

## ANNUAL GOVERNANCE STATEMENT 2024/25

### EXECUTIVE SUMMARY

This Annual Governance Statement (AGS) provides an assessment of Reading Borough Council's governance arrangements for the financial year 1 April 2024 to 31 March 2025. The statement has been prepared in accordance with the Accounts and Audit Regulations 2015 and follows the current CIPFA/SOLACE guidance on delivering good governance in local authorities.

Key developments during 2024/25 include:

- Alignment with the Best Value Standards and Intervention Guidance 2024, demonstrating the Council's commitment to continuous improvement
- Key governance decision to bring children's services back in-house from Brighter Futures for Children Ltd
- A number of key regulatory inspections by the Care Quality Commission, OFSTED and Social Housing Regulator
- Continued financial challenges requiring robust governance oversight

### INTRODUCTION: BEST VALUE GUIDANCE 2024 COMPLIANCE

This Annual Governance Statement has been significantly enhanced to demonstrate full compliance with the Best Value Standards and Intervention Guidance published in May 2024. The guidance emphasises seven key themes that define best value: Continuous Improvement, Leadership, Governance, Culture, Use of Resources, Service Delivery, and Partnerships and Community Engagement.

Reading Borough Council has restructured this AGS to provide clear signposting to how the Council meets these best value requirements throughout all aspects of its governance framework. This approach ensures that both the public can clearly understand and assess the Council's adherence to best value principles.

Within this document are the themes from the Best Value compliance guidance:

- Theme 1: Continuous Improvement embedded throughout the Council's operations
- Theme 2: Leadership excellence and development initiatives
- Theme 3: Robust governance structures and decision-making processes
- Theme 4: Organisational culture promoting transparency and accountability
- Theme 5: Strategic use of resources for maximum public benefit
- Theme 6: Service delivery excellence and customer focus
- Theme 7: Partnerships and community engagement strategies

## PURPOSE OF THE GOVERNANCE FRAMEWORK

The governance framework comprises the systems and processes, culture and values by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads its communities. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Reading Borough Council's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively and economically.

## COUNCIL PLAN AND STRATEGIC PRIORITIES

The Council approved its new Council Plan 2025-28 "Investing in Reading's Future" which sets out our vision for Reading as a place where all residents can enjoy a life of opportunity, choice and good health in a sustainable and prosperous community. The plan identifies three key themes:

### Healthy Environment

- Climate emergency response and carbon reduction initiatives
- Environmental sustainability and green spaces
- Sustainable transport and infrastructure development

### Thriving Communities

- Providing quality housing and working with partners to prevent homelessness
- Cultural and leisure opportunities for all residents
- Promote best practice across Reading's schools, helping to improve educational attainment and narrow the gap for disadvantaged and vulnerable children
- Reduce inequalities in health and life expectancy through our Public Health service and in partnership with the voluntary and community sector
- Reduce crime and antisocial behaviour, working with Thames Valley Police and other partners

### Inclusive Economy

- Economic development and regeneration
- Skills development and employment opportunities
- Supporting local businesses and town centre vitality

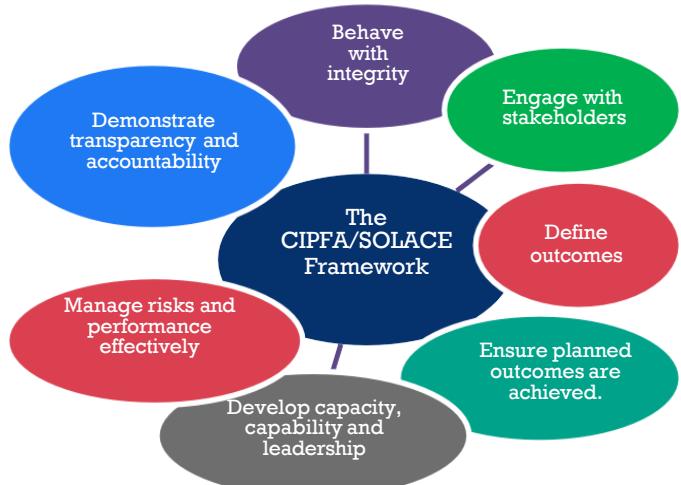
These themes are underpinned by "[Our Foundations](#)" explaining the ways we work:

- People first
- Digital transformation
- Building self-reliance
- Getting the best value
- Collaborating with others

## CIPFA / SOLACE FRAMEWORK

Part 2 of the Accounts and Audit Regulations 2015 requires local authorities to publish an Annual Governance Statement, and the subsequent CIPFA/SOLACE Delivery Good Governance in Local Government Framework (2016) requires the same authorities to be responsible for ensuring that:

- their business is conducted in accordance with all applicable statutes, regulations and policy
- public money is safeguarded and properly accounted for
- resources are used economically, efficiently and effectively to deliver agreed priorities and benefit local people.



