

SLOUGH BOROUGH COUNCIL

REPORT TO: Annual Council **DATE:** 19th May 2022
CONTACT OFFICER: Director of Finance (S151)
WARD(S): All

PART I **FOR INFORMATION**

RECOMMENDATION FROM THE MEETING OF THE CABINET HELD ON 17TH MAY 2022: FINANCIAL ACTION PLAN – UPDATE

1 Summary and Recommendations

- 1.1 To provide Council with an update on the work undertaken during 2021-22 to improve all aspect of the Councils financial position and underlying financial and governance processes. This report will be considered by the Cabinet at its meeting on 17th May 2022.
- 1.2 To provide Council with a first update for 2022-23 on the current financial and governance processes and the plans for continuing this work during 2022-23 and beyond.
- 1.3 The report contains the following appendices:

Appendix 1 - Financial Progress in 2021/22

Appendix 2 - Risk assessment

Appendix 3 - Response to CIPFA Review

Appendix 4 - Response to DLUHC Governance Review

Appendix 5 - Response to Grant Thornton's recommendations

Recommendations

- 1.3 Council is requested to note the wide range of progress in 2021-22 as highlighted in Appendix 1 and the proposed financial management objectives in 2022/23.

Commissioner Review

- 1.5 "It is important that every member of Council understands the size of the problem facing the Authority. The numbers are so large that it is hard to grasp the practical implications of the decisions that need to be taken and successfully implemented. That is without dealing with the pressures that current issues place on the Council. Since striking the budget, it is clear that the Council will need to cope with rising energy prices, higher than anticipated pay awards, continued pressure in children's services and inclusions which could never be delivered like the anticipated rental stream for Observatory House.
- 1.6 To deliver the revenue savings target requires both the current years proposals and all of next year savings to be agreed by Cabinet before September and the ideas for years two and three to be debated. Without such action being seen to be in place

there can be no confidence that the Council has the ability to reach sustainable financial stability.

- 1.7 Understanding the practical implications of the asset disposal programme needs to be part of the required sea change in operating practice. The Council holds about £1.2bn worth of assets in its books. However, when you strip out schools, parks and infrastructure like highways because they cannot be sold, the need to sell £600m of assets because the Council does not have the revenue budget to fund any MRP required by the Capitalisation Directions (which are the only way without major council tax increases that the budget has been lawfully balanced) requires the disposal of most of the council's property holdings without exception.
- 1.8 Decisions like improving waste recycling and changing the frequency of refuse collections will be seen as relatively easy compared to other things the Council must now contemplate. On the basis that most property remote from a HQ building will be sold in less than 3 years an operating model is required that is based on devolved and outreach rather than building based. Libraries, children's centres, housing stock transfer and community hubs will all need to be part of this, and decisions will need to be taken at pace. Even if the Council were able to take these decisions, there is a major risk in that Slough does not currently have sufficient officers with the skill and competence to successfully deliver them and the processes currently in place in the Authority militate against the speedy action required.
- 1.9 This is a very stark picture, and it is a direct consequence of the decisions taken and errors made in the past. They cannot be undone. All the Council can do now is put things right."

2 **Report**

Introduction

- 2.1 As Members are aware the Council during 2021-22 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,
 - a report from the Chartered Institute of Public Finance and Accountancy (CIPFA) in October 2021 that highlighted there was a high likelihood that this figure could grow. This has proven to be the case. The latest forecast is that the Council will need an unprecedented level of support of a capitalisation direction of circa £479m to 2028/29 in order to place it on a sustainable financial footing for the future, of which £223m is required to deal with historic issues and £84m for 2022/23 to enable the Council to deliver a legal budget for 2022/23.
 - reports from both DLUHC and CIPFA. Both reports identifying significant weaknesses in financial management processes, governance and internal control
 - a written ministerial statement and directions (reported on separately) and
 - an intervention package from DLUHC
- 2.2 Grant Thornton recommended regular reporting to members on year-end close and audit matters. This is a statutory recommendation which the Council cannot ignore.

- 2.3 The DLUHC/CIPFA reviews issued in October 2021 also recommended more regular reporting to members on the Council's financial position.
- 2.4 The Commissioners appointed to oversee the Council's financial recovery expect regular reports to evidence the progress made since the various critical reports were issued.
- 2.5 It is important to remember that 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. A detailed assessment of the improvement timeframe is becoming clearer as the finance team undertake further investigations and assess the scale and nature of the improvements required, which are very extensive. This report sets out progress to date, the current and emerging issues, the actions and proposed timescales for further improvements.

Background

- 2.6 Since the last report in this series the department has developed a comprehensive business plan for 2022-23. This report provides an update of progress on key issues and improvement areas since the last report in January 2022 utilising the objectives in the business plan as a framework for measuring performance. More details of the Department's progress in 2021/22 are shown in Appendix 1. These are shown against each of the areas of activity from the 2021/22 workstreams, namely:
- overhauling financial reporting and the statements of accounts and year end closes
 - budget setting and the capitalisation direction
 - budget process and allocations
 - capital budget and capital receipts
 - developing financial business partnering
 - financial accounting and control
 - interest in in companies
 - internal audit and procurement and response to audit recommendations
 - insurance
 - revenues and benefits
 - HRA
 - Dedicated schools grant
 - financial modelling and business case approach
 - fees and charges
 - expenditure control
- 2.7 The key objectives, remaining issues and actions for 2022/23 are shown in sections 4-12 below against the objectives, namely:
- deliver Financial Sustainability and improved Medium-Term Financial Planning
 - improve Financial Reporting and Accounts closedown
 - develop capacity, capability and standards across the whole Department and improve our customer services offer
 - develop business case capability to support decision making

- develop and implement a people, training and culture strategy.
- further develop and implement the asset management and investment strategy.
- establish a new procurement and contract management function
- improve governance, counter fraud, internal audit, risk management and insurance
- further improve Revenues, Benefits and Charges service

2.8 The report also includes responses and progress against the recommendations in the following reports:

- the DLUHC Governance Review
- the Council's formal responses to the CIPFA Review
- Grant Thornton's statutory recommendations
- a risk assessment and
- the current position on a range of other specific matters that have come to light during the accounts review process

2.9 All of the projects referred to in this report have nominated team leaders and have or are developing detailed project plans. Work has recently completed on the 2022/23 budget and attention is now turning to its implementation and the 2023/24 budget, the Medium-Term Financial plan and the completion of the outstanding sets of accounts from 2018/19. Work is however 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
- set out plans for the longer-term development of the department.

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

- the interim finance team has identified a wide range of issues which were previously unknown to the Council and have been or are now being addressed
- the recent DLUHC/CIPFA reviews and more recently the Commissioners have been complimentary of the work undertaken by the new team to date and have supported the content of the Capitalisation Direction submitted to DLUHC in February 2022
- 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 13 for further details.

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

2.12 The remainder of the report sets out the issues, actions and plans against each of the department's business plan objectives including a comprehensive risk assessment.

3 External Reports from CIPFA, MHCLG/DLUHC, Grant Thornton and Directions

- 3.1 Detailed responses to the reports received from MHCLG/DLUHC, CIPFA, Grant Thornton and the formal Directions from DLUHC are shown in detail in Appendices 3 - 6. The table below shows a summary of the progress to date against each set of recommendations.

Report	No of Finance Related Recs	Complete	Partially complete / On Track for deadline
CIPFA (Appendix 3)	21	8	13
MHCLG/DLUHC (Appendix 4)	20	7	13
Grant Thornton (Appendix 5)	23	13	10
Total	64	28	36
Total %		44	56

- 3.2 Significant progress has been made on completing and responding to the recommendations from the various reports issued by CIPFA, DLUHC, Grant Thornton and within the Directions issued by Government during 2021/22. 44 per cent of all recommendations have been completed with the remainder on track to complete during 2022/23.
- 3.3 Appendices 3 - 5 set out in detail the findings from all these reports and our response to date. By their nature the reports include some duplication but we are tracking all matters at a detailed level in order to ensure they are completed at the earliest opportunity. The Council will be continuously reviewing and improving its response to the actions to the extent that even those marked as complete will be subject to further development and they will be marked as such and reported back to the Committee as appropriate.

4 Deliver Financial Sustainability and Improved Medium Term Financial Planning

- 4.1 The Council approved a balanced **budget** for 2022/23 with exceptional support from DLUHC of £307m in the form of a minded to capitalisation direction. Efforts are currently focussed on determining the 2021/22 outturn position, ensuring savings for 2022/23 are robust and deliverable, and identifying additional savings of £20m for 2023/24. A revised outline medium term financial strategy is due to be agreed in May 2022 alongside a new Recovery Plan which will set out the future direction for the Council. Work will continue from May to September 2022 to refine and work up the detail of the proposed 2023/24 savings and to begin work on the zero based budgeting process for 2024/25 and beyond. Scrutiny of 2023/24 will take place in the Autumn of 2022. Reporting on 2022/23 progress will begin in detail as at the end of June 2022.
- 4.2 The key issues for ensuring future financial sustainability are the continued support of DLUHC in the form of future capitalisation directions; the achievement of £20m of savings per annum; the sale of upto £600m of assets; improved financial management and control and the preparation and audits of the various sets of accounts not identifying any additional material items.
- 4.3 DLUHC support for £307m was agreed in principle following submission of a detailed capitalisation direction request for the period from 2008/09 up to and including 2022/23. This is subject to regular monitoring and review and without which the Council would not have been able to set a balanced budget.
- 4.4 Cabinet have previously approved an orderly programme of **asset disposals** totalling upto £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. The strategy to achieve this has been agreed and is now being implemented .
- 4.5 In order to manage the envisaged reductions in capital expenditure a new Capital Programme and Treasury Management Strategy has been drawn up and presented to members as part of the 2022/23 budget process.
- 4.6 The **HRA** 30-year business plan was not updated before setting the 2021/22 budget and is currently under review. The estimates for the HRA were refined and reported to members in the New Year as part of the 2022/23 budget setting framework.
- 4.7 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 have begun to amend the way the system is utilised in order to use the current system to the best of its capacity.
- 4.8 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.
- 4.9 **Dedicated Schools Grant (DSG)** - 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. 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 without further action.

4.10 No action had been taken to address this situation until May 2021. The outturn position in 2020/21 was an overspend of £7.2m and it was anticipated that an overspend of £7.2m would occur in 2021/22. However, as a direct result of the actions since undertaken it is now anticipated that an overspend of circa £5m in 2021/22 will occur, a reduction of circa £2.2m when compared to last year's position. It will take several years for financial balance to be achieved and for the situation to improve. The significant progress made in 2021/22 will be built upon for 2022/23.

4.11 **Debt recovery and creditors** – there has been improvement in debt recovery in the recent months as shown below. This is an area for further review and development in the coming year

Year	30 - 59 Days	60 - 89 Days	90 - 119 Days	120 - 365 Days	Over 365 Days	Total
	£000	£000	£000	£000	£000	£000
2020/21	242	332	555	2,597	5,482	9,208
2021/22	263	493	149	2,176	3,321	6,403
Reduction	21	161	(406)	(421)	(2,161)	(2,805)

4.12 In July 2021 there was a large backlog of outstanding financial assessments in Social Care, 775 in total. The non-residential assessments, 386 were cleared in January and just 70 of the 389 of the residential assessments are outstanding. These are the more difficult ones to collect where clients have overseas properties.

4.13 In addition, new assessments have been coming in and it has become apparent that not all new clients were being put forward for assessment. Adult Care Client income was the lowest of all statistical neighbours. There was no reporting or awareness by management of the backlog. This was due to vacancies and lack of management oversight in the department. One of the vacancies was filled, staff transferred to the finance team and weekly project meetings are now held with the team and the Adult Social Care team. As a result additional income of £900k from the backlog has been collected to date.

4.14 The plan for 2022/23 is to implement a new assessment portal that means social workers will be required to complete client assessments earlier in the process, meaning all information is in one place, reduces manual records and will reduce delays that means clients will be charged faster.

4.15 **Sundry and Adult Debt** - Debt collection processes had lapsed and had been put on hold due to Covid. There was a large backlog and a reluctance to take action on older debts. A focus on Adult Care was made and the team given targets to focus on larger debts outstanding. As a result debt, over 30 days, which reflects new charges being raised has reduced by 30% in 2021/22, from £9.2m, to £6.4m. Debt over a year old has reduced by 41%.

4.16 Increased monitoring and proactive action has led to these improvements. In 2022/23 enforcement action on some of the older debt will progress matters further.

