoing</p> <p>Ongoing</p> <p>To March 2023</p>

Council's financial and budget management arrangements to meet statutory financial obligations.			
<p>4b. The Council should develop a comprehensive project plan for the improvement in governance arrangements :</p> <ul style="list-style-type: none"> • Commission/learn from any external governance review undertaken with regular reporting through the Audit Committee • Strengthen Scrutiny and Audit Committee arrangements with external support to members • Establish a separate Finance Committee to monitor financial performance on a monthly basis 	<p>All being worked up and will be ongoing from January 2022</p> <p>As above</p> <p>As above</p>	<p>S Mair/A Wakefield</p> <p>S Mair/A Wakefield</p> <p>S Mair</p>	<p>January 2022</p> <p>January 2022</p> <p>January 2022</p>

Other Recommendations			
5. The Council should:			
<ul style="list-style-type: none"> ensure that savings are supported by robust savings plans and business cases 		S Mair/	See above
<ul style="list-style-type: none"> strengthen arrangements by introducing a corporate function, which could assess the likelihood of delivery, the robustness of proposed savings and their supporting plans as well as monitor delivery. 	<p>The Council has amended its officer Strategic Finance Board (SFB) chaired by the Chief Executive to ensure that the Executive Board is fully aware of all pertinent financial matters within the Council and gains a holistic understanding of the Council's finances. This Board is receiving papers on financial standards, the accounts, the budgets and other matters. Now reporting direct to the Executive Board</p>	S Mair	Already in place
	<p>As part of this the Council has:</p> <ul style="list-style-type: none"> Revised its revenue business case and process to ensure that the business case focuses on the case for change, value for money and affordability before moving into the technicalities of procurement etc. Thus assisting in ensuring that the Council's base budget is as robust as it can be and hence helping to provide a more informed base from which to generate any necessary savings; Related to savings, the Council has a separate business case for savings which has been supplemented by a Saving Action Plan to assist in the verification and tracking of saving plans going forward. 	<p>S Mair</p> <p>S Mair</p>	<p>See above</p> <p>see above</p>

	<ul style="list-style-type: none"> The finance service is leading the process for the budget and will in the short term be working with service colleagues to review and challenge all budgeted and future savings, monitor delivery, identify pressures and seek from colleagues mitigations as necessary. It has also revised the equality impact documentation. Going forward a further revised process will be established that will bring into the assessment of savings plans colleagues from other disciplines such as legal, HR, ICT etc – all working closely with service officers 	S Mair	See above
	<ul style="list-style-type: none"> Supplementing this the Council is revising its officer budget process to accelerate the timeline for production of the budget to allow for full engagement and scrutiny by Members in all their roles and likewise for full consultation and communication with other stakeholders 	See above	See above
6. The governance arrangements could be improved by developing the AGS and introducing:	<p>Work on preparing the 2020/21 AGS has begun with the aim of reporting in December 2021.</p> <p>The assessment is being conducted against the CIPFA/SOLACE Framework which covers outcomes.</p> <p>The 2020/21 will include an action plan. The 2019/20 AGS approved in August 2020 will be</p>	S Mair	By 31 12 2021
<ul style="list-style-type: none"> assessment of the effectiveness of the framework, it should be more than a description of what is in place 		See above	See above
<ul style="list-style-type: none"> how the Council is defining outcomes in terms of sustainable economic, social and environmental benefits 		See above	See above

<ul style="list-style-type: none"> an action plan, that brings together and addresses all the significant issues faced by the Council 	<p>updated for post-balance sheet events and amended to include an Action plan</p>	<p>See above</p>	<p>See above</p>
<ul style="list-style-type: none"> a formal mechanism that monitors and assesses the progress of the issues and recommendations raised in the AGS throughout the year. 		<p>See above</p>	<p>See above</p>
<p>7. To facilitate a smooth and efficient group accounts preparation, the Council should work with its group entities to align all accounting year ends to 31 March.</p>	<p><i>A detailed assessment of all Council group entities has been completed. Only SUR LLP has a different year-end to the Council, which is 31 December. The assessment has concluded that SUR LLP should be consolidated using the equity method and therefore the year-end does not need to be amended.</i></p>	<p>S Mair</p>	<p>By 31 March 2022</p>
<p>8. Cabinet and scrutiny should be regularly updated on the performance of their key services and be able to challenge this performance and have the opportunity to make informed decisions in formal committee meetings.</p>	<p>Holistic financial briefings for Officers and Members have been implemented providing monthly monitoring reports and weekly briefings on the Council's financial position. The budget timeline has been revised to allow for more informed Member consideration of the budget and introduced quality guidance for finance and other officers on the production of budget monitoring reports and financial implications in reports.</p>	<p>S Mair</p>	<p>Now in place</p>
	<p>Key service financial and performance information is now being included as a regular agenda item for Cabinet, Scrutiny and the Audit and Governance Committee.</p>	<p>See above</p>	<p>See above</p>