## HOW WE COMPLY WITH THE CIPFA/SOLACE FRAMEWORK

### KEY ELEMENTS OF THE COUNCIL'S GOVERNANCE FRAMEWORK

Key elements of the governance framework at Reading Borough Council are:

<b>Committee Governance</b> <ul style="list-style-type: none"><li>• Four standing committees broadly aligned to the Council's departmental structure.</li><li>• Provide leadership, develop and set policy.</li></ul>	<b>Decision making</b> <ul style="list-style-type: none"><li>• All meetings are held in public and are mostly webcast and available to watch after the event.</li><li>• Decisions are recorded on the Council website.</li><li>• All Council decisions are supported by detailed officer reports which are open to the public unless they qualify as legally "exempt" from publication.</li></ul>	<b>Risk management</b> <ul style="list-style-type: none"><li>• Risk registers identify operational and strategic risks.</li><li>• Key risks are considered by Directorate Management Teams.</li><li>• Strategic risks are reported to the Audit &amp; Governance Committee quarterly and overseen by CMT.</li></ul>
<b>Scrutiny and Review</b> <ul style="list-style-type: none"><li>• the Standards Committee investigates specific allegations of misconduct.</li><li>• the Audit and Governance Committee is tasked with reviewing and considering improvements to corporate governance in general; and</li><li>• all standing committees can undertake scrutiny of relevant functions where they think it appropriate.</li></ul>	<b>Corporate Management Team (CMT)</b> <ul style="list-style-type: none"><li>• CMT are responsible for the overall management of the Council.</li><li>• Head of Paid Service is the Chief Executive who is responsible for all Council staff and for leading CMT.</li><li>• The Executive Directors lead most services which are delivered to the public.</li><li>• Director of Finance is the Council's s.151 Officer and is responsible for safeguarding the Council's financial position and ensuring value for money.</li><li>• Monitoring Officer is the Council's Assistant Director of Legal &amp; Democratic Services who with the Chief Executive is responsible for ensuring legality and promoting high standards of public conduct.</li></ul>	

## HOW WE COMPLY WITH THE CIPFA/SOLACE FRAMEWORK

The Council has arrangements in place to meet all relevant requirements of the CIPFA/SOLACE Framework. The seven “core principles” underpinning the Framework are set out below together with a summary of new or enhanced arrangements introduced in 2024/25.

### Principle 1 - Behaving with integrity and respecting the rule of law:

Codes of Conduct for members and officers reinforce a public service ethos and high standards of behaviour in line with the Nolan principles. These are supported by more detailed guidance such as, Anti-Fraud, Bribery and Corruption Strategies, as well as Whistleblowing Procedures and a Procurement Code. The Monitoring Officer and Section 151 Officer both have specific responsibilities to ensure that Council decisions meet legal and financial requirements. The three principal statutory officers (and their deputies) meet regularly to review matters of significance for overall corporate governance. This supplements the work of CMT. The Statutory Officer Group will continue to meet regularly throughout the year to ensure the effective discharge of the Council’s business and functions.

#### 2024/25 Enhancements:

- Updated Anti-Fraud, Bribery and Corruption Policy to address the new 'failure to prevent fraud offence' effective September 2025
- Enhanced whistleblowing awareness campaigns across all directorates
- Strengthened declaration of interests and gifts and hospitality processes
- Monitoring and reporting on mandatory training requirements

### Principle 2 - Ensuring open and comprehensive stakeholder engagement:

The Council consults regularly with stakeholders, taxpayers and service users. The Consultation Hub on the Council’s website enables local people to find, participate in, and view outcomes from, any consultation activities that interest them. In addition, twenty different committees and forums are in place to represent local views on a range of subjects including transport, disabled access, children’s services and community safety. The Council publishes a twice-yearly residents’ newsletter and utilises online communication channels such as e-bulletins, Twitter, Facebook, and YouTube. Citizens also have rights to attend Council committees to ask questions, present petitions and speak on items of local importance. The Council provides a support function for councillors to allow them to hold local surgeries and to be able to process casework from residents. The Council commissions an annual resident survey, which provides feedback and trend data from a statistically significant sample of the population.