- 4.17 **Creditors Improvements** - Significant numbers of invoices had been “parked” i.e. had been put on the finance system without being dealt with, risking late payment and costs not being included in the accounts. The bulk of these have now been cleared. There was no analysis or monitoring of potential duplicate payments. An exercise using specialist software has identified potentially 68 payments that have a strong likelihood of being duplicates going back over six years, totalling £194k. Work is ongoing to collect this amount.
- 4.18 Plans for 2022/23 include introducing an Optical Character Recognition (OCR) system so invoices can be scanned and matched to orders to reduce manual input and software will be introduced to allow for monitoring of duplicate payments.
- 4.19 **Getting the basics right** - there remains the need to ensure that all the key financial controls, management and reporting routines are in place as a base on which to build the changes that are needed. A significant amount of work was undertaken during 2021/22 to understand the scale of the issues within the council. Whilst a great deal of work has taken place to rectify historical issues as reflected in Appendix 1 there remains a need to put in place structured and on-going reviews and monitoring of the new systems and monthly routines and procedures to ensure the function continues to meet basic standards. This review and monitoring will be supplemented with training in the department and training for members and departmental teams to ensure responsibilities are understood. This review will take into 2023/24
- 4.20 The key actions against this objective are shown below.

Objective : Deliver Financial Sustainability and improved Medium-Term Financial Planning		
Planned Actions	Responsibility	By When
We will continue to improve budget setting and strategic financial planning by reviewing procedures and implementing systems of expenditure control, income generation and asset management.	Strategic and Corporate Finance Finance Business Partners Departmental budget holders	Initially May 2022 for 23/24 budget Refined by September 2022
We will continue to improve system interfaces and reduce manual processes thereby improving efficiency and reducing the risks of associated with manual interventions	Financial Systems Team	December 2022
We will provide finance training for Budget Managers and Members	Finance Team	On-going during 2022
We will develop a Debt Strategy with a set of principles around efficiencies or receipts not previously identified	Accounts Payable and Receivable	October 2022
Getting the basics right - there remains the need to ensure that all the key financial controls, management and reporting routines are in place as a base on which to build the changes that are needed. Review and monitoring will be supplemented with training in the department and training for members and departmental teams to ensure responsibilities are understood	Finance Team	On-Going throughout 2022/23 and 2023/24

5 Improve Financial Reporting and Accounts closedown

- 5.1 The Council has no audited accounts since 2017/18. Following detailed discussions between the new finance team and the external auditors, it was decided that the Council will prepare and then the auditors will audit the 2018/19 accounts and then move onto subsequent years. A significant number of material changes have already been highlighted in respect of the original 2018/19 accounts and they are being processed. The final version is due to be available for audit in the near future.
- 5.2 Detailed timetables for work on year-end close have now been finalised including the 2021/22 accounts. The 2018/19 accounts will be produced imminently and it has been agreed with the auditors that the remaining sets of accounts will be completed approximately each 3/4 months during 2022 with the audit following thereafter.
- 5.3 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
- 5.4 Additional work during 2021/22 has been completed to address "high risk" accounting areas. Discussions have been concluded with DLUHC as to how best to recalculate the Council's MRP in a manner that meets relevant accounting and legal requirements whilst not placing unnecessary financial demands on the Council. The outcome of these discussions has been included in the capitalisation request submitted and approved in principle in March 2022.
- 4.5 Resolving the issues with the Council's 2018/19 accounts and general accounting practices will require 100% of the AGS, the core statements, group accounting statements and 68% of the notes to be restated. The errors are very extensive
- 4.6 The key actions for 2022/23 are the delivery of each of the outstanding sets of accounts following the completion of the audit of the 2018/19 accounts. The key actions against this objective are shown overleaf.

Objective: Improve Financial Reporting and Accounts Closedown		
Planned Actions	Responsibility	By When
Finalise the closure and audit of the 2018/19 accounts.	Fin. Man	May 2022
Finalise the closure and audit of the 19/20 and 20/21 accounts	Fin. Man	June/Dec
Complete the AGSs for 2018/19, 2019/20 and 2020/21	Fin. Man	May 2022
Implement a new process for completion of the 2021/22 AGS	Fin. Man	May 2022
Embed the new approach for 2021/22 accounts closedown	Fin. Man	June 2022
Continue to develop the monthly reporting routines	Fin. Man	All year

6 Develop capacity, capability and standards across the whole Department and improve the customer services offer

- 6.1 There is a very large amount of work to do to rectify previous weaknesses and put the Council on a sound financial footing as identified in various external reports in the last 12 months. The external auditors have recommended that the Council invests significantly in its financial capacity and capability if it is to be able to provide an adequate level of service. The finance function has to secure more permanent employees as it is currently heavily dependent on senior interim support.
- 6.2 A new staffing structure has been designed for consultation from May/June 2022 and implementation by the end of October 2022. This is highly reliant on the availability of suitable candidates both internally and in the marketplace. The re-structure will be accompanied by a more robust recruitment process, training and development programmes, and appropriate job descriptions which will be instrumental in taking forward the financial future of the Council.
- 6.3 At the same time that the core finance team is being re-structured there are also plans to bring both the commercial services function and the internal audit function back-in-house after a period of being outsourced. The structure of the commercial services function, including procurement and contract management has been proposed and costed. An options paper on the future of internal audit was approved by the Audit and Corporate Governance Committee in March and will provide a platform for a broader audit, risk, insurance and counter fraud team within the Finance Department.
- 6.4 In addition to the capacity issues there are currently a number of significant challenges regarding customer service due to previous staff reductions being implemented ahead of an adequate technology solution being in place. This is impacting a number of parts of the department and leading to additional work, customer dissatisfaction and inefficiency. Actions will be put in place during 2022/23 to respond to these concerns as part of a corporate customer experience strategy. Once this is completed it will be rolled out across the department. The key actions against this objective are shown below.

Objective:		
Develop capacity, capability and culture across the whole Department and improve customer services		
Planned Actions	Responsibility	By When
Undertake a review and propose a departmental re-organisation across all grades.	Interim Financial Adviser	May 2022
Recruit to new structure	Interim Financial Adviser	October 2022
Implement a comprehensive Training and Capability Strategy which emphasises the need for investment in training and development, well-being and support, coaching and mentoring.	Strategic and Corporate Finance	April 2022 onwards
Implement a customer service strategy	Strategic and Corporate Finance	April - November 2022

7 Develop business case capability to support decision making

- 7.1 There has not been a consistent or coherent approach taken to business case analysis and historically inadequate support for decision makers. This has led to a range of poor decisions in recent years. In addition there is a lack of skilled resource within the Council to support such activity.
- 7.2 The scale and nature of future major projects have been scaled back in the light of the Council's precarious financial position. However for those projects that will progress a robust business case process following the HM Treasury model has been introduced during 2021-22. All business cases are reviewed by the Expenditure Control Panel before approval. Additional requirements have been put in place regarding the quality of reports submitted to decision makers.
- 7.3 It is intended that recruitment within the new structure will aim to secure additional capacity and capability in these skill areas by October 2022. Interim support will be retained and utilised ahead of permanent recruitment. The key actions against this objective are shown below.

Objective: Develop business case capability to support decision making		
Planned Actions	Responsibility	By When
Implement a business case review process that is compliant with HM Treasury five case model	Strategy and Corporate Finance	Designed, implementation will take place during 2022/23
Recruit specialist support to develop and train new recruits	Strategy and Corporate Finance	May /June 2022

8 Develop and implement a people, training and culture strategy

- 8.1 The Council's Finance department has not previously had a business plan with a clear focus on its people, their development and the culture of the team. Work is to be undertaken across the whole Council on a range of these matters in coming months and whilst this may influence our approach we have decided to push ahead with a number of proposals as our people are the most important resource we have and to delay will potentially impact our ability to recruit and retain quality people.
- 8.2 Work has begun to engage with the team through regular communications and team updates but recognise a much more structured and sustained effort is required to develop the team of the future.
- 8.3 A comprehensive business plan for the Finance and Commercial Services Department has been drafted. The plan covers how the service aims to improve culture, productivity, training and development, and 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.

8.4 The plan also includes a comprehensive communication strategy with a range of engagement events envisaged during 2022-23 in order to help staff understand and contribute to the future of the department. The key actions against this objective are shown below.

Objective: Develop and implement a people, training and culture strategy.		
Planned Actions	Responsibility	By When
Plan and deliver a series of staff communication events including an all staff away day, monthly briefing sessions face-to face and virtual, and social events as allowed/required.	Strategic and Corporate Finance	On-going up to Sept 2022 and beyond
Develop a Departmental Succession Plan	Strategic and Corporate Finance	September 2022
Develop a cultural strategy and plan in line with wider organisational initiatives	Strategic and Corporate Finance	September 2022
Develop a Departmental Training Plan	Strategic and Corporate Finance	September 2022
Develop a productivity plan	Strategic and Corporate Finance	September 2022
Develop a non-monetary rewards scheme	Strategy and Corporate Finance	September 2022

9 Develop and implement an asset management and investment strategy

- 9.1 The Council needs to sell up to £600 million of assets if it is to become financially viable. External advice has been procured to develop a strategy to complete this work. The various reports will make recommendations by the end of June 2022 as to the way forward.
- 9.2 The Council has invested in wide range of companies. Various reports have identified the need to review the fit between the Council's objectives and some of the companies. 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 by June 2022.
- 9.3 For the 'active' companies numerous 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. A review of each company is currently being undertaken to assess the ongoing viability and strategic requirement. Strategic options reviews are already well advanced for SUR, JEH and DISH. As at 31 March 2022 all of the 'dormant' companies owned by the Council had been closed or an application had been sought to close them.
- 9.4 Given the wide range of issues identified 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.
- 9.5 In 2022/23 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, strengthening value for money and efficiency and minimising any liabilities. The key actions against this objective are shown below.

Objective: Develop and implement an asset management and investment strategy.		
Planned Actions	Responsibility	By When
Deliver and implement an asset management disposal strategy	Strategic Finance with asset management	Principle agreed. Strategy end of June 22
Implement a Treasury Management and revised capital strategy	Strategic Finance	Done, to be refined again for March 2023
Close those Companies that are no longer required or fit for purpose by June 2022.	Strategic Finance	June 2022
Work with partners to obtain the best commercial position for the Council from reviewing the remaining Companies.	Strategic Finance	March 2023

10 Establish a Procurement and Contract Management function

- 9.1 Since 2016 the Council has utilised the services of RSM to provide procurement and contract management services. Whilst there has been a small in-house resource the majority of work has been outsourced. This has proven expensive and was subject to criticism in the CIPFA and DLUHC reports as the service had not been subject any internal audit review in recent years. The Council has little useful information about its contracts and contract management.
- 9.1 The structure of the commercial function, including procurement and contract management has been reviewed and a new structure proposed and costed. This will be implemented alongside actions in the functional capability assessment costed action plan, and specialist management consultancy will be brought in to support the service during a transition to a permanent team. It is planned that the new structure will be in place by October 2022.
- 9.3 Contract procedure rules were out of date and had not been reviewed for some time Revised contract procedure rules were agreed by full council in November and work is underway on improved financial regulations. These are expected to be completed by July 2022.
- 9.4 Phase 1 of the contracts register was completed in March 2022. A central register of all contracts is now in place and the project is now into phase 2 where the register will be used to identify areas where there is the possibility to reduce spend and duplication, and, ensure better value for money. The key actions against this objective are shown below.