	The Council has begun reviews of its management of third-party organisations and will be implementing a series of changes which will include among other matters appointing appropriate Senior Responsible Officers to ensure that companies meet their objectives, put in place new arrangements for holding companies to account, reviewing how the companies meet the Council's objectives, a review of the work undertaken by the companies, developing a clear approach to testing value for money etc.	S Mair	By 31 3 2022
9. The Council should consider and ensure effective arrangements are in place in the following areas:	The Council has begun reviews of its management of third-party organisations and will be implementing a series of changes which will include among other matters appointing appropriate Senior Responsible Officers to ensure that companies meet their objectives, put in place new arrangements for holding companies to account, reviewing how the companies meet the Council's objectives, a review of the work undertaken by the companies, developing a clear approach to testing value for money etc.		
<ul style="list-style-type: none"> Role of elected members, including Members of the Board, as possible shareholder committees or monitoring committees such as the Commercial Sub-Committee, as well as the role of scrutiny committees 	The Council has begun reviews of its management of third-party organisations and will be implementing a series of changes which will include among other matters appointing appropriate Senior Responsible Officers to ensure that companies meet their objectives, put in place new arrangements for holding companies to account, reviewing how the companies meet the Council's objectives, a review of the work undertaken by the companies, developing a clear approach to testing value for money etc.	See above	See above
<ul style="list-style-type: none"> Elected members who are Board Directors of the SCST need to understand their responsibilities and duties to SCST and ensure they effectively manage any conflicts of interest. All company directors have a duty to act in the best interests of 	The first recommendation is being dealt with as noted above. In respect of gaining assurance this will be undertaken in two ways – through internal audit as described and through reviews by the Finance and Commercial team. The S151 officer is liaising with internal audit to ensure that this requirement is picked up in their 2021/22 and onwards planning and will co-ordinate the work of those undertaking these reviews	See above	See above

<p>the company rather than in the best interests of the body that has appointed the Director to the company (eg the Council)</p>			
<ul style="list-style-type: none"> Elected members committee functions, this should include those charged with governance who would have oversight of the effectiveness of the SCST Board in line with Council's strategic objectives and statutory duties as well as scrutiny. 		See above	See above
<ul style="list-style-type: none"> The Council would benefit from applying consistent arrangements across the Council for dealing with all its third-party companies and ensure the role of the Commercial Sub-Committee is effective and understood 		See above	See above
<ul style="list-style-type: none"> Those charged with Governance should receive updates and reports on a regular basis (quarterly as a minimum) to enable informed decision making. 		S Mair	By 31 3 2022

<ul style="list-style-type: none"> The Council should introduce contract management to ensure services are delivered as planned and any mitigating actions can be taken in a timely manner. 	<p>The first recommendation is being dealt with as noted above. In respect of gaining assurance this will be undertaken in two ways – through internal audit as described and through reviews by the Finance and Commercial team. The S151 officer is liaising with internal audit to ensure that this requirement is picked up in their 2021/22 and onwards planning and will co-ordinate the work of those undertaking these reviews</p>	See above	See above
<ul style="list-style-type: none"> The Council should consider using its internal audit service to gain assurance that its contract procedures are being effectively applied across all Directorates. 	<p>The first recommendation is being dealt with as noted above. In respect of gaining assurance this will be undertaken in two ways – through internal audit as described and through reviews by the Finance and Commercial team. The S151 officer is liaising with internal audit to ensure that this requirement is picked up in their 2021/22 and onwards planning and will co-ordinate the work of those undertaking these reviews</p>	See above	See above
<p>10. We recommend that the Council:</p>	<p>The Council has reviewed closedown processes and has introduced:</p> <ul style="list-style-type: none"> a comprehensive accounts plan linked to the auditors required by client schedule. This plan includes a comprehensive training plan [delivered in October/November 2021], a communications plan and a resource plan 	See 1 above	See 1 above
<ul style="list-style-type: none"> Review the process used to produce the year end accounts and identify areas where further improvement needs to be made 	<p>A three stage quality assurance process has been introduced covering financial standards, standard working papers and accounts templates and covering:</p> <ol style="list-style-type: none"> 1) preparation, 2) technical review and 3) quality assurance review 	See 1 above	See 1 above
<ul style="list-style-type: none"> Ensure that all disclosures have supporting working papers and there is a clear mapping between the general 	<p>The standard working paper workbooks require accounts preparers to include:</p> <ul style="list-style-type: none"> evidence of the transactions in the ledger, 	See 1 above	See 1 above