#### 2024/25 Enhancements:

- Major consultations on the Local Plan and Draft Town Centre Public Realm Strategy
- Community engagement through allotment and burial ground changes
- Strengthened tenant engagement following Social Housing Regulator inspection
- Medium Term Financial Strategy engagement

### **Principle 3 - Defining outcomes in terms of sustainable economic, social and environmental benefits:**

The Council Plan (see above) clearly articulates desired outcomes across the three strategic themes. Performance management arrangements ensure regular monitoring of progress against strategic objectives through committee reporting and quarterly performance reviews. The Council Plan also provides the framework for prioritisation of resources and is used to inform Service Planning and performance objectives for our staff. These key objectives are designed to be both financially and environmentally sustainable and have been developed in consultation with partners and local people. The Medium-Term Financial Strategy (MTFS) makes a realistic assessment of financial resources available to the Council to allocate to services and projects, and the Budget and Policy Framework approved by Council each year sets out revenue and capital spending limits, savings and efficiency targets as well as key improvement priorities for the forthcoming year. The Council uses key performance indicators (KPIs) and other methods such as regular performance and risk management reports at CMT, Policy Committee and Audit and Governance Committee to check budget and performance monitoring and to report progress against deliverables in the Council Plan.

#### **2024/25 Enhancements:**

- Market Position Statement 2024-2027 for Adult Social Care published
- Enhanced climate change adaptation framework implementation
- Improved integration of environmental considerations in decision-making

### **Principle 4 - Determining the intervention necessary to achieve intended outcomes:**

CMT meet monthly to monitor performance. Monthly performance reports track the performance of priority Council activities and services through a suite of KPIs and consider risks, achievements, and issues. CMT monitors remedial actions being taken where slippage or under-performance occurs. Reporting on the delivery of major change programmes happens at a series of cross-cutting internal Boards, the outcomes of which feed into the CMT performance reporting cycle. Senior management and councillors (Policy Committee), ensure the Council remains focused on achieving its agreed objectives and priorities. The four standing committees are responsible for ensuring that actions approved as part of the Budget and Policy Framework are delivered in each service area. The Financial and Performance Monitoring reports to Policy Committee summarise the financial position to date against budget and delivery of agreed savings targets.

#### **2024/25 Enhancements:**

- Decision to in-source Children's Services from Brighter Futures for Children Ltd
- Enhanced Strategic Housing & Landlord governance through the Strategic Housing Board
- Improved capital programme governance and business case assessment

## **Principle 5 - Developing capacity, including the capability of leadership and individuals within the Council:**

The Council invests in leadership development and workforce planning to ensure sustainable service delivery. Corporate Management Team provides strategic leadership supported by directorate management teams. The TEAM Reading values underpin the way we work day-to-day. The Team Reading People Strategy sets out how we aim to achieve this and create an organisation that provides excellent services to Reading. Maximising capacity by working collaboratively is a key component of the Corporate Plan and several longstanding partnership working arrangements are in place. The Constitution sets out how the governance aspects of these arrangements should operate in practice. The Learning and Workforce Development Team has a specific role and remit to improve the capability and capacity of Council officers by offering a range of skills and qualification-based training opportunities.

### **2024/25 Enhancements:**

- Permanent Executive Director and Assistant Director appointments made
- Enhanced governance boards across Adult Social Care, Children's Social Care and Housing services
- Strengthened statutory officers' collaboration and oversight
- Regular leader and manager briefings and development sessions held (SLG and Team Talk)
- Updating of mandatory training with improved monitoring and reporting

## **Principle 6 - Managing risks and performance through strong internal control and financial management:**

Corporate risk registers are updated quarterly, with significant risks reviewed by senior management and members. Risk Management Training had been delivered to councillors providing guidance on how to review and challenge reports when received as part of promoting good governance. Internal Audit assess the overall quality of internal control and make recommendations for improvement as necessary. The Council has a strong track record in financial management, delivering services within budget and producing annual accounts within statutory deadlines.

### **2024/25 Enhancements:**

- Enhanced risk management following regulatory inspections
- Improved business continuity planning including cyber resilience
- Strengthened governance oversight of major programmes and projects

## **Principle 7 Implementing good practices in transparency, reporting and audit to deliver effective accountability:**

The Council follows Government guidance on providing clear and accurate information and has developed both its website and the format of Council reports to improve transparency and accessibility. Papers (including performance reports) and minutes of meetings, key decisions, and all items of expenditure and contracts awarded over £500 are published on the Council's website. All Council meetings are held in public, and minutes of meetings and webcasts are available on the Council's website. Public questions are allowed at Committees and at Council meetings.