Objective: Establish a Procurement and Contract Management function		
Planned Actions	Responsibility	By When
Implementation of a contracts register and a process to manage and monitor contracts and obtain better value for money	Commercial	April 2022
Recruit and develop an In-House Procurement and contract management function by October 2022	Commercial	October 2022
Investigate and initiate the implementation of a contract management system that will enable better contract awareness and ensure contract review and renewals are more timely and therefore better value for money.	Commercial	June 2022 - March 2023

10 Improve governance, counter fraud, internal audit, risk management and insurance

- 10.1 **Internal Audit** - Following recommendations in the CIPFA and DLUHC reports the council carried out an option appraisal and decided to bring the internal audit function back in house during 2022/23. Transitional arrangements are in place with the current suppliers RSM, and an internal audit plan for 22/23 has been developed, in order that the s151 officer can meet his statutory responsibilities. It is expected that recruitment will take place during 2022 for the new team to be in place for the 2023-24 audit year.
- 10.2 There has been inadequate response to internal audit recommendations in the past and inadequate tracking of the responses to, and, implementation of audit recommendations. All internal audit actions have now been reviewed by action owners and executive directors and progress is being made on closing down outstanding audit actions. A monitoring and reporting system is in place which will continue to be refined during 2022/23.
- 10.3 **Insurance** - Following the resignation of the Risk and Insurance officer in August 2021 a backlog of work on claims built up. In addition there was no specialist resource within the Council to deal with the annual insurance renewal process. It was also discovered that there was a shortfall in the 2021/22 annual budget for insurance premiums, and no provisions or reserves set aside in the accounts for uninsured claims.
- 10.4 Following the recruitment of an interim financial adviser and an experienced ex-local government risk and insurance officer a review of current insurance arrangements was undertaken and the renewal for 2022/23 completed before the 31 March deadline. A review was also undertaken of whether the Council:
- has appropriate insurance covers, and
 - is maximising value for money in terms of both insurance premiums and the cost of settling uninsured claims.
- 10.5 The outcome from this work informed both the levels of insurance provisions and reserves which need to be included in year-end Statements of Accounts, and also the levels of cover and cost of insurance premiums that need to be included in revenue budgets in 2022/23 and future years. The insurance contract is re-tendered on a seven year cycle and is due for re-tender in 2024. During 2022/23 plans will be put in place to ensure a comprehensive tender process is run that meets best practice requirements and obtains best value for money for the Council.
- 10.6 **Counter Fraud** - The Council has a counter fraud and anti-corruption team that currently operates from the business services team. The activity of this team has not been reported to the Audit and Corporate Governance Committee since 2018. An annual report of the work of the team will be re-introduced for 2022/23 and assessment of its impact and value for money will be made.
- 10.7 **Risk management** – the Council has improved its approach to risk management in the last six months but recognises it still has work to do to reach an acceptable level of maturity. Progress is being made and a briefing paper has been produced for CLT with an outline action plan for further development of the Council's risk management arrangements. A revised risk management strategy has been drafted

for consideration at the Audit and Corporate Governance Committee in July 2022, a review of the corporate risk register and reporting requirements is being discussed with Corporate Leadership team and work is on-going around improving the overall culture and approach to risk management.

10.8 The key actions against this objective are shown overleaf.

Objective: Improve governance, counter fraud, internal audit, risk management and insurance		
Planned Actions	Responsibility	By When
Recruit and develop an in-house Internal Audit Team	Interim Financial Adviser	October 2022
Develop an Insurance Strategy and implement a detailed action plan.	Interim Financial Adviser	March 2023
Deliver the Insurance Renewal Programme	Interim Financial Adviser	March 2023
Implement an Enterprise Risk Management Framework	Interim Financial Adviser	March 2023
Develop and implement a suitable approach to monitoring and reporting on the implementation of internal audit recommendations.	Interim Financial Adviser	April 2022
Review the Counter Fraud and Corruption Plans and develop regular reporting to the Audit and Corporate Governance Committee	Head of Counter Fraud and Anti-Corruption	October 2022

11 Improving Revenues and Benefits Services

- 11.1 Revenues and Benefits was one of the corporate functions identified as not effective and recommended to be prioritised with a rigorous plan and resources by the DLUHC Governance Review in September 2021. The functions associated with the oversight of collection of revenues and the distribution of benefits are one of the four areas specified as the responsibility of the DLUHC Commissioners.
- 11.2 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.
- 11.3 In October 2021 the Council appointed an experienced Head of Service to take action to address these weaknesses and to identify other areas for improvement. Over the intervening period further issues have been identified including:
- the core system (Academy) platform being unsupported from Oct 2022/23.
 - failure to deliver on key DWP initiatives – Verification of Earnings and Pensions (VEP) and Housing Benefit Award Accuracy (HBAA)
 - poor data quality and incorrect cash allocation to recovery accounts
 - reliance on agency staff for key roles within the service
 - lack of training and development for staff
 - weak and ineffective processes reducing capacity to drive collection from persistent non-payers
 - inadequate service supplied to customers contacting the Council by phone
 - limited use of technology to deliver efficiencies
 - service performance is below that of comparator Councils.
- 11.4 Many of these issues also are impacting the other elements of the service including the collection of benefit overpayments and rent arrears.
- 11.5 At the same time the service has been asked to deliver some sizable additional projects by government

- Business Grants providing support to local businesses during the pandemic. This has included Omicron Hospitality and Leisure Grants (£0.5m), Additional Restrictions Grant (£1.4m)
- Household Support fund delivering support to vulnerable households across Slough to meet food and utility needs (£1.17m)
- Test and Trace Support payments for those forced to self-isolate and most recently manage the changes in the entitlement criteria brought about by changes in guidance. During its operation the service paid out over 1600 self-isolation awards.
- deliver Energy bill rebates to more than 49,000 households. Of these 26,000 claims will need to be processed from households that do not currently pay Council Tax by Direct Debit.

11.6 The Service has taken actions to address the Directions, CIPFA report and weaknesses identified by the Head of Service. It has also developed an action plan to identify and implement changes and improvement to the service. This has been split into four key workstreams which will be delivered over the next 18 months to two years.

- people and process
- technology
- government initiatives
- performance

People and process

11.7 During second half of 2021/22 the service undertook the following actions:

- stabilised resourcing across the service but identifying support needs, securing extensions to agency staff
- redefining and clarifying responsibilities of senior staff
- identified training needs and commenced training interventions
- re-tendered or renewed all expiring contracts including – print and mail, enforcement agent and NNDR administration
- identified additional resourcing needs and commenced recruitment to deal with key areas of failure
- assessed internal audit recommendations and reviewed relevant process and procedures
- produced draft debt recovery policy and reviewed write off process
- commenced work with Liberata to identify opportunities to improve NNDR administration

11.8 The key actions identified going forward:

Objective Improve Revenues, Benefits and Charges service - (People and Process)	
Planned Actions	By When
Recruit appropriate temporary and improvement resource to address identified process failures and data quality issues <ul style="list-style-type: none"> Recovery data cleansing Housing Benefit Overpayment collection Council Tax Debt Recovery Team Project Management resource 	June 2022
Increase capacity in key support areas – Customer contacts	May / June 2022
Deliver a comprehensive training and development plan to existing staff	Sept 2022
Identify and recruit to key posts to ensure stability of the service – Systems Support and control, training, and policy etc.	Sept 2022
Procure a suitable resilience solution to improve management of peaks of work and reduce the reliance on agency staff	Sept 2022
Review and restructure rents and leaseholder team to align with implementation of new housing System	November 2022
Completed recruitment and development of an In-house team whose costs are comparable with statistical neighbours	April 2023
Review and renew key service support contracts that are due to expire to identify options which might offer better value for money going forward. Including <ul style="list-style-type: none"> Enforcement agents – Nov 22 NNDR administration – Jun 23 	June 2023
Consider implementation of single view of debt for management of high value debtors	July 2023
Review and identify appropriate delivery model for the service, this will include continuing with the in-house model, outsourcing of elements and options for shared services	March 2024

Technology

11.9 During second half of 2021/22 the service undertook the following actions to address weaknesses in the technology being used to maximise efficiency.

- procured a Single Person Discount monitoring service which will be implemented by July 2022
- identified opportunities to automate and streamline processing across the service
- commenced procurement for a robotic automation solution for some routine tasks, improving efficiency and reducing costs
- assessed the self-service capabilities of the service and identified the areas of weakness
- Identified options to improve communication with residents including the use of SMS and smart email to reduce costs and increase collection

11.10 The key actions identified for the technology element

Objective Improve Revenues, Benefits and Charges service – (Technology)	
Planned Actions	By When
Implement Single Persons Discount monitoring tool	July 2022
Procure and implement robotic automation of key processes – VEP processing and UC change processing	Aug 2022
Implement solution to auto capture email correspondence	Sep 2022
Identify and implement further robotic automation in Council Tax and benefits	Oct 2022
Implement Cloud hosting solution for core system	Oct 2022
Introduce the use of proactive telephone, SMS and Email collection techniques	Oct 2022
Increase in self service options (On hold until Server hosting completed) to include <ul style="list-style-type: none"> • Change of circumstances form • Discount and exemption applications • Back-office automation of these and existing form data • E-reminders and E-benefit notifications 	March 2023

Government initiatives

11.11 During second half of 2021/22 the service undertook the following activities to meet the additional requirements on the Council to deliver additional support to residents and businesses:

- delivered the Additional Restrictions and Omicron Hospitality and Leisure Grants to local businesses, processing more than 500 applications and issuing more than £1.5m in support
- implemented the Housing Support Fund scheme to provide support to households struggling with food and utility bills. It issued more than £1.2m in awards, making more than 38,000 payments
- continued to deliver the extended Self-Isolation support scheme bringing the total number of awards to more than 1,600.
- commenced planning for the award of the Covid Additional Restrictions Relief scheme which will see more than £7m of support given to local businesses through reductions in Business rates Liabilities
- commenced planning for the administration and delivery of the Council Tax Energy Bill Rebate scheme. This will be the largest project of its type ever delivered by the Council involving more than 50,000 individual payments and the processing and verification of more than 26,000 individual applications in less than 5 months. It requires the implementation of new software, the development and application of a discretionary scheme and procurement of a delivery partner all of which is underway

11.12 The key actions identified for the Government initiatives element are

Objective	
Improve Revenues, Benefits and Charges service – (Government initiatives)	
Planned Actions	By When
Develop and implement CARF policy	May 2022
Review and update Household Support Fund to meet new requirements and agree responsibilities and budgets for payments	May 2022
Write and seek agreement for the Discretionary Energy Bill Rebates	May / June 2022
Implement and test software solution for Energy bills	May 2022
Make appropriate changes to IVR to ensure calls are routed correctly/update web.	May 2022
Complete full end to end test	May 2022
Make payments to Direct Debit Payers (approx. 23,000)	Jun 2022
Invite applications from non- Direct Debit payers	Jun 2022
Make payments for households entitled to discretionary award	Jun / Jul 2022
Auto credit Council tax accounts of those eligible households that do not make application for direct payment	Jul / Aug 2022
Close scheme	Sep 2022

Performance

11.13 The Service has under-performed in a number of key performance indicators for a number of years and this has only been made more challenging as a result of the pandemic and the changes in both local and national policy during this period.

11.14 Given that background over the 2021/22 financial year in-year collection performance has started to improve. In NNDR collection was at 93.08% an increase of 3.12% on 20/21. For Council Tax collection reached 93.2% an increase of 1.2% on 20/21). Council Tax arrears balances were reduced by £2.85m or 15% during the financial year including £2.08m or 41% of 20/21 arrears collected.

11.15 Benefits processing times have been reduced as the year has gone on. The outturn figures for the year will still be well below the average as a result of the very poor start to 2020/21. Working with the DWP performance in the key priority of Verification of Earnings and Pensions and HB Award Accuracy have been improved to acceptable levels when in October 2021 these areas were failing.

11.16 Whilst backlogs of work still exist the service is in a better position at the start of 22/23 than it started 21/22 and this led to further improvements in performance.

11.17 The key actions identified for the Performance initiatives element are

Objective	
Improve Revenues, Benefits and Charges service – (Performance)	
Planned Actions	By When
Agree a clear set of Key Performance Indicators that target performance above comparator Councils	June 22
Create a performance culture within the service that includes performance management, accountability, and ownership	Sept 2022
Achieve recognition for performance and service improvement within the Sector	Oct 2023

12 Other Issues

Rent collection and arrears

12.1 Rent arrears relating to council tenancies, temporary accommodation and those in respect of tenants with James Elliman Homes have all increased significantly since 2019/20. There are a number of reasons for this:

12.2 Current council tenancies have seen three major issues impacting arrears:

- the introduction of Universal Credit and Covid. Before Universal Credit (UC) housing benefit (HB) was paid direct to the rent account, with the introduction of UC the money equivalent was paid monthly in arrears to the tenants for them to pay the rent. Most tenancies have now migrated from HB to UC with some still to complete in summer 2022. The effect is a potential loss of 4 weeks rent. Under Covid arrears spiked in June 2020 but the figures are now back to where they were at the start of the pandemic. Arrears in 2021/22 were £1.465m against rent collected of £35.481m. Percentage arrears are likely to remain static because the 2022 rent increase was greater than previous (inflation + 1%) and income is likely to be higher.
- **Temporary Licences:** the key issue is the increase in number of residents in temporary accommodation and thus the potential for arrears and associated technical issues. The main barrier to improving collection and arrears is that the Housing Team is running at 50% staffing levels so support for residents to complete Housing Benefit forms is limited and the changes to accessibility makes supplying information to support a housing benefit application difficult. Many clients are very vulnerable (ex rough sleepers/ mental health issues/ lack of English as a first language) so struggle with access to facilities such as emails and scanning, without which it is difficult to complete applications in a timely manner. Arrears are currently £204K on rent collected of £3.2m. This may increase due to the increasing number of licences and until the council resolves access/support issues.
- **James Elliman Homes (JEH):** for housing benefit purposes JEH is treated as a private landlord so is paid via landlords portal, consequently all tenants on HB are paid 4 weekly in arrears. There are also issues with the service level agreement between the Council and JEH which are impacting on the councils ability to speed up recovery processes. Arrears in 2021/22 were £239k on £2.029m. There remains an urgent need to resolve Tenancy issues, if they are resolved arrears will be static, no rent increase so income likely to be static.