<p>ledger and the financial statements</p>	<ul style="list-style-type: none"> • completed CIPFA disclosure checklist to ensure the disclosure meets Code requirements, • a tailored quality assurance review, • links between the working papers and clear mapping to the ledger • evidence that the GT prepared by client schedule has been completed. 		
<p>11. We recommend that the Council:</p>	<p>A year-end closedown timetable is in place for all three years' of accounts to be prepared.</p> <p>The standard suite of working papers includes extracts from the CIPFA Disclosure Checklist to ensure that disclosures meet Code requirements.</p>		
<ul style="list-style-type: none"> • Develop a year end timetable for the production of the accounts which include sufficient time for management review 		<p>See 1 above</p>	<p>See 1 above</p>
<ul style="list-style-type: none"> • Utilises the CIPFA checklist to ensure that disclosures are complete and produced in line with code requirements 		<p>See 1 above</p>	<p>See 1 above</p>
<p>12. The Council should ensure it prepares a clear and comprehensive group consolidation schedule to support the preparation of its group accounts.</p>	<p>This forms part of the much revised and enhanced accounts plan as noted above. This is in the Council's financial action plan and began in June and will be undertaken monthly thereafter once any issues have been resolved.</p>	<p>See 1 above</p>	<p>See 1 above</p>
<p>13. We recommend that the Council:</p> <ul style="list-style-type: none"> • Perform a review of the bank reconciliation process to simplify the bank reconciliation process and remove all old and out of date reconciling items and ensure that amounts included in the 	<p><i>This is ongoing, a team has been set up to review the various systems and processes that underpin the current reconciliations the findings thereof will provide a basis to complete and validate current reconciliations and then aged items can be reviewed and cleared on the basis that all reconciliations going forward are verifiable and enhanced fit for purpose processes embedded.</i></p>	<p>S Mair</p>	<p>By 31 January 2022</p>

reconciliation and the ledger are valid cash items.			
14. We recommend that the Council <ul style="list-style-type: none"> establish a process for significant transactions such as investments and loans, to be formally considered against the requirements of the Code and the consideration documented and reviewed before being applied.. 	This is now a standing item on the fortnightly FCLT agenda	S Mair chairs FCLT	Already in place
15. We recommend that the Council			
<ul style="list-style-type: none"> Perform review of the debtor and creditor account codes to ensure that balances are appropriate and valid and clear those that are not. 	<i>A system review is in progress aiming to complete by 31/1/2022. No issues have arisen from work completed to date.</i>	S Mair	By 31 January 2021
<ul style="list-style-type: none"> Establish a reconciliation process for all debtors and creditor accounts to ensure the balances are fully supported and valid debtors or creditors 	ditto		
<ul style="list-style-type: none"> Review the internal processes over invoice raising to ensure there is sufficient review of invoices before they are sent to clients 	ditto		

<p>16. We recommend that the Council:</p> <ul style="list-style-type: none"> ensure that all forms are signed and dated as part of their standard procedures consider whether Officers, including interim staff, should complete declaration forms as they may be able to have a significant influence on the council's high level decisions. 	<p>The Council requires every entry to the members register of interests to be signed and dated, it is standard practice that this is always followed. In the past 12 months the Council has strengthened the process and a democratic services officer must always countersign each form received from a councillor to ensure completeness.</p> <p>Senior officers declaration forms are not part of this process, and are in fact part of the declaration process for all staff which uses an online HR process to gather the submissions. The Council will look to implement a process by December 2021 to ensure that any interim staff or those recruited through contracting companies are required to complete a declaration of interests form and where appropriate complete their Directorate gifts and hospitality register</p> <p><i>With effect from 03,12.21 the HR team has begun the process of obtaining completed declarations from interim staff and those recruited through contracting companies.</i></p>	A Wakefield	31 12 2021
	<p>The Council will be moving to a quarterly closedown process once it has undertaken a thorough review of all accounts and budgets which will pick up the above on a much more timely basis.</p>	S Mair	To be implemented during 2022/23
<p>17. We recommend that the Council:</p> <ul style="list-style-type: none"> establish a process to perform and annual review of assets to ensure 	<p>The Council be moving to a quarterly closedown process once it has undertaken a thorough review</p>	S Mair	Already in progress for