### **2024/25 Enhancements:**

- Improved transparency in Traffic Regulation Order processes following report to Council on maladministration of historic Orders
- Enhanced reporting on company governance arrangements
- Strengthened external audit cooperation and accounts preparation

## **BEST VALUE THEME 1: CONTINUOUS IMPROVEMENT**

### **Organisational-Wide Approach to Improvement**

Reading Borough Council has embedded continuous improvement as a core organisational principle throughout 2024/25. This is evidenced through:

#### **Transformation Programmes:**

- Establishment of transition programme for Children's Services to be delivered in-house, delivering estimated annual savings of £200-300k
- Housing services improvement programme overseen by Strategic Housing Board
- Adult Social Care transformation through the Striving for Excellence Board

#### **External Review and Challenge:**

- Inspecting Local Authority Children's Services (ILACS) (May 2024)
- Care Quality Commission inspection of Adult Social Care (December 2024)
- Social Housing Regulator inspection (February 2025)
- APSE review of Traffic Regulation Orders with comprehensive improvement plan implementation

#### **Performance Monitoring:**

- Quarterly strategic risk reporting to Audit and Governance Committee
- Directorate Annual Governance self-assessment processes with improvement action plans

- Enhanced budget monitoring and financial oversight arrangements

## **BEST VALUE THEME 2: LEADERSHIP**

### **Vision and Strategic Direction**

The Council's leadership demonstrates clear vision through the new Council Plan priorities, with strong political and managerial leadership working collaboratively to deliver outcomes for residents.

#### **Leadership Development:**

- Corporate Management Team provides strategic oversight and direction
- Statutory Officers Group ensures effective governance coordination
- Executive Directors provide strong directorate leadership with clear accountability

#### **Key Leadership Achievements 2024/25:**

- Successful navigation of major changes with council companies – Homes for Reading Ltd and Brighter Futures for Children Ltd
- Proactive response to regulatory inspection outcomes
- Clear decision-making on challenging financial priorities including current spending pressures and long-term decision making e.g. cemetery provision

## **BEST VALUE THEME 3: GOVERNANCE**

### **Robust Democratic Structures**

Reading Borough Council operates a committee system comprising four standing committees, providing democratic oversight and transparent decision-making:

- Policy Committee (strategic oversight)
- Adult Social Care, Children's Services and Education Committee
- Housing, Neighbourhoods and Leisure Committee
- Strategic Environment, Planning and Transport Committee

### **Governance Achievements 2024/25:**

- Approved 2025/26 budget of £178.109m with clear financial strategy
- Implemented enhanced governance arrangements for major service transitions
- Strengthened company governance arrangements with review of wholly owned companies

### **Decision-Making Excellence:**

- All committee meetings held in public with webcasting available
- Comprehensive officer reports supporting all decisions
- Clear audit trail for all governance decisions

## **BEST VALUE THEME 4: CULTURE**

### **Values-Driven Organisation**

The Council's culture is built on the foundation principles of TEAM Reading - promoting transparency, accountability, and continuous improvement.

### **Cultural Initiatives 2024/25:**

- Enhanced whistleblowing awareness and speaking up culture
- Strengthened ethical standards through gifts and hospitality policy updates
- Culture workshops in Repairs and Property Services teams
- Improved staff engagement through transformation programmes

### **Accountability Measures:**

- Zero member conduct complaints proceeding beyond initial assessment
- No proven fraud by councillors or staff
- Strong internal control environment with proactive issue identification

## **BEST VALUE THEME 5: USE OF RESOURCES**

### **Financial Stewardship and Value for Money**

Despite challenging financial circumstances, the Council has maintained strong financial governance arrangements:

### **Budget Management:**

- £5.451m of savings were delivered in 2024/25, plus an additional £9.979m of in-year mitigations.
- General Fund reserves maintained at £49.035m.
- Cumulative Dedicated Schools Grant deficit of £24.904m.

- Net revenue budget of £178.109m for 2025/26 approved
- General balances and earmarked reserves are robust, risk assessed and maintained at appropriate levels in accordance with S.25 of the Local Government Finance Act 2003 and the Council's Medium Term Financial Strategy

#### **Asset Management:**

- Central Library redevelopment for housing provision
- Cemetery provision strategy extending capacity to 2044

#### **Procurement Excellence:**

- New end to end process implemented to support compliance with the Procurement Act 2023
- Hub and spoke procurement model approved for implementation
- Introduction of Procurement Gateway and Governance Framework and introduction of a new Procurement Board

### **BEST VALUE THEME 6: SERVICE DELIVERY**

#### **Customer-Focused Service Excellence**

The Council has demonstrated commitment to service improvement across all areas:

#### **Housing Services:**

- 99% rent collection achieved despite cost-of-living pressures
- 104 new properties planned by 2026 to Passivhaus standards
- Comprehensive improvement plan addressing regulatory requirements