Commercial Leases and rent arrears

12.3 Restrictions on Landlords' enforcement options imposed by the Coronavirus Act 2020 ended on 25 March 2022 and the Act replaces these restrictions with a new approach that prevents Landlords from exercising the usual remedies in respect of certain ring-fenced rent arrears. The Act relates to rent arrears incurred during the period from 21st March 2020 up until 18th July 2021 (dependant on the tenant's business), the arrears can also include service charge, insurance rent, interest and VAT. Any arrears falling outside of the dates can be dealt with in the usual manner, and commercial rent arrears recovery can be applied.

- 12.4 The overarching intent of the Act is that Tenants who can pay their rent in full should do so, however where Tenants cannot pay in full the Government's intention is that
- the rent accrued as a result of the pandemic should not force an otherwise viable business to cease operating.
 - lease obligations should be recognised as far as possible but,
 - where Tenants cannot pay in full, the Act and the code seek to compel Landlords and Tenants to share the financial burden proportionately.
 - in practice this is a negotiation in the first instance between the Landlord and the Tenant with the expectation that the Landlord will share where they can, and where parties are still unable to reach agreement the dispute can be referred to arbitration.
- 12.5 The total arrears on commercial leases is £619k of which 3 debtors make up 50 per cent of the arrears and are reclaimable leaving an amount due of £311k.

Chalvey Extra Care Development Lease

- 12.8 The Council had originally hoped to re-develop the site at Chalvey as an extra care facility, but the Council's plans have now changed in response to the s.114 Notice issued in July 2021 and the need to limit the capital programme to essential projects only and reduce future borrowing. Negotiations are ongoing with the landlord regarding the future of the lease.

Observatory House Business Case

- 12.9 The Council purchased the Observatory House site with an initial view to providing quality office space that could be utilised for its own purposes but also sub-let as a source of income. The Council's plans have now changed in response to the s.114 Notice issued in July 2021 and the need to undertake a critical appraisal of all assets as part of a significant asset disposal programme. A review of the options for Observatory House is currently in progress as part of this wider programme of work. There are risks attaching to this review not least the fact that additional rental income of £1.3m is budgeted for in the Place budget for 2022/23 and beyond for letting two floors of the building

13 **Implications of the Report**

13.1 Financial implications

13.1.1 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.

13.2 Legal implications

13.2.1 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.

13.2.2 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.

13.3 Risk management implications

13.3.1 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 2. 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.

13.4 Environmental implications

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

13.5 Equality implications

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

13.6 Procurement implications

13.6.1 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.

13.6.2 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.

13.7 Workforce implications

13.7.1 There are workforce implications associated with the restructure of the department which are being managed with HR support. 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.

13.8 Property implications

13.8.1 The asset disposal programme referred to in section 8 of this report will directly impact on the Council's property holdings. Full details will be provided via six-monthly progress reports to Cabinet.

Departmental Progress in 2021/22

Overhauling Financial Reporting and the Statements of Accounts and Year End Closes

The Council's accounts for 2018/19, 2019/20 and 2020/21 are not yet complete and are still to be audited. Previous systems and processes for completion of the accounts were inadequate.

During 2021, new ways of working were implemented 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 is now being 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.

The issues identified in preparing the accounts are interlinked, extensive and very complex in nature. As noted in the report resolving these issues will require 100% of the AGS, the core statements, group accounting statements and 68% of the notes to be restated. A list of prior period adjustments and in-year adjustments is provided below

Prior period adjustments:

1. Misstatement of internal floor areas of buildings leading to reduction in depreciation charges - £12m
2. Overstatement of PPE because assets had not been removed (de-recognised) on disposal - £13m

3. The value of Thames Valley University site had been understated by not recognising creditors for payments of the purchase price in 2 future years - £16m under-accrual
4. Over-accrual of income from SUR LLP - £7m
5. MRP understated - £33m
6. Loans to James Elliman Homes had been misreported £6m reported as an investment rather than a long-term debtor
7. Overage income had been misreported as revenue income
8. S.106 income misreported - £12m
9. Value of infrastructure assets overstated, because SBC had been using a blanket 40 year asset life regardless of type of expenditure – £60m overstatement
10. Duplicated and incorrectly recognised assets identified as part of the review of the Council's asset holdings

In-year adjustments:

1. The Thames Water refund provision £3m
2. Increased provision for NNDR appeals and bad debts £10m
3. Impairment of the prepayment to Slough Children First £2m
4. Incorrect capitalisation of staff costs re Thames Valley Uni site £1m
5. Misclassification of substations as investment property – should be operational assets
6. Misclassification of Thames Valley University site as an investment property when it should be assets under construction and valued at cost
7. Grant disclosure note does not reflect all grants received by the Council

Whilst the focus has been on finalising the 2018/19 accounts as soon as possible, officers have been working on preparing the accounts for the years from 2019/20 to 2021/22 at the same time. A lot of work has either been completed or is in progress, including:

- Reconciliation of Council dwellings to the housing management system
- Reconciliation of Council assets to land registry
- Reconciliation of Council assets to DfE records
- Reconciliation of Council assets to valuation records
- Review of debtors and creditors balances
- Review of cash/bank balances
- Review of provisions, contingent assets and contingent liabilities
- Preparation of PFI disclosure note
- Preparation of grant disclosure note
- Preparation of Collection Fund accounts
- Review of group assessment

- Preparation of Annual Governance Statement
- Preparation of Accumulated Absences Account
- Preparation of Officers remuneration note and exit packages note
- Review of related party transactions for Members and Senior Officers
- Review of accruals
- Reconciliation of asset register to capital transactions

With the complicated issues being resolved, it is anticipated that the preparation of the accounts for the remaining three years will be easier, and officers are aiming to complete all three sets of accounts by the end of March 2023.

In regard to the audit of the 2018/19 accounts, the external auditors have confirmed that this will commence mid-June and we would expect the audit to be completed by mid-August. However, it should be noted that the audit opinion may not be issued until CIPFA have issued guidance on the issue around infrastructure assets.

A summary of detailed issues affecting the 2018/19 accounts is shown below

Key areas reviewed

No.	Area	Actions taken
1	Statement of accounts and working papers	<p>The format of the Council's Statement of Accounts has been amended to improve layout and presentation and to remove unnecessary or duplicated information and disclosures.</p> <p>Consistency issues were identified in the published accounts such as the grants disclosure notes not reconciling to the Expenditure and Funding Analysis as well consistency issues between the CIES and come of the notes supporting the CIES. Consistency checks have been built into the new template to ensure that the accounts are consistent throughout.</p> <p>Working papers were mostly non-existent and the working papers that were available did not reconcile to the published accounts.</p> <p>Furthermore, the preparation and filing of supporting information has been standardised, all of which is now</p>

No.	Area	Actions taken
		<p>centrally stored so that working papers can be easily located.</p> <p>A comprehensive suite of standardised 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.</p>
2	Statement of accounts and the financial system	<p>The statement of accounts was previously prepared using CIPFAs Big Red Button. Whilst, using this method means that preparation of the statement of accounts is easier, the trail to the financial system is lost and it is difficult to establish how the accounts have been populated.</p> <p>The statement of accounts has been reconciled back to the financial system which identified several issues with the mapping and missing journal entries which resulted in the financial system not reconciling to the published accounts. There is now a clear working paper in place that demonstrates how the accounts have been prepared from the financial system, ensuring there is a clear trail between the two.</p> <p>Furthermore, there were issues identified with the 2018/19 accounts which required journal entries to be posted in the financial system in order to ensure that the financial system and the accounts reconciled. Some of these entries were either posted in the incorrect period or incorrect financial year, resulting in reconciliation issues between the accounts and the financial system as well as issues with the balances rolled forward into the new financial year.</p>
3	Knowledge and Resources	<p>The Finance team has onboarded additional interim support with experience of dealing with similar issues at other local authorities, to provide capacity to support both the</p>

No.	Area	Actions taken
		<p>range and complexity of the work arising from the audit overrun and various issues identified.</p> <p>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.</p> <p>Investigation into Council's asset register identified that there was a lack of in-house knowledge on how to use the Council's fixed asset register and a lack of guidance notes. Training on how to use the system has been provided to the relevant members of staff along with guidance notes and video demonstrations saved in a central location to ensure resilience in the future.</p>
4	Property, Plant and Equipment	<p>A major data cleansing exercise has been completed to ensure that entries on the register is accurate, up-to-date and there is evidence of Council ownership. This included:</p> <ul style="list-style-type: none"> • review against land registry records – this identified 42 properties that were not registered with HM Land registry. Instructions have been sent to HM Land registry and who are currently in the process of registering the Council's interest in these properties. • 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. • Review against DfE records has been completed and identified 1 asset that is still held on the

No.	Area	Actions taken
		<p>Council's asset register. The asset in question should have been derecognised in 2013/14</p> <ul style="list-style-type: none"> • Review against valuers report – identified that not all valuations have been updated in the FAR. Duplicate assets and one asset that is now an academy identified. Revised valuations have been obtained from the valuers in respect of the issues identified • Review of componentisation – this work has been concluded and has not identified any material issues or a need to componentise • Review against disposal records has been completed with no issues identified • Review of asset balances has identified 3 assets that were transferred to a different asset class where the revaluation balance has not been written off on transfer
5	Investment Property	A review of the Council's investment property portfolio identified 132 assets misclassified as investment properties, but which are operational assets.
6	Capital expenditure and financing	In addition to the MRP issue highlighted above, our review identified that revenue costs were being incorrectly charged to capital. These costs have been included in the capitalisation direction.
7	Financial Instruments	Review of 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.

No.	Area	Actions taken
		The review identified issues with the classification of financial instruments which need to be corrected in the restated accounts. Furthermore, there was no disclosure of the nature and extent of risks arising from financial instruments included in the published 18/19 accounts.
8	Cash and cash equivalents	Bank reconciliation processes are being improved and work is underway to close bank accounts not in regular use.
9	Debtors and Creditors	<p>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 being reconciled to Agresso and all suspense and holding account balances are to be cleared with improved controls and processes being put in place (see appendix 3).</p> <p>In addition, the review has identified a number of cases where accruals have not been raised including:</p> <ul style="list-style-type: none"> • £2.2m of capital expenditure relating to 2019/20 but paid in 2020/21; and • £1m of DSG-related expenditure paid in 2021/22 but relating to 2020/21.
10	Unusable reserves	A review of unusable reserves identified that the Accumulated Absences Account remained unchanged from 2017/18 with no working paper available for 2018/19. Leave balances have been obtained from HR to calculate the balance required for 2018/19 supported by a comprehensive working paper
11	Usable reserves	A review of unusable reserves identified that £12m of s.106

No.	Area	Actions taken
		<p>contributions had been recognised as capital grants unapplied in 2016/17. This 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.</p>
12	Provisions, Contingent Assets and Contingent Liabilities	<p>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:</p> <ul style="list-style-type: none"> • £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.
13	Collection Fund	<p>In addition to the understatement of the Business Rates appeals provision, our review identified that the bad debt provision for both Council Tax and Business Rates had been understated</p>
14	Housing Revenue Account	<p>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.</p>
15	Group Accounts	<p>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</p>

No.	Area	Actions taken
		<p>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.</p>
16	Assessments	<p>Two new accounting standards (IFRS 9 & IFRS 15) came into effect in 2018/19. Officers failed to carry out an assessment as part of the preparation of the 2018/19 accounts. These assessments have now been carried out and necessary amendments made to the accounts.</p> <p>In addition, the going concern assessment has been updated to reflect the Council's current position.</p>
17	Leases	<p>Our review has identified that a lease for a plot of land to be used for an Extra Care Home development had been incorrectly accounted for as follows:</p> <ul style="list-style-type: none"> 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