<p>that all disposals and reclassifications are amended</p>	<p>of all accounts and budgets which will pick up the above on a much more timely basis.</p>		<p>year end close</p>
<ul style="list-style-type: none"> establish an in-year process for capital movements to be notified on a timely basis to the finance team to ensure the fixed asset register is maintained accurately. This should be reconciled to the accounts as part of the year end closed own procedures. 	<p>All transactions that require review are considered against the requirements of the Code to ensure that the accounts going forward are fully Code compliant. As noted above the Council has introduced a three stage quality assurance process throughout its accounts preparation.</p>	<p>S Mair</p>	<p>Already in place</p>
<p>18. We recommend that the Council</p>	<p>All transactions that require review are considered against the requirements of the Code to ensure that the accounts going forward are fully Code compliant. As noted above the Council has introduced a three stage quality assurance process throughout its accounts preparation. All reconciliations across the whole of the Council's finances are being reviewed including this, bank accounts and debtor and creditor reconciliations accounts as noted above and will begin in June and be undertaken monthly thereafter once any issues have been resolved.</p>		
<ul style="list-style-type: none"> establish a process for reviewing and documenting the accounting treatment of significant transactions to ensure they are accounted for in line with the Code. This should be subject to internal review 		<p>As part of year end close</p>	<p>See 1 above</p>

<p>19. The Council should ensure that a regular reconciliation process is carried out between its Capita Housing Rents system and the Council's fixed asset register to ensure records are consistent and provide an accurate basis to inform the valuation of its HRA properties in the financial statements</p>	<p><i>The number of dwellings on the asset register have been reconciled to the rents system for the years 2018/19 to 2020/21. This highlighted about 30 records (out of 6,000 dwellings i.e. 0.5%) for which further work needs to be undertaken to correct. Once these records have been corrected the reconciliations will be undertaken monthly thereafter.</i></p>	<p>S Mair</p>	<p>Already in place</p>
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Checklist re the Secretary of State’s “minded to” letter

Para 15 of the Secretary of State’s letter to the Acting Head of Paid Service at Slough Borough Council dated 25 October 2021 sets out the following Directions to the Authority.

Directions to the Authority	Action	Responsible Officer	Date
<p>a. Within three months from the date of these Directions undertake an assessment of the functional capability of all service areas identifying the gaps in capacity and capability, and within six months from the date of these Directions prepare and agree action plans to the satisfaction of the Commissioners.</p>	<p>This recommendation fits with the Council’s Recovery and Renewal Plan agreed at Council 23/9/21</p> <p><i>In progress. All services have been supplied with a consistent assessment approach for their functional capability reviews.</i></p> <p><i>Data and Insight and Strategy and Partnerships functions have started to assess their functional capability and identify areas for improvement. The Data and Insight assessment is, in addition, taking a council-wide view to ensure any improvement plans recognise the value in approaching data management and insight generation as a single, connected function across an organisation. Those plans will also consider partnerships, including with the performance team in Slough Children First.</i></p> <p><i>HR and Customer Services have begun work on their drafts of the assessment of the functional capability to identify the gaps in capacity and capability</i></p> <p><i>A proposed Democratic Services, Governance and Scrutiny team structure has</i></p>	All EDs	30/4/22