#### **Adult Social Care:**

- Market Position Statement 2024-2027 published
- Four new governance boards implemented under Striving for Excellence framework
- Peer challenge and support arrangements in place

#### **Environmental Services:**

- 54% reduction in borough carbon emissions since 2005
- 72.7% reduction in corporate emissions since 2008/09
- Enhanced winter service planning and highway maintenance

### **BEST VALUE THEME 7: PARTNERSHIPS AND COMMUNITY ENGAGEMENT**

#### **Collaborative Approach to Service Delivery**

The Council works effectively with partners to deliver better outcomes for residents:

#### **Community Partnerships:**

- Over £636k in grants awarded to voluntary sector organisations
- Active participation in Reading's Economy and Destination Agency (REDA)
- Collaborative working with health & social care partners through Market Position Statement

#### **Strategic Partnerships:**

- Built better relationships with Reading Transport Limited

- Effective partnership working with Brighter Futures for Children Ltd during transition
- Regional collaboration with other local authorities through the Berkshire Prosperity Board

## REVIEW OF EFFECTIVENESS

CMT is responsible for putting in place adequate governance arrangements and effective systems of internal control. The Council uses several ways to review and assess the effectiveness of governance arrangements, as set out below:

### Assurances from Internal and External Audit

**Internal Audit:** Public Sector Internal Audit Standards require the Chief Auditor to provide an assessment of the overall adequacy and effectiveness of the Council's control environment. This opinion is expressed using a scale ranging from Substantial to Reasonable, then Limited and finally No Assurance.

The annual report and opinion of the Chief Internal Auditor for 2024/25 was presented to the Audit and Governance Committee on 16 July 2025. It states that the Council's internal control environment and systems of internal control in the areas audited were to be classed as "Reasonable Assurance". The following areas influenced the annual assurance opinion:

- The number of audits receiving a negative assurance opinion, as well as a combination of advisory work (not detailed audit reviews) and investigations undertaken. 18% of audits received limited or no assurance in 2024-25, compared to 44% in 2023-24, and 26% in 2022- 23.

Issues Identified in 2024/2025	Planned Action
An audit found <b>Commercial Properties (rent roll)</b> discrepancies affecting billing accuracy. Better authorisation and verification controls are needed until the CPM system can generate invoices. Different budget responsibilities prevented a complete view of overall debt, making it hard to monitor and report on debt risk for commercial rents and leases.	Project initiated to start uploading all leases on CIVICA validating tenant information along with income data and lease details.
An audit of <b>Supported Living</b> found that the tendering process and financial controls for placements needed improvement, and governance was lacking for providers outside the framework.	Additional controls have been introduced to ensure that governance processes are being followed for any off-framework provider. The Council is in the process of procuring a new framework (March 2026) which will further reduce any need for off framework purchasing.

<p>An audit of <b>Residents Parking Enforcement</b> found limited assurance of proper governance, risk management, and control systems. Issues included unclear responsibilities, poor data quality, and expired contracts, indicating the contracts might not be suitable.</p>	<p>A number of actions have been identified and planned in relation to contracts, record keeping and minutes. Work on contracts continues, including the commencement of a review of the current enforcement contract well ahead of its scheduled renewal in 2027.</p>
<p>An investigation found that the <b>East Reading Red Route TRO</b> and other TROs were not properly made or implemented. This meant the Council had no legal basis to issue Penalty Charge Notices (PCNs), making their enforcement and payment collection unlawful.</p>	<p>The Monitoring Officer issued a report under section 5 of the Local Government and Housing Act 1989 to report this maladministration to the Council. A scheme of Restitution and an Action Plan have been put in place, both of which are monitored by the Audit and Governance Committee.</p>

**External Audit:** The Council's external auditor, KPMG, provides assurance on the accuracy of the year-end Statement of Accounts and the overall adequacy of arrangements for securing and improving value for money. In response to a national recovery programme to bring up to date the achievement of timely external audit opinions, the Government has implemented a series of backstop dates by when audit opinions must be issued. The Council received a disclaimed opinion from EY for 2021/22 and 2022/23, and a disclaimed opinion from KPMG for 2023/24 in compliance with the recovery programme.

In giving the 2023/24 opinion, KPMG also provided a small number of improvement recommendations in their [ISA 260](#) reported to the Council's Audit and Governance Committee in April 2025.

Value for money commentary was also provided for each of these years by the respective auditors. The latest Auditors Annual Report from KPMG for 2024/25 was reported to Council at its meeting 25 February 2025 which recognised an improvement in the arrangements concerning Children's Services with regard to the on-going continuous improvement plan and evidence of an increasingly joined up approach with other Councils and partners to tackle issues.