No.	Area	Actions taken
		<p>remaining 40 year term of the contract.</p> <p>Furthermore, in preparation for the introduction of the new leasing accounting standard (IFRS16), 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 during 2022/23 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.</p>
18	Audit engagement	<p>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.</p> <p>Technical accounting papers on the proposed treatment of the complex issues identified through our internal review are being shared and agreed with the auditors, which should reduce delays once the audit of the accounts commences (see appendix 4).</p>
19	Infrastructure assets	<p>An issue raised recently at CIPFA/LASAAC was the accounting for infrastructure assets. One of the audit firms had queried the accounting being followed regarding replacement of components. The concern seems to be that local authorities are not derecognising the component being replaced.</p> <p>The argument has always been that the net book value of the component will always be nil, because the roadway (or similar) is worn out before the local authority gets round to replacing. Therefore, it has no impact on the NBV. However, the query seems to be that the gross book value and the gross accumulated</p>

No.	Area	Actions taken
		<p>depreciation should have been amended, but local authorities do not have the records to do this.</p> <p>The practice at Slough has been to charge all the years' expenditure on infrastructure into one asset for each year and then depreciate this as a single annual asset over an assumed asset life of 40 years.</p> <p>This suggests that the net book value of the infrastructure assets will be overstated because not all expenditure on infrastructure will have the same asset life.</p> <p>A technical paper outlining the Councils proposal was shared with the auditors and the recalculation has been completed, resulting in a £60m reduction in infrastructure assets.</p> <p>However, it should be noted that CIPFA have not agreed on a way to address this and are expected to release guidance in July/August 2022. While the Council is very confident of its proposed approach which the Auditors are equally content with it will be necessary to wait until CIPFA have released their guidance before the audit of this can be completed</p>
20	Accounting policies	<p>A review of the accounting policies identified that the disclosure note had not been updated for a number of years. This has now been brought up to date in line the Code and reflects the accounting policies applied by the Council in preparing the accounts.</p>
21	Narrative statement	<p>The narrative statement is being updated to reflect the Council's current position and the magnitude of work required to ensure that the accounts are now materially correct.</p>
22.	Staffing	<p>It is apparent that there has been:</p>

No.	Area	Actions taken
		<ul style="list-style-type: none"> ➤ insufficient investment in the finance team in Slough for some time ➤ very poor standards of work in some cases ➤ poor leadership, again in some cases ➤ and inadequate standards applied in the preparation of the accounts <p>The Council is currently completing a review of the structure of the finance team that will enable the Council to take matters forward in a professional, high quality way in the future. This is being supplemented by the application of high financial standards, training and development, the correction of past mis practices etc</p>

Improving Budget Setting and the Capitalisation Direction

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.

The Council's revenue budget for 2021/22 included a number of challenges comprising late completion of the budget, inadequate scrutiny of the proposals, allocation of only circa 50% of the savings proposals to departments thus compromising delivery/ownership, very poor working papers among other matters. It will take some considerable time to fully embed better practices

A great deal of work has been undertaken since July 2021 to verify budgets and savings plans for 2021/22 and this work has identified that:

- many of the assumptions underpinning the original 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.

During 2021 this team was directed at re-balancing the 2021/22 budget and developing the 2022/23 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 £233m at 31 March 2023) does not deteriorate further due to in year budget management.

This work has involved:

- reworking as far as possible 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.

The work then focused on producing the necessary budget reports for approval by Council in March 2022. However, this position was heavily dependent on DLUHC's agreement to support the Council which was concluded in March 2022. The 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. A significant amount of work went into developing the Capitalisation Direction. The work to develop this submission has been a major effort during 2021/22 and the Council now has a clear indication of the scale of the financial difficulties it faces.

Budget process and allocations

The Council has ensured that as part of resolving its budgets it has sought and will continue to pro-actively seek options for financial savings by transforming, stopping, deferring or reducing services. Examples which will take time to develop and embed include:

- where services are provided above the statutory minimum
- full cost recovery for fees and charges
- where services cost more than average
- a review of assets, eg centralising/rationalising, including Child Care Centres among others
- reviewing regeneration objectives to ensure they are cost effective
- a review of the levels of service provided eg waste collection, street cleaning.

Since April the Council had addressed these issues, developed a short term plan to balance 2021/22 and 2022/23 budgets, is developing a 2 stage approach to 2022/23 which will see high level proposals by May 2022 and their refinement thereafter and longer term planning for the financial years 2024/25 onwards using zero based budgeting techniques.

These actions include the below, some are short term, others will be developed over the medium/longer term beyond 2022/23:

- ownership of balancing both years 2021/22 and 2022/23 with departments with clear targets and requirements
- weekly meeting at Director and Leadership level tracking progress across all Departments, re savings developed and supporting documentation

- extensive engagement between finance and services to continually review all budgets, line by line reviews, correction of previous years issues, consideration of proposals etc
- all proposals being backed up with a business case, savings action plan and equality impact assessment. While designed embedding these will take time beyond this year
- peer and financial review of supporting documentation - expenditure control panels reviewing all expenditure requests
- consideration will be given to extending the controls through restrictions to the Council's accounting system
- introduction of zero based budgeting with effect from 2022/23.

Zero-based budgeting (ZBB) is a method of budgeting in which all expenditure must be justified for each new period. The process of zero-based budgeting starts from a "zero base," and every function within an organization is analysed for its needs and costs.

Capital Budget and Capital Receipts

Linked to the much reduced capital programme, financing the capitalisation direction and reducing the level of borrowing the Council also began a process of commencing a proactive, but orderly disposal process to generate capital receipts which will be used firstly to finance these issues. In addition the Council conducted a procurement exercise in line with the Public Contracts Regulations 2015, to obtain the support of external organisations who can assist the Council with an ambitious programme of asset disposals over the next five years. This is a key strand of the Council's financial recovery and is well advanced.

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 up to £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 plan.

Action has been taken during 2021/22 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.

In addition, officers have worked with colleagues in the Place Department and are progressing preparation for the disposal of smaller sites and have commenced a programme of work to ensure that all Council property records, and all Land Registry records, are accurate and up to date. This should expedite future asset disposals.

The asset disposal programme and revised governance arrangements will continue to be actioned during 2022/23.

Developing Financial Business Partnering

Effective financial management is a corporate responsibility which must involve all members of the Council's Corporate Leadership Team and 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 continuing to ensure that spending departments understand the composition of their budgets and take ownership for delivering financial targets once these have been agreed.

The Corporate Finance team has continued to develop and improve in-year financial reporting by producing detailed monthly reports which provide accurate, comprehensive and up to date information on the Council's current financial position, its expected year-end outturn and the financial challenges it faces. This improved level of information will support the Council in making better informed, more transparent and more prudent financial decision-making in future.

A training programme on a range of financial matters is being developed for Non-Finance managers and for Members for roll out during 2022/23.

Continued development of the Finance Business Partnering approach will be strengthened during 2022/23.

Improvements to Financial Accounting and Control

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 Housing Revenue Account (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 yearend 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.

Reviewing Interests in Companies

A prioritised review of the eleven companies that are wholly owned, partly owned or undertake activities related to the Council has made good progress. The review has included assessment of matters such as accounting, management and governance arrangements that are in place between the Council and these companies. Resulting in a series of prioritised actions that have been or will be completed to address issues.

A number of the Council's companies are due to be wound up and closed by June 2022. The remaining companies are being assessed as to their viability and structural fit with the Council's future strategic objectives.

Improvements to Procurement and Contract Management

Support is being received from the Local Government Association and work has commenced to bring in resources to develop and implement the procurement strategy. There is now a comprehensive pipeline of procurement activity which will aid transition planning.

Work with colleagues across the Council aimed at the development of a social value policy and to ensure it links to other Council strategies and initiatives for example, localities is underway.

Improved Contract Procedure Rules were approved by the Council during 2021/22, including the raising of thresholds to allow more flexibility in procuring at lower levels, distinguishing between services and works and ensuring the appropriate controls are in place.

Bringing Internal Audit In-House

Following the recommendations in the CIPFA and DLUHC Governance reports relating to Internal Audit the Council carried out an independent review and options appraisal in November 2021. The outcome of this work was reported to the Audit and Corporate Governance Committee at its meeting on 9 December. The Committee and the Lead Commissioner recommended that Option E within the report be actioned during 2022/23. This work is now underway alongside the wider re-structure of the Department.

Transitional arrangements are also being put in place with the current internal audit suppliers to maintain continuity of service during 2022/23 and to assist with a handover to a new in-house function from October 2022.

Improving the Response to Audit Recommendations

The Council has received a wide range of adverse audit reports including a significant number of internal and external audit recommendations in recent years. The team are continuing to develop systems and processes to ensure that a more comprehensive response is provided. Resources have been deployed in the latter half of 2021 to improve the recording, monitoring and reporting of the Councils' position to the Audit and Corporate Governance Committee.

Further work will continue during 2022/23 alongside a broader performance framework that is being introduced across the Council.

Stabilising the Insurance Function

In August 2021 the Council's Risk and Insurance officer retired. As a result a significant backlog of claims has built up and the annual processes for reviewing and renewing insurance covers have not received any attention. An experienced interim was brought in during December 2021 to deal with the backlog and to ensure appropriate cover is in place for 2022/23 including that procured on behalf of Council Companies. Without adequate insurance in place the Council faces significant risks to its ability to operate.

Once the backlog has been stabilised and the renewal has taken place attention will turn to developing a longer-term strategy for the Council's investment in insurance including developing arrangements for a full renewal in 2024.

Improving Revenues and Benefits Services

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.

Many of these issues also are impacting the other elements of the service including the collection of benefit overpayments and rent arrears.

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

Reviewing the Housing Revenue Account (HRA) Business Plan

The HRA 30-year business plan was not updated before setting the 2021/22 budget and has been reviewed. The new business plan will be further refined in future months with outcomes reported to members.

Improving the Approach to the Dedicated Schools Grant (DSG)

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. Progress since May 2021 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 Special Educational Needs 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 Special Educational Needs (SEN) 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 Children and Young People with SEND are matched to appropriate provision. Service Level Agreements 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 been identified and begun to action Education and Health Care Plans (EHCP) s that the Local Authority 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.

Financial Modelling and Business Case Approach

A standard approach to developing businesses cases following the HM Treasury 5 case model has been introduced this includes advice and guidance on financial modelling techniques.

Fees and Charges Policy

The Council's Fees and Charges policy has been reviewed and which will consider the following:

- have all possible overheads been allocated and absorbed to the relevant area
- is the service at breakeven, or even able to go beyond breakeven for any differential services
- are all fees and charges being increased by inflation as a minimum where not fixed by statute
- can any further differential or premium services be provided at little or no extra cost for the revenue it would generate
- how does the Council's charging structure differ from other councils and are there any ideas we could apply in Slough
- how do the Council's charges benchmark against other councils?
- are there departments/costs which are incurred in one part of the business to the benefit of others which could be cross-charged to increase recovery from end users via an increase in fees and charges?
- do we know what users are willing to pay and for what
- have we reviewed the legislation recently to understand what we can and cannot charge for and to what level we can charge?

These assessments will be used in the 2023/24 budget process and will continue to feature in the future.

Expenditure Control Process

Linked to the expenditure control process planned improvements to the financial regulations and contract procedure rules include:

- reviewing and putting in appropriate controls
- reviewing the thresholds to remove unnecessary administration and to allow greater efficiency and flexibility in procuring at lower levels;
- distinguishing between services and works
- alignment to the Scheme of Delegation that is being refreshed to reflect SBC's restructure.

In this new Scheme of Delegation, the emphasis will be on a principled based approach whereby the new EDs and ADs will have the delegated authority to manage and direct their own directorates.

Procurement Strategy

A procurement strategy is being written and is forming the basis of implementing a procurement function based on best practice. Implementation of the strategy is predicated on bringing in permanent resources in the Autumn onwards and will be implemented in line with this. In addition, the Council is developing its social value policy on which the team is leading, working closely with the Council's Policy Team. Procurement and Contract Management guidance and practice notes are being prepared for Contract Management, and a contracts categorisation process is being developed to identify high risk and high value contracts which needs to be prioritised for implementation of contract management plans.