	<p><i>been drafted to address the capability and capacity the gaps identified within the current team structure.</i></p> <p><i>The report CfGS Improvement Review is also anticipated to identify capability and capacity gaps, which will necessitate additional work. We expect to receive the report in January 2022.</i></p> <p><i>The finance assessment is being undertaken using the work reported though this report and the developing restructure</i></p> <p><i>People (Adults) are preparing draft functional capability assessments – these will cover Strategy and Commissioning, Adult Social Care Operations and Public Health</i></p> <p><i>Place Directorate has been merged with Community (from Customer & Community Directorate) to form an Interim Place & Community Directorate. Customer (from Customer & Community) has merged with Corporate Resources and with Strategy to form an interim Corporate Resources directorate. This provides two interim Directorates overseeing the work of what was 3.5 Directorates. A review of this interim realignment is being carried out alongside the capacity and capability review of each of the Associate Director and Group Manager portfolios within them. Further realignment will need to be agreed and formalised to provide</i></p>		
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	<i>a management structure which can provide the technical expertise to manage the significant downsizing of Place & Community to deliver targeted budget savings while sustaining services to an acceptable level.</i>		
b. To undertake in the exercise of any of its functions any action that the Commissioners may reasonably require to avoid so far as practicable incidents of poor governance or financial mismanagement that would, in the reasonable opinion of the Commissioners, give rise to the risk of further failures by the Authority to comply with the best value duty.	Accept	All EDs	ongoing
c. Within three months from the date of these Directions prepare and agree an Improvement Plan to the satisfaction of the Commissioners (which may include or draw upon improvement or action plans prepared before the date of these Directions), with, resource allocated accordingly, and as a minimum, the following components:	<p><i>Detailed improvement plan within the business case for ICT covering both proposed design structure and priority programme of modernisation and remedial work</i></p> <p><i>Business case is being drafted outline the resource requirement for HR service to be fit to support the organisation in the recovery work and the savings proposals which services have indicated need to take place.</i></p> <p><i>A Data Strategy Group will be established early in 2022 to coordinate future improvement work. A business case has been drafted for investment to bring the</i></p>		

	<p><i>council's use of data to an industry good standard.</i></p> <p><i>An improvement plan for the council's Strategy and Partnerships function will be developed early in 2022.</i></p> <p><i>A proposed Democratic Services, Governance and Scrutiny team structure has been drafted to address the capability and capacity the gaps identified within the current team structure.</i></p> <p><i>The report CfGS Improvement Review is also anticipated to identify capability and capacity gaps, which will necessitate additional work. We expect to receive the report in January 2022.</i></p> <p><i>The finance improvement plan has been operating since May 2021, this document forms the current iteration. In addition the assessment of the finance function is being undertaken using the work reported though this report and the developing restructure</i></p> <p><i>An Assets Disposal strategy and a team to bring about asset disposals is being developed and set up to sell c£600m of Council Assets over the next 5 years</i></p> <p><i>A review of all Council owned Companies is taking place with the objective to simplify the way that we do things, to de-risk our</i></p>		
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	<p><i>regeneration strategy and to improve operational efficiency</i></p> <p><i>A restructure of the Place & Community Directorate is being prepared which will improve external understanding of what we do, in particular our Housing function, see income generating services operate within the funding provided by the income and stop doing things that we don't need to do</i></p>		
i. An action plan to deliver financial sustainability and to close the long-term budget gap.	This will be a plan to achieve sustainability, not the delivery of the sustainability which will be May 2022	S. Mair/ All EDs	31/1/22
ii. An action plan to achieve improvements in relation to the proper functioning of democratic services, to include rapid training for council officers, a revised term of reference for the Audit and Corporate Governance Committee, and the agreement of an Annual Governance Statement for 2020-21.	<p>Agreed</p> <p><i>An initial officer training programme was agreed by the Executive Board on 1 December 2021 and this is to be rolled out from January 2022.</i></p> <p><i>A report on revised Terms of Reference was taken to the Audit and Corporate Governance Committee on 9 December 2021 and a further report is on the agenda for an extraordinary committee meeting on 18th January 2022, following comments from the Lead Commissioner.</i></p>	S. Mair, A. Wakefield	31/1/22
iii. An action plan to achieve improvements in relation to the proper functioning of the scrutiny function, to include a review of the	<i>The Council's risk register has been reviewed, the second iteration was presented to Audit and Corporate Governance Committee on 9th December.</i>	S. Mair, A. Wakefield	31/1/22

<p>Council strategic risk register to make it fit for purpose.</p>	<p><i>The register includes assessment of strategic risk and is reviewed on a monthly basis by the officer risk and audit board, which has representation from all council directorates.</i></p> <p><i>In November 2021 the Centre for Governance and Scrutiny was engaged to conduct a Scrutiny Improvement Review. A report on their findings is expected in January 2022 and will inform further action required to achieve the necessary improvements.</i></p>		
<p>iv. An action plan to achieve improvements in relation to the proper functioning of internal audit, which addresses outstanding management actions and includes the commissioning of an independent review of the internal audit contract and a fully costed plan for establishing an internal audit function that reflects best practice.</p>	<p><i>A Structure of internal audit options appraisal paper was presented to Audit and Corporate Governance Committee on 9th December. This included fully costed plans to establish a best practice function.</i></p>	<p>S. Mair</p>	<p>31/1/22</p>
<p>v. An action plan to achieve improvements in relation to the proper functioning of the procurement and contract management function, which includes an independent review.</p>	<p><i>Structure of the commercial function, including procurement and contract management has been reviewed and a new structure designed.</i></p> <p><i>Work to procure specialist management consultancy to plug resource gaps during the transition of a permanent team is underway, and this resource will also be used to support future complex procurement projects where the resource is not held in house.</i></p>	<p>S. Mair</p>	<p>31/1/22</p>