### Compliance with the Financial Management Code

In 2019, CIPFA introduced the Financial Management Code (FM Code) with 17 standards for local authorities. Authorities must annually review and provide evidence of compliance since April 1, 2021.

The 2023/24 self-assessment showed progress:

- The 2020/21 accounts received an unqualified opinion, and audits for 2021/22, 2022/23, and 2023/24 were completed in line with published audit "backstop" deadlines, though with disclaimed opinions.
- Despite a disclaimed opinion for the 2023/24 Statement of Accounts, auditors found no major weaknesses in the Council's arrangements to improving economy, efficiency and effectiveness for 2023/24.

The Chief Auditor's Annual Assurance Report 2023/24 report gave a limited assurance opinion on the overall adequacy and effectiveness of the organisation's governance arrangements, risk management and internal control environment, leading to one standard being downgraded from Green to Amber. Overall, 11 standards were rated Green and 6 were rated Amber, resulting in an overall Amber rating for 2023/24.

### **Self-assessment and review of key performance indicators**

The Council's Finance team works with Internal Audit to confirm that expected governance arrangements have been in place throughout the year. Management Assurance Statements, signed by senior officers, also confirm that Codes of Conduct, Financial Regulations and other corporate processes have operated as expected. In addition, the Chief Executive has implemented a Statutory Officers Group to monitor governance issues on a monthly basis with the Executive Director of Resources, Chief Finance Officer and Monitoring Officer.

The Council uses several key outcomes to confirm the adequacy of governance arrangements. These KPIs are outlined in the table on the following page.

<b>Issues Identified</b>	<b>Performance in 2024/2025</b>
Formal reports by s151 or Monitoring Officer	One – October 2024 at Council in relation to maladministration of historic Traffic Regulation Orders.
Number of Member Code of Conduct Complaints investigated	None beyond the initial filter stage. Report on referrals presented annually to Standards Committee.
Proven fraud carried out by councillors or members of staff	None in 2024/2025
Objections received from local electors	There was one objection raised during the year relating to the 2022/23 Statement of Accounts which was not upheld by the Council's External Auditor for those accounts Ernst & Young
Local Government Ombudsman referrals upheld	Total number of LGSCO complaints/enquiries received - 59 Cases referred back to Council – 12 Cases closed after initial enquiries – 24 Formal investigations – 15 (10 were upheld)
Housing Ombudsman referrals upheld	Findings (outcomes)- 3 - Upheld – further 12 awaiting outcome from the HO Orders (compensation, apology, specific actions etc.) - 3 Determinations (cases decided upon by the HO) - 3 Maladministration findings- 3

Internal audit reports	Four high risk areas identified as shown in the preceding table above
Information Commissioner referrals upheld	There was one case investigated by the ICO during the year which was not upheld.
Freedom of Information requests (performance)	1043 requests were received in 2024/2025. 74.5% were responded to within the statutory timeframe (20 days)
Annual Accounts	2021/22, 2022/23 signed off with a disclaimed opinion following limited external audit fieldwork undertaken. 2023/24 was also signed off with a disclaimed opinion, however this was mainly as a result of the unaudited opening balances brought forward from previous years. Significant external audit fieldwork was undertaken by KPMG in relation to 2023/24 'in-year' transactions.
Group activities <sup>1</sup>	No governance issues to address in 2024/25. The Council continues to receive appropriate information about the performance of its companies through the Policy Committee which acts as the designated shareholder committee for the Council

## Inspections and Assessments

*OFSTED Inspection of Children's Services (April-May 2024):* A full inspection of Reading's children's services was conducted, with the following outcomes:

- The experiences and progress of children who need help and protection: Requires improvement to be good
- The experiences and progress of children in care: Good
- The experiences and progress of care leavers: Good
- The impact of leaders on social work practice with children and families: Requires improvement to be good
- Overall effectiveness: Requires improvement to be good

Key areas for improvement identified include:

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<sup>1</sup> The Council operates several companies: Reading Transport Ltd – the operating company for Reading Buses, which itself has several subsidiaries. (100% share ownership). Homes for Reading Ltd – provision of private sector lettings. (100% share ownership). Brighter Futures for Children Ltd – provision of Children's Services. (Sole member). Reading Hampshire Property Partnership Ltd – provision of property and construction related consultancy and procurement. (49% share ownership). The Council also is involved in two other not for profit partnerships as a member: First, Reading REDA (Reading's Economy and Destination Agency) delivering economic development for the Borough UK. Secondly, IESE Ltd providing management consultancy.