Risk management

- 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. The RAG rating after mitigation is not time related ie as has been previously advised this while process will take circa 4 years

Risk	RAG Before Mitigation	Mitigation	RAG After Mitigation
DLUHC/CIPFA/Grant Thornton/Commissioners may not have confidence that the Council can address all the matters to the quality and in the time needed	Red	Recruitment of new finance team in progress Employment of temporary additional resource Creation of appropriate permanent finance structure External review comments on the newly instigated finance service This also requires considerable input from across the whole Council	Red
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 On-going engagement with external audit Extensive training	Green
Budget may not be brought into balance	Red	On-going communication with DLUHC regarding capitalisation directions 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 As the Council has until the 31 May to bring its 2023/24 budget proposals to an agreed sum it is not possible to be other than cautious at this stage	Red
2022/23 Budget may not balance	Red	The Council is also currently facing the risk of a 2022/23 in year overspend. This will be firmed up as at 30 June when we will have the 21/22 outturn and the first quarters monitoring and thus at the stage the RAG rating may change	Red
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 ICT restructure is being prepared and will greatly impact on this when in place	Amber
Finance Team reverts back to being under resourced and under skilled	Red	Restructure programme well advanced for October completion 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	Amber

		The residual risk is securing a permanent team which makes the risk Amber at this stage	
Poor financial management practises continue	Red	Range of new processes introduced on a phased basis Officers trained in the new approaches	Amber
New practices are not embedded		This depends upon officers throughout the Council fully engaging with the rigours of budget management	

Response to CIPFA review

No.	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				
1	1. The S151 Officer present their plan for the steps that they need to take to rebalance the budget to Council in October and seek Council approval for the Plan.	Plans were taken to Council in October 2021. Plans approved. Budget for 2022-23 approved.	S Mair	Complete for short term Work continues for the longer term
2	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.	A second s114 report was not necessary and a balanced budget has been set for 2022-23 with the support of a £307m capitalisation direction from DLUHC. The budget is subject to a number of key deliverables which will inform the deliverability and potential need for future s114 reports.	S Mair/EDs	Complete
3	The Council produces a longer-term outline plan for closing the MTFs budget gap by December 2021.	Outline Medium Term Financial Plan completed in late 2021 as part of submission of capitalisation direction to DLUHC in February 2022 and as support for 2022-23 budget approval.	S Mair/EDs	January 2022 Complete
4	The Council produces detailed delivery plans for savings required over the MTFs by May 2022.	Costed savings action plans have been produced for the 2022-23 budget and proposals are now	S Mair/EDs	May 2022

		being prepared for the 2023-24 budget which will be refined through to September 2022. The process beyond 2023/24 will be based on a zero basing of the Council's budget		Partially complete ZBB will take through to October 2023
B On future sustainability: Establish a high-level risk register				
5	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	The Council's risk register is continually reviewed, the fourth iteration was presented to Audit and Corporate Governance Committee on 21 st April. 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 board, which has representation from all council directorates.	S Mair/EDs	Complete
C On Commercial activities and borrowing: Set limits on future borrowing and capital spending				
6	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 has been scaled back to a minimum and thus tight limits have been set on future borrowing reflected in the Capitalisation Direction submission to DLUHC.	S Mair/EDs	March 2022 Complete
7	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 Complete

	D On commercial activities and borrowing: Gain increased assurance concerning the potential scale of past and future liabilities.			
8	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.	<p>Since the CIPFA report was drafted work has been undertaken to improve the Council's understanding of the scale of liabilities – past, current and future. This covers not only capital finance but also provisions eg GRE 5 and others. This will continue to be developed during 2022/23</p> <p>Budget set for 2022-23 including estimate of £307m capitalisation direction from DLUHC to support current year and previous errors, and estimated liabilities.</p>	S Mair	<p>July 2021 November 2021 March 2022</p> <p>Partially complete</p>
	E On Assets: Develop an outline disposal plan			
9	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.	<p>The Council approved sale of upto £600m of assets and the procurement of external advisors in September to assist with the asset disposal programme.</p> <p>Avison Young now appointed and are expecting to produce a detailed disposal strategy with estimated sale proceeds and timeframes by 31 July 2022.</p> <p>Local Partnerships Ltd have been engaged to provide options for disposing of James Elliman Homes Ltd.</p>	S Mair/R West	On Track

		Montague Evans commissioned for options for SUR LLP to explore sale of sites to Homes England.		
Strengthening Financial Governance and Oversight				
F Raise Member awareness of the scale of the financial challenge and its implication				
10	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. Training session on Public Sector Finance delivered to Members on Thursday 14 April 2022 to be followed by a series of future training briefings.	S Mair	Continuous On Track
11	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 Briefing programme and dates being finalised post-election to assess if any changes that need factoring into future sessions. Initial programme agreed at Audit and Corporate Governance Committee in January 2022	S Mair/A Wakefield	Start December 2021 On Track
G Address immediate Financial Governance risks				
12	The Council restores key controls within its Financial Management System as set out above.	Work is in progress to re-align access permissions within Agresso to match the current staffing structure.	S Mair	March 2022 Complete
	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	July 2022 revised completion target

		First draft produced subject to wider governance review and seeking sign off by July 2022.		On Track
13	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	Revised July 2022 as per above On Track
H Prepare an Annual Governance Statement for 2020-21				
14	An Updated Annual Governance Statement and Action Plan should be prepared for consideration by the Audit and Governance Committee by December 2021.	Work in ongoing and a first draft AGS for 2020/21 expected in early November. Draft AGS completed and being reviewed by CLT before the end of May 2022. Document will need finalising and further review once the 2020-21 financial statements are completed in Autumn 2022.	S Mair	December 2021 Complete subject to finalisation of accounts.
I Undertake an independent review of the Procurement Function				
15	The Council commission a separate independent review of the procurement function, rather than including this within the annual internal audit plan.	An initial review of the Procurement Function was undertaken by the Local Government Association in February 2022. A new team is being recruited as the service is taken back in-house. Once the team has been established (estimated by October 2022), an internal audit review will be commissioned. If RSM are still the Council's internal auditors then	S Mair	June 2022 Revised date On Track

		a separate review will be commissioned, if not, the new internal audit team will undertake a review before q2 2023.		
J Review the provision of Internal Audit				
16	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.	<p>Internal audit options appraisal paper was presented to Audit and Corporate Governance Committee on 9th December 2021. This included fully costed plans to establish a best practice function. The council has entered into a one year contract with RSM consulting, during this time a transition will be made to an in house team, and the 2022/23 internal audit plan will be delivered.</p> <p>Recruitment to take place before 1 October 2022 of in-house IA team as part of wider re-structure of the department.</p> <p>The 2023-24 plan will be delivered by an in-house team subject to recruitment.</p>	S Mair	<p>March 2023</p> <p>Complete and Recruitment on track</p>
K Enhance Financial Capacity				
17	The S.151 Officer reviews the level of resource required to deliver his plan for restoring sound financial management	<p>Business plan agreed for additional resource through to March 2023 and beyond.</p> <p>Permanent structure developed based on good practice elsewhere. Consultation on new structure expected to take place in May 2022</p>	S Mair	<p>30 September 2022</p> <p>Complete</p>

		with recruitment completed by 30 September 2022. Wider business plan for Finance developed and shared with Commissioners		
18	The organisation makes further provision to enhance the capacity within the finance team including exploring other delivery avenues e.g. shared services	Restructure including required capacity developed and costed plan being implemented subject to consultation in May 2022. If recruitment in the wider marketplace is unsuccessful then other options will be considered. Note: previous shared services within Berkshire have not succeeded.	S Mair	October 2022 On Track
19	The Council commissions an independent review to demonstrate that financial procedures and processes are robust by May 2023.	O/S – not yet due This will be commissioned in October 2022		March 2023 On Track
L Stabilise the Finance Leadership Team				
20	The S.151 officer immediately commences the appointment process for a permanent Deputy S151 Officer.	Appointment of interim deputy s.151 officer pending completion of the finance restructure	S Mair	April 2022 Complete
21	The Council seeks to negotiate the contract terms for the S151 officer and his team to extend the current notice period.	Complete and commitments extended to March 2023.	S Mair	Complete

Response to DLUHC Governance Review

No.	4. Governance recommendations	P=Priority action M=Medium term action	Action Taken	Responsible Officer	Status / Next Steps
1	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>Detailed High Level Service Assessment and Functional Capability Assessments completed by end of February 2022.</p> <p>Fully costed action plans being completed by 31 May 2022.</p>	S Mair	<p>Continuous</p> <p>On Track</p>
2	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>Finance Action Plan has been developed and is being reviewed monthly this includes all areas of finance and revenues and benefits.</p> <p>Detailed High Level Service Assessment and Functional Capability Assessments were completed by end of February 2022.</p>	S Mair	<p>Continuous</p> <p>On Track</p>

			Fully costed action plans are being completed by 31 May 2022 including for IT and Democratic Services including scrutiny.		
3	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	Interim Deputy S151 appointed Complete and commitments extended to all finance posts and IT until March 2023.	S Mair	April 2022 Complete
4	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. A revised set of Financial Regulations has been produced and will be finalised by July 2022.	S Mair	July 2022 revised date On Track
5	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	Finance & Commercial Services team 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	S Mair	Complete

			<p>frequent liaison with action owners, executive directors and associate directors.</p> <p>Further work is on-going to collate the identified actions into a cross cutting set of recommendations that can be used to generate continuous improvement activities.</p>		
6	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	Actions from finalised audit reports are incorporated into the IA Management Action Tracker. Council has recruited a specific resource to monitor implementation of IA recommendations and the corporate and departmental risk registers.	S Mair	Continuous On Track
7	13 Conduct an independent review of the internal audit contract and establish an 'in house' function which will enable the internal audit team to work alongside colleagues, whilst retaining their independence, as is practice in many councils.	M	Structure of internal audit options appraisal paper was presented to Audit and Corporate Governance Committee on 9th December 2021. Further review took place at the Audit and Corporate Governance meeting on 1 March 2022 and the paper was approved including arrangements for extending the current contract to ensure adequate IA cover in 2022-23. This contract extension was completed on 14 April 2022.	S Mair	Complete

			<p>The recruitment of a new in-house internal audit team is happening alongside the Finance Department Restructure scheduled to be complete by 30 September 2022. A report is going to the 17 May Cabinet outlining the restructure and the consultation process.</p>		
8	14 Independently review the procurement and contract management function and develop an 'in house' team.	M	<p>Structure of the commercial function, including procurement and contract management has been reviewed and a new structure proposed and costed. A tender to procure specialist management consultancy to plug resource gaps during the transition of a permanent team has gone out, and this resource will also be used to support future complex procurement projects where the resource is not held in house.</p>	S Mair	<p>June 2022 Complete</p>
9	15 Continue to understand and identify risk more generally and review the council strategic risk register to make it fit for purpose	P	<p>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.</p>	S Mair/EDs	Complete

			The Council's risk register has been comprehensively reviewed, the fourth iteration was presented to Audit and Corporate Governance Committee on 21 st April 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.		
10	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 list of annual contracts to Cabinet.	P	An improved report is being drawn up for Cabinet setting out the value, term and purpose of all contracts greater than £180k in value.	EDs	Continuous On Track
5. Culture and Leadership recommendations					
11	19. Prepare an annual governance statement for 2020/21, the current 2019/20 statement does not have an action plan.	P	2020/21 AGS prepared and being reviewed by CLT during April 2022. Addendums to the 2018/19 and 2019/20 also written and being reviewed by CLT in April 2022. Various AGS action plans updated for the risks which have transpired since August 2020.	S Mair	December 2020 Completed

6. Financial governance recommendations					
12	21 Produce an overarching corporate action plan in response to the section 114 notice which indicates the way to financial sustainability	P	<p>Recovery and renewal plan approved on the 23rd September 2021. Finance Action Plan drafted in response to s.114 Notice, which is updated and reported to all Council meetings.</p> <p>Financial plans updated for the Budget 2022-23 reports including the completion of capitalisation direction to DLUHC and development of medium term financial plans setting out key risks in the s 25 report.</p> <p>Outline Medium Term Financial plan due for completion in May 2022.</p>	S Mair	<p>Continuous</p> <p>On Track</p>
13	22 Ensure the recommendations in the concurrent CIPFA report are carried out.	P	Ongoing – see above	S. Mair	On Track
14	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.	M	Included in the programme of training for Members and budget holders reviewed by Audit and Corporate Governance Committee in January 2022. First training session to be delivered on 14 April on Local Government Finances.	S Mair	<p>December 2021</p> <p>Continuous as training programme develops</p> <p>On Track</p>