<p>vi. An action plan to achieve improvements in relation to the proper functioning of the Authority's IT.</p>	<p>Agreed</p> <ul style="list-style-type: none"> • <i>Detailed business case developed providing improvements re: restructure and the modernisation and remedial work to the councils infrastructure</i> • <i>Draft Cabinet report also produced</i> • <i>LGA Support for technical review of the Business Case completed</i> • <i>LGA Support for Cyber security also confirmed - agreement being drawn up</i> 	<p>S. Mair</p>	<p>31/1/22</p>
<p>vii. A suitable officer structure and scheme of delegation for the Authority which provides sufficient resources to deliver the Authority's functions in an effective way, including the Improvement Plan and its monitoring and reporting, prioritising permanent recruitment and/or longer term contract status of interim position.</p>	<p>Agreed</p> <p><i>The principles-based scheme of delegation at part 3.6 of the Council's Constitution was updated during 2021. Work is underway to update delegations from Executive Directors to their directorates.</i></p>	<p>S. Mair, A.Wakefield</p>	<p>31/1/22</p>
<p>d. During the Direction Period report to the Commissioners on the delivery of the Improvement Plan at six monthly intervals, or at such intervals as the Commissioners may direct, and adopt any recommendations of the Commissioners with respect to the Improvement Plan and its implementation.</p>	<p>Accept</p>	<p>All EDs</p>	<p>ongoing</p>
<p>e. Within six months devise and then implement a programme of cultural change to rebuild trust between officers and members, to the satisfaction of the Commissioners. This should make sure both Members and Officers understand the scale</p>	<p>Accept</p>	<p>All EDs</p>	<p>30/4/22</p>

<p>of the challenge and their respective roles in driving improvement and the way in which the Authority and its activities are regulated and governed and the way in which this is monitored, and breaches rectified.</p>			
<p>f. Following the review of Council companies within six months consider the roles and case for continuing with each subsidiary company of the Authority (except Slough Children First through which the Authority delivers functions under Direction, and therefore is outside the scope of this work). For those companies that it is agreed to continue, make sure that the Directors appointed by the Authority are appropriately skilled in either technical or company governance matters to make sure each Board functions effectively under the terms of an explicit shareholder agreement and a nominated shareholder representative. For those companies which it is determined not to continue with in this form, to establish a plan to internalise, close or sell as appropriate.</p>	<p>Agreed</p>	<p>S. Mair</p>	<p>30/4/22</p>
<p>g. Within six months take steps to enable better and evidence-based decision making, including enhancing the data and insight functions to enable better evidence-based decision making.</p>	<p>Accept</p> <p><i>A Council-wide Data and Insight improvement plan focusing on priority areas where sufficient resources have been available. A business case has been drafted for additional investment required in 2022/23-2024/25 to bring the council's management of data and use of insight up to an industry good standard. A new Data Strategy Group will be</i></p>	<p>S. Mair</p>	<p>30/4/22</p>

	<i>formed early in 2022 to coordinate future data and insight improvement work.</i>		
h. To allow the Commissioners at all reasonable times, such access as appears to the Commissioners to be necessary: i. to any premises of the Authority; ii. to any document relating to the Authority: and iii. to any employee or member of the Authority.	Accept	All EDs	ongoing
i. To provide the Commissioners, at the expense of the Authority, with such reasonable amenities and services and administrative support as the Commissioners may reasonably require from time to time to carry out their functions and responsibilities under these Directions;	Accept	S.Mair	Ongoing
j. To pay the Commissioners' reasonable expenses, and such fees as the Secretary of State determines are to be paid to them;	Accept	S. Mair	Ongoing
k. To provide the Commissioners with such assistance and information, including any views of the Authority on any matter, as the Commissioners may reasonably request;	Accept	All EDs	Ongoing
l. To co-operate with the Secretary of State for Levelling Up, Housing and Communities in relation to implementing the terms of this Direction.	Accept	All EDs	Ongoing