- Quality of assessment, planning and provision for children in need
- Timely identification of risk for children
- Workforce development, training and support
- Response to children at risk of harm outside the home

***His Majesty's Inspectorate of Probation (HMIP) Youth Justice Inspection (September 2024):*** Reading Youth Justice Service was inspected by HMIP in September 2024, receiving an overall outcome of 'Inadequate'. The inspection identified significant weaknesses across multiple areas requiring comprehensive improvement action.

Key recommendations for the service and the Youth Justice management Board included: quality assurance arrangements; supervision and practice oversight; comprehensive assessment and planning activity; appropriate focus on victim needs; the need for sufficient resourcing and structure for high-quality interventions; effective use of disproportionality action plan and access to quality education, training and employment opportunities.

A comprehensive improvement plan was developed in December 2024, structured around four pillars: Governance and Leadership, Staffing and Workforce Development, Partnership and Services, and Process, Systems and Quality of Practice. The improvement plan is overseen by sub-groups reporting to the Youth Justice Management Board, with specific timescales and responsible officers identified for each action.

***The Care Quality Commission (December 2024)*** - conducted an onsite inspection of Adult Social Care between 16th to 19th December 2024 in relation to how we fulfil our statutory duties within the Care Act 2014. Report is pending. Enhanced governance arrangements through new Adult Social Care board structures and delivery against the service's established improvement plan have contributed to the preparation to this inspection.

***The Social Housing Regulator (February 2025)*** - conducted an onsite inspection of Housing & Communities Landlord function in relation to how we fulfil our duties in delivering the Consumer Standards for Landlords. The Council was issued with a C3 consumer grading, confirming serious failings in the landlord's delivery of consumer standards outcomes. The inspection identified specific concerns regarding the Safety and Quality Standard, Transparency, Influence and Accountability Standard, and Neighbourhood and Community Standard.

Key findings included:

- 50% of homes surveyed in the last five years, with outdated understanding of property conditions
- Approximately 1,600 overdue repairs at time of inspection
- Serious failings in the provision of an effective and efficient repairs service
- Lack of meaningful tenant scrutiny opportunities
- Issues with anti-social behaviour (ASB) case management and supervision

- Specific concerns about PFI-managed properties, including lack of ASB risk assessments, and information for tenants on their website
- Failings in approach to complaint handling for both RBC and PFI managed properties

The Council has implemented a comprehensive improvement plan with monitoring through monthly provider improvement meetings with the Social Housing Regulator and regular progress reporting to the Housing, Neighbourhoods and Leisure Committee.

***Joint Targeted Area Inspection (February 2025):*** A Joint Targeted Area Inspection of the partnership, focusing on the impact of domestic abuse on children aged 7yrs and under, took place over three weeks. The inspection identified strengths including timely decision-making at the front door, strong partnership working in pre-birth risk assessments, and skilled Family Help staff with a good understanding of the impact of domestic abuse. Ten areas for improvement were identified for the partnership, including hearing the child's voice, information sharing, a better understanding of the cumulative impact of domestic abuse, improved governance structures, better use of data and improved commissioning of domestic abuse services. A multi-agency action plan will be submitted to Ofsted in August 2025.

***Association for Public Service Excellence (APSE) (February 2025)*** - reviewed the handling of Traffic Regulation Orders (TRO's). APSE recommended improvements to governance, team structures, and processes. The Highways department is struggling with workload due to vacancies and a lack of experienced applicants. More demands will come from digitising TROs and consolidating Orders, requiring strong systems to avoid errors like those in 2024. Clear information, policies, and plans can guide Elected Members and the public. Internal communication issues, like those with the Bus Lane introduction, show the need for better arrangements and early involvement in proposals.

***The Local Government Association (LGA)*** - reviewed Brighter Futures for Children's Transformation Programme and the costs of Reading Borough Council's Children's services. They found that residential care costs were very high even though the number of children being looked after wasn't very high. This was due to complexity of need, a lack of local and in-house provision and a local and national reduction in foster carers, all of which are part of the current Transformation Plan. The review also suggested ways to manage budgetary pressures. Historic high staff turnover and the use of expensive agency workers were noted, but there had been improvement in this area. They highlighted the need to strengthen data quality, especially in Special Educational Needs and Disabilities (SEND), to improve the accuracy of school travel forecasting. More work is needed in integrating performance and cost management and reducing reliance on spreadsheets. In summary they found that the Children's Transformation Programme was focussed on the right areas and suggested it could be strengthened by expediting some areas and resourcing transformation on a permanent basis moving forward. They also found that there is a risk that demand might not match the budget or the Medium-Term Finance Strategy.