15	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.	M	Ongoing via weekly finance update briefings to Members, Commissioners and CLT and reinforced through the approach to business cases.	EDs	Continuous On Track
16	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.	M	Established a Corporate Oversight Board for SUR which has been extended to cover all the Council's companies, except Slough Children First Ltd. Dormant companies closed down by June 2022. Options review of each of the active companies is currently under review.	S Mair/R West	Continuous On Track
17	26 The interim s.151 officer has requested the current capital programme be cut by 50% and this has been accepted. It 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.	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. This is reflected in the 2022-23 Budget approved by Council on 10 March 2022.	S Mair	March 2022 Complete
18	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	M	The asset disposal programme will take into account reductions in investment income streams. However the £6m return is a	S Mair/R West	Continuous On Track

	could delay the amount of revenue available to the council.		gross return and did not take into account costs of borrowing or operating costs. Therefore expect this to be minimal impact.		
	7. Services recommendations				
19	29 Address recommendations 1,2 and 3, which will help improve performance in other service areas, particularly revenues and benefits, IT, finance and democratic services.	P	See above	S Mair	On Track
	8 Capacity/capability recommendation				
20	30 Significantly reduce the reliance on external consultancy and external contracts which deliver 'internal' services. Build and use internal capacity.	M	<p>Finance restructure in place and consultation expected to complete in June 2022. Recruitment expecting to be completed by October 2022.</p> <p>Other service areas also subject to significant restructure with a view to appointing permanent staff.</p> <p>Alternative options to be considered if recruitment is unsuccessful.</p>	EDs	<p>Imminent</p> <p>On Track</p>

Response to Grant Thornton’s recommendations

No.	Issue and risk	Recommendation	Action taken by Council	Responsible Officer	Status / Next Steps
1	<p>Agreed savings are not supported by robust savings plans and as such are at risk of not delivering as anticipated.</p> <p>Medium</p>	<p>The Council should:</p>	<p>The Council has recently undertaken a number of actions that will address this and related issues</p>	<p>S Mair</p>	<p>Complete for 2022/23</p>
		<ul style="list-style-type: none"> Ensure that savings are supported by robust savings plans and business cases 	<p>The Council amended its then officer Strategic Finance Board (SFB) chaired by the Chief Executive to ensure that the then Executive Board was fully aware of all pertinent financial matters within the Council and gained a holistic understanding of the Council’s finances. This Board received papers on financial standards, the accounts, the budgets, and other matters</p>		
		<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>As part of this the Council has:</p> <ul style="list-style-type: none"> Revised its revenue business case and process to ensure 		<p>Design and implementation of the ZBB process will start from June 2022</p>

No.	Issue and risk	Recommendation	Action taken by Council	Responsible Officer	Status / Next Steps
			<p>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</p> <ul style="list-style-type: none"> • 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 		

No.	Issue and risk	Recommendation	Action taken by Council	Responsible Officer	Status / Next Steps
			<ul style="list-style-type: none"> The finance service led the process for the budget for 2022/23 and the correction of the 2021/22 budget and worked with service colleagues to review and challenge all budgeted and future savings, monitor delivery, identify pressures and seek from colleagues' mitigations as necessary. It 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 		

No.	Issue and risk	Recommendation	Action taken by Council	Responsible Officer	Status / Next Steps
			<ul style="list-style-type: none"> • Supplementing this the Council revised 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 • The design of the budget process will continue to develop through such as the introduction of Zero-Based Budgeting for the financial year 2024/25. Embedding this and the new standards will take some considerable time 		
2	We consider there is scope to ensure that the	The governance arrangements could be	A thorough review and redraft against the CIPFA	S Mair	On Track

No.	Issue and risk	Recommendation	Action taken by Council	Responsible Officer	Status / Next Steps
	<p>Annual Governance Statement (AGS) more clearly sets out the processes and procedures to enable the Council to carry out its functions effectively. Medium</p>	<p>improved by developing the AGS and introducing:</p> <ul style="list-style-type: none"> <li data-bbox="645 347 992 603">• Assessment of the effectiveness of the framework, it should be more than a description of what is in place <li data-bbox="645 611 992 866">• How the Council is defining outcomes in terms of sustainable economic, social, and environmental benefits <li data-bbox="645 874 992 1098">• An action plan, that brings together and addresses all the significant issues faced by the Council <li data-bbox="645 1106 992 1391">• A formal mechanism that monitors and assesses the progress of the issues and recommendations raised in the AGS throughout the year. 	<p>Solace framework has been completed for all years 2018/19 to 2020/21. This is currently with CLT for final consideration and will then be progressed through to completion during 2022/23</p>		<p>Monitor progress against expected completion on a fortnightly basis.</p> <p>Embed processes to ensure that future versions of the AGS are completed in accordance with the CIPFA Solace Framework</p>

No.	Issue and risk	Recommendation	Action taken by Council	Responsible Officer	Status / Next Steps
3	<p>The Council consolidates a number of group entities into its financial statements; however, the accounting year ends are not all consistent with the Council, being 31 March, which adds additional complexity and consolidation adjustments for the Group financial statements.</p> <p>Medium</p>	<p>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>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</p>	S Mair	Complete
4	<p>Effective governance arrangements are not in place to ensure those in charge with governance are able to make</p>	<p>Cabinet and scrutiny should be regularly updated on the performance of their key services and be able to challenge this performance</p>	<p>We have recently begun the preparation of holistic financial briefings for Officers and Members, and these will be further developed in the future.</p>	S Mair	<p>On Track</p> <p>Financial reporting will be further developed during 2022/23</p>

No.	Issue and risk	Recommendation	Action taken by Council	Responsible Officer	Status / Next Steps
	<p>decisions in an open and transparent way</p> <p>High</p>	<p>and have the opportunity to make informed decisions in formal committee meetings.</p>	<p>We have also as noted above revised the budget timeline which will allow for more informed Member consideration of the budget and have introduced quality guidance for finance and other officers on the production of budget monitoring reports and financial implications in reports.</p> <p>We will ensure that key service financial and performance information is included as a regular agenda item for Cabinet, Scrutiny and the Audit and Governance Committee.</p>		
5	<p>Effective contract management arrangements are not in place to effectively manage statutory services that are delivered by third parties</p> <p>High</p>	<p>The Council should consider and ensure effective arrangements are in place in the following areas:</p> <ul style="list-style-type: none"> • Role of elected members, including Members of the Board, as possible shareholder 	<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</p>	S Mair	<p>On Track</p> <p>The ongoing reviews of the Companies will continue throughout 2022/23</p>

No.	Issue and risk	Recommendation	Action taken by Council	Responsible Officer	Status / Next Steps
		<p>committees or monitoring committees such as the Commercial Sub-Committee, as well as the role of scrutiny committees</p> <ul style="list-style-type: none"> <li data-bbox="645 534 987 1308">• 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 company rather than in the best interests of the body that has appointed the Director to the company (e.g., the Council) <li data-bbox="645 1348 987 1420">• Elected members committee functions, 	<p>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.</p> <p>An extensive report has also been made to the Audit and Corporate Governance Committee</p>		

No.	Issue and risk	Recommendation	Action taken by Council	Responsible Officer	Status / Next Steps
		<p>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</p> <ul style="list-style-type: none"> <li data-bbox="586 678 1005 1197">• 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 <li data-bbox="586 1197 1005 1425">• Those charged with Governance should receive updates and reports on a regular basis (quarterly as a minimum) to enable 			

No.	Issue and risk	Recommendation	Action taken by Council	Responsible Officer	Status / Next Steps
		informed decision making.			
6	<p>Effective governance arrangements are not in place to effectively manage statutory services that are delivered by third parties.</p> <p>High</p>	<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 	The first recommendation is being dealt with as noted above.	S Mair	On Track
		<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 	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 will engage an audit of the procurement arrangements independent of the Council’s current provider RSM to avoid any conflict of interest	S Mair	<p>On Track</p> <p>Procure alternative internal audit of the procurement function – to be actioned by October 2022</p>
7	Quality of working papers and clarity of the audit trail	<ul style="list-style-type: none"> Review the process used to produce the year end accounts and identify areas 	This is an area that the Council will seek to continuously improve. For the 2019/20 and 2020/21	S Mair	<p>Complete</p> <p>Progress against the plan is being monitored</p>

No.	Issue and risk	Recommendation	Action taken by Council	Responsible Officer	Status / Next Steps
	<p>As noted on page 13, the audit process was hampered by issues with the clarity of the audit trail including:</p> <ul style="list-style-type: none"> • insufficient audit trail to support the movements in the cashflow statement • Lack of supporting audit trail for key notes in the accounts such as analysis of the income and expenditure by nature <p>High</p>	<p>where further improvement needs to be made</p> <ul style="list-style-type: none"> • Ensure that all disclosure have supporting working papers and there is a clear mapping between the general ledger and the financial statements 	<p>accounts, the following improvements have been introduced:</p> <ul style="list-style-type: none"> • Comprehensive accounts plan linked to the auditors required by client schedule. This has been communicated to all key stakeholders and includes a responsible officer for each task and separate deadlines for preparation and review • Standardised templates linked back to the Code have been prepared for all notes. The templates also include a three-stage quality assurance process covering 1) preparation, 2) technical review and 3) sign off review 		<p>on a regular basis and feedback sessions will be held with all key stakeholders once the project is completed in order identify areas that might require further improvement.</p>

No.	Issue and risk	Recommendation	Action taken by Council	Responsible Officer	Status / Next Steps
			<ul style="list-style-type: none"> • Improved communication through the project plan, including regular and early communication to all stakeholders. • 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. • Comprehensive training and development for finance staff including how to prepare, and also regular reviews of, working papers that include evidence of the transactions in the ledger, an enhanced checklist of requirements, 		

No.	Issue and risk	Recommendation	Action taken by Council	Responsible Officer	Status / Next Steps
			quality assurance review, links between the working papers and clear mapping to the ledger.		
8	<p>Review of financial statements</p> <p>A number of inconsistencies and disclosure omissions were identified during our review of the financial statements. This indicated a lack of internal critical review prior to the financial statements being presented for audit.</p> <p>High</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 Utilises the CIPFA checklist to ensure that disclosures are complete and produced in line with code requirements 	As above	S Mair	Complete As Above
9	<p>Group Accounts</p> <p>The basis of preparation of the Council's Group accounts was unclear and the working papers</p>	The Council should ensure it prepares a clear and comprehensive group consolidation schedule to support the preparation of its group accounts.	As above	S Mair	Complete As above

No.	Issue and risk	Recommendation	Action taken by Council	Responsible Officer	Status / Next Steps
	<p>did not provide a comprehensive group consolidation schedule setting out how the group accounts and consolidation adjustments had been determined.</p> <p>High</p>				
10	<p>Bank reconciliation process</p> <p>As noted on page 19, our review of the bank reconciliation process identified that the process in place in 2018/19 was overly complex and made identification of reconciling items and their clearance difficult. There were also issues identified with the descriptions of reconciling balances within the balance.</p>	<p>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 reconciliation and the ledger are valid cash items.</p>	<p>Extensive work has been undertaken in this area</p>	<p>S Mair</p>	<p>Complete</p> <p>Processes are revised and improved and monthly reconciliations are being carried out as the review has been completed</p>

No.	Issue and risk	Recommendation	Action taken by Council	Responsible Officer	Status / Next Steps
	High				
11	<p>Accounting treatments</p> <p>The loans made to JEH had not been accounted for in line with the Code requirements resulting in amendments to the valuation and disclosure in the final accounts.</p> <p>This was a new transaction in 2017/18 although it was not a material balance in the prior year and the accounting treatment had not been documented against Code requirements before inclusion in the financial statements.</p> <p>High</p>	<p>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.</p>	<p>A new process has been put in place to ensure that significant transactions are considered against the requirements of the Code.</p> <p>A separate review of transactions within the financial system that are above £3m will also be carried out to ensure that they are accounted for correctly.</p> <p>For 2019/20 and 2020/21 we will review all ledger transactions above £3m to ensure they are accounted for correctly.</p>	S Mair	<p>Complete</p> <p>Review all ledger transactions above £3m to ensure they are accounted for correctly.</p>
12	<p>Debtor and creditor reconciliations</p> <p>During our testing of the debtor and creditor</p>	<ul style="list-style-type: none"> Perform review of the debtor and creditor account codes to ensure that balances are 	<p>The systems review is in progress as is the preparation of the year end analysis.</p>	S Mair	<p>On Track</p> <p>Ensure that processes are revised and</p>

No.	Issue and risk	Recommendation	Action taken by Council	Responsible Officer	Status / Next Steps
	<p>balance there were issues with the client producing reconciled balances which should represent the year end debtor and creditor positions excluding in year movements. Our sample testing of debtors and creditors has not identified any material balances that are not supported.</p> <p>We have discussed this with management and confirmed that a process has been undertaken in 2020 to review debtor and creditor codes and cleared down items which are no longer valid balances.</p> <p>High</p>	<p>appropriate and valid and clear those that are not.</p> <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 			<p>improved and monthly reconciliations are carried out once the review has been completed</p>
13	<p>Income and Debtors</p> <p>There is no review process over invoices issued before they were</p>	<p>Review the internal processes over invoice raising to ensure there is sufficient review of invoices</p>	<p>As above</p>	<p>S MAIR</p>	<p>On Track</p>

No.	Issue and risk	Recommendation	Action taken by Council	Responsible Officer	Status / Next Steps
	<p>sent out to clients. The Council relies on customers to identify and inform them of any errors noted. However there is risk that if the invoice is undercharged and the customers may not raise error, and the Council may suffer a loss from undercharging.</p> <p>High</p>	<p>before they are sent to clients</p>			
14	<p>Declarations of interest</p> <p>Councillor and Senior Officer declaration forms are not dated. There is a risk that the declaration record is incomplete or insufficient as a result. The most recent forms for three Councillor declaration forms were signed, but not dated. Signing / dating a declaration form should be standard practice, as</p>	<ul style="list-style-type: none"> Ensure that all forms are signed and dated as part of their standard procedures 	<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. Senior officers' declaration forms are not part of this process and are in fact part</p>	<p>S MAIR</p>	<p>On Track</p> <p>Check responses against list of Members in office and Officers employed by the Council during the financial year in question. Cross-check against the records held by Companies House to ensure completeness.</p>

No.	Issue and risk	Recommendation	Action taken by Council	Responsible Officer	Status / Next Steps
	<p>it could lead to forms being misfiled, or new interests not being declared in a timely manner.</p> <p>Senior Officers that were working for SBC through a contracting company are not required to complete a Declaration of Interests form.</p> <p>Interim staff are not required to complete the Registers of Interests and Gifts and Hospitality.</p> <p>High</p>	<ul style="list-style-type: none"> 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>of the declaration process for all staff which uses an online HR process to gather the submissions.</p> <p>The Council has also implemented a new process for capturing related party transactions for Members and Chief Officers. Responses will be cross-checked against the records held by Companies House to ensure completeness.</p> <p>The Council has implemented a process by 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>The Council has also implemented a new process for capturing related party transactions</p>	<p>S MAIR</p>	<p>Check responses against list of Members in office and Officers employed by the Council during the financial year in question. Cross-check against the records held by Companies House to ensure completeness.</p>

No.	Issue and risk	Recommendation	Action taken by Council	Responsible Officer	Status / Next Steps
			for Members and Chief Officers. This will be completed electronically with responses documented as evidence. Responses will be cross-checked against the records held by Companies House to ensure completeness.		
15	<p>Fixed asset register</p> <p>The client informed us of a number of properties which had not been removed / reclassified in the fixed asset register prior to the production of the year end financial statements.</p> <p>We also identified material assets which had been fully depreciated and were held at net nil valued in the fixed asset register and accounts.</p>	<ul style="list-style-type: none"> Establish a process to perform an annual review of assets to ensure that all disposals and reclassifications are amended 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 	Investigation into Council's asset register identified that there was a lack of in-house knowledge on how to use the Council's fixed asset register and a lack of guidance notes. Training on how to use the system has been provided to the relevant members of staff along with guidance notes and video demonstrations saved in a central location to ensure resilience in the future.	S Mair	<p>On Track</p> <p>Quarterly reconciliations to be carried out going forward as part of the capital monitoring process to ensure that asset movements and reclassifications are captured appropriately</p>

No.	Issue and risk	Recommendation	Action taken by Council	Responsible Officer	Status / Next Steps
	High	closed own procedures			
16	<p>Capital accounting process</p> <p>The purchase of Thames Valley University had been accounted for using the stage payments as additions rather than the cost and a liability. This resulted in a material error in the current and prior year.</p> <p>High</p>	<p>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>	<p>Same as item 11 above</p>	<p>S Mair</p>	<p>Complete</p> <p>Same as item 11 above</p>
17	<p>HRA valuation records</p> <p>Our testing identified inconsistencies in the accounting records between the categorisation of HRA properties held on the Capita Housing Rents system and the</p>	<p>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</p>	<p>The two systems have been fully reconciled for 2018/19 to 2020/21. Some minor discrepancies have been identified with adjustments required to fixed asset register and the 2018/19 statement of accounts.</p>	<p>S Mair</p>	<p>Complete</p> <p>Quarterly reconciliations to be carried going forward as part of the capital monitoring process to ensure that asset movements and reclassifications are captured appropriately.</p>

No.	Issue and risk	Recommendation	Action taken by Council	Responsible Officer	Status / Next Steps
	<p>Council's fixed asset register. It is important that these two systems are reconciled on a regular basis to inform the Council's HRA valuation.</p> <p>High</p>	properties in the financial statements			

No.	Area	Recommendation	Action taken by Council	Officer Responsible	Status / Next steps
18	Finance capacity and skills	<p>The Council should put in place robust arrangements 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> <ul style="list-style-type: none"> Ensure sufficient resources and specialist skills are available to support the accounts production 	<p>Gaps in the Council's own team skills and capacity have been addressed in the short term by the appointment of interim staff to provide additional capacity.</p>	<p>S Mair</p> <p>S Mair</p>	<p>Complete</p> <p>The position will be kept under review and additional interim resources will be brought in as and when necessary to provide additional capacity.</p>

No.	Area	Recommendation	Action taken by Council	Officer Responsible	Status / Next steps
			<p>Longer term the Council will be reviewing its permanent finance team to ensure the Council has higher quality resources and appropriate capacity.</p>		<p>It is anticipated that the Council's permanent structure will be consulted on and approved from May/June 2022</p>
		<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>Training programme has been developed and rolled out to the whole finance team w/c 4th October 2021.</p> <p>Individual training sessions will be arranged as and when necessary. External training will be brought in if necessary</p>	S Mair	<p>The programme of training is scheduled to be completed by the end of November 2021.</p> <p>Additional training will be provided as and when necessary.</p>
		<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>As above. In addition, the CIPFA Code and other technical guidance documents have been acquired and made available to the whole finance team. The Council also has access to technical advisors from CIPFA via its subscription to CIPFAs</p>	S Mair	As above

No.	Area	Recommendation	Action taken by Council	Officer Responsible	Status / Next steps
		<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>Finance Advisory network.</p> <p>Weekly meetings have been arranged with the core team to ensure timely production of accounts</p>		<p>Weekly meetings will continue until the accounts have been prepared.</p>
19.	Preparation of the financial statements	<p>The Council should develop a comprehensive project plan for the preparation of the accounts which ensures that:</p> <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 The financial statements and working papers have been subject to robust QA prior to approval by the s.151 officer There is clear ownership and accountability for tasks across service areas to support the timely production of the financial statements 	<p>This is an area that the Council will seek to continuously improve. For the 2019/20 and 2020/21 accounts, the following improvements have been introduced:</p> <ul style="list-style-type: none"> Comprehensive accounts plan linked to the auditors required by client schedule. This has been communicated to all key stakeholders and includes a responsible officer for each task and separate 	S Mair	<p>Complete</p> <p>Progress against the plan will be monitored on a regular basis and feedback sessions will be held with all key stakeholders once the project is completed in order identify areas that might require further improvement.</p>

No.	Area	Recommendation	Action taken by Council	Officer Responsible	Status / Next steps
			<p>deadlines for preparation and review</p> <ul style="list-style-type: none"> • Standardised templates linked back to the Code have been prepared for all notes. The templates also include a three-stage quality assurance process covering 1) preparation, 2) technical review and 3) sign off review • Improved communication through the project plan, including regular and early communication to all stakeholders. • A whole team approach has been instigated 		

No.	Area	Recommendation	Action taken by Council	Officer Responsible	Status / Next steps
			<p>through the involvement of the whole finance service to bring greater resilience and resource to this key requirement.</p> <ul style="list-style-type: none"> Comprehensive training and development for finance staff including 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. 		

No.	Area	Recommendation	Action taken by Council	Officer Responsible	Status / Next steps
20	Levels of usable reserves	<p>The Council should take urgent action to address its low levels of unearmarked and earmarked reserves through:</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>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.</p> <p>As a consequence of this work and as part of the budget process a risk analysis will be completed to inform by how much the reserves should be built up over the coming 5 years. This will lead to an increase in the savings</p>	S Mair	<p>Complete</p> <p>An additional £1m per annum is planned to continuously increase the reserves</p>

No.	Area	Recommendation	Action taken by Council	Officer Responsible	Status / Next steps
			<p>target to finance the necessary increase in reserves which will be formalised as noted during the budget process.</p> <p>£20m has been built into the capitalisation direction to provide the Council with a base level of reserves</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 	As above		
		<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 	<p>All departments have completed savings plans including equality impact assessments. These have been agreed by ED's, Members and other officers for 2022-23</p> <p>Embedding this improved process will take some considerable time</p>		Continue to work with Departments and embed the newly designed process

No.	Area	Recommendation	Action taken by Council	Officer Responsible	Status / Next steps
		<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 are held to account for delivery of required savings 	<p>This was completed to inform a fully engaged Scrutiny, stakeholder and Lead Members process during the 2022-23 budget process.</p> <p>The process for 2023-24 began during March 2022.</p>		Continue to work with Departments and embed the newly designed process
21	Financial governance. Monitoring and controls relating to group entities	The Council should review and implement effective financial governance and monitoring arrangements for its group relationships to mitigate exposure to additional financial risk.	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	S Mair	On Track Reports to Audit and Corporate Governance Committee, as required

No.	Area	Recommendation	Action taken by Council	Officer Responsible	Status / Next steps
			<p>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.</p>		
22.	Addressing the S114 report	<p>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"> <li data-bbox="616 981 1115 1093">• Report progress against the action plan to full Council at every meeting <li data-bbox="616 1276 1115 1422">• Support the S151 officer's root and branch review of all aspects of the Council's finances 	<p>This has been done, and this report forms the latest version of this, with the exception of the budget Council and exceptional meetings of Council</p> <p>This work continues to expand as the magnitude of issues are</p>	S Mair	<p>Complete</p> <p>This is a continuous schedule of work</p> <p>This is a continuous schedule of work</p>

No.	Area	Recommendation	Action taken by Council	Officer Responsible	Status / Next steps
		<ul style="list-style-type: none"> Invest significant extra resource in finance capacity, internal audit and risk management to ensure robust processes are brought into place across all of the Council's financial and budget management arrangements to meet statutory financial obligations. 	<p>identified and is reported as above</p> <p>This has been done with the Council bringing in temporary skilled staff to identify and resolve current and historic issues, preparing a fit for purpose finance structure to take the Council forward on a permanent basis and continuing to develop and progress its reviews of the Council's finances</p>		<p>It is anticipated that the Council's permanent structure will be consulted on and approved from May/June 2022</p>
23	Improving governance at the Council	<p>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 	<p>There is extensive analysis and action against the external reviews undertaken and regular reporting to the Audit Committee</p> <p>Training and development has commenced for the</p>	S Mair	<p>On Track</p> <p>Complete for reviews received to date</p> <p>Training has commenced and will continue</p>

No.	Area	Recommendation	Action taken by Council	Officer Responsible	Status / Next steps
		<ul style="list-style-type: none"> <li data-bbox="616 422 1102 566">Establish a separate Finance Committee to monitor financial performance on a monthly basis 	<p data-bbox="1131 236 1480 379">Committees through the Council's own interim finance team and by the LGA</p> <p data-bbox="1131 422 1480 821">The aim is to establish this committee to take effect in the financial year 2022/23 to review financial performance on a monthly basis. Due process will be followed in setting this up and it is anticipated that this can be complete by July 2022</p>		<p data-bbox="1803 422 2094 454">Complete July 2022</p>