## KEY GOVERNANCE ISSUES

Based on the review of effectiveness, several governance issues have been identified requiring ongoing attention:

**Traffic Regulation Orders** - On October 15, 2024, the Council reviewed a report that identified issues with historic Traffic Regulation Orders (TROs). These TROs were improperly made and implemented, making their enforcement and the collection of payments unlawful due to the Council's lack of legal authority to issue Penalty Charge Notices (PCNs). The report detailed the issues, financial and legal implications, and proposed next steps. A Scheme of Restitution and an Action Plan has been developed to address these issues, with progress reported to the Audit and Governance Committee to ensure councillor and public scrutiny.

A system has been established to review and monitor Traffic Regulation Orders (TROs) involving Network Services, Parking Enforcement, and Legal Services. This includes site inspections before and after TRO implementation to identify and correct errors. A new digital map-based TRO management system is being developed to improve accuracy and consistency. Governance improvements ensure better tracking and follow-up on decisions, enhancing transparency and accountability.

**Children's Services** - The Council will bring all services provided by Brighter Futures for Children Ltd (BFFC) in-house on 1 October 2025, to improve control, decision-making, integration, and reduce duplication. Expected benefits include better oversight, streamlined operations, enhanced collaboration, cost savings of £200,000-£300,000 annually, and improved service delivery for children and families in Reading.

**Homes for Reading Ltd** - Reading Borough Council has decided to close Homes for Reading Ltd, its wholly owned housing company, following extensive consultation with tenants. The decision was made due to changes in local authority lending rules, the housing market, and interest rates, which affected the company's viability. The 101 homes managed by Homes for Reading will be transferred to the Council's mainstream housing stock as tenants' leases end, providing affordable housing for key workers. The Council is committed to supporting tenants through this transition, ensuring they find suitable alternative accommodation.

**Reading Hampshire Property Partnership Ltd** – Reading Council's partner in this property services shared service, Hampshire County Council, has given notice to the Council that it no longer has the capacity to provide the support services required by the Council. All activity ceased by the end of March 2025. A report will progress to Policy Committee to seek approval for the closure of the Company.

**Response to regulatory assessments** – a number of areas have been inspected during 2024/25 and the Action Plans to address recommendations will need oversight during 2025/26.

Last year's Annual Governance Report highlighted eleven key areas for improvement. The table below sets out action taken to address these issues during 2023/24:

Issues Identified	Performance in 2024/2025
Review of procurement Hub and Spoke governance and practices to ensure all activities are aligned to the latest transformation / change programmes.	Consultation completed on corporate Hub and agreed model has begun implementation to resolve any performance and capability gaps. Introduction of a new operational governance model to compliment project framework and Procurement Act 2023.
Continue to embed monitoring arrangement to maximise completion of mandatory learning.	Governance in place to report to Corporate Management Team. Mandatory learning completions have risen significantly and are now tracked every 3 months. Where necessary, individuals are provided with prompts to complete required mandatory learning in line with the new approach. Mandatory learning completions for GDPR rose to 96.6% at the end of March and 96.2% for cyber security (IT users)
Strengthen arrangements for monitoring and recording declarations of interests, gifts and hospitality	New processes in place and communicated to all staff.
Targeted work to improve response times to FOIs and enquiries and learning to be gathered from complaints	FOI performance has been reported to Audit and Governance Committee. There was a significant slip in Q2 due to the implementation of a system which requires additional work to provide the expected benefits. Work continues to improve performance and this continues to be reported to Audit and Governance.
Implement the recommendations following the Housing Repairs Task Force and improvement plan, and achieve/maintain all relevant safety standards for the housing stock	Task Force updates have been reported into Audit and Governance Committee noting significant improvements. One workstream remains outstanding linked to procurement which will be completed by September 2025. Actions will evolve into a continuous improvement plan and is linked with the response to the Regulatory inspection.
Review of the governance of the Climate Programme Board and reporting lines to ensure climate action is embedded across the organisation	The governance of the Climate Board was reviewed in 2024. 2025 is the year of development of the new climate emergency strategy for the borough and subsequent carbon plan 2025 to 2030. These documents will trigger a further review of the governance and terms of reference of the climate programme board. Climate implications are included in committee and capital and revenue bid templates. Additionally, carbon literacy training is being rolled out to all managers. The Council achieved bronze standard for carbon literacy and is A-rated for Climate Action (CDP).

## CONCLUSION

The Council is satisfied that appropriate governance arrangements are in place, however it remains committed to maintaining and where possible improving these arrangements, by:

- Following receipt of the results of Adult Social Care's CQC assessment areas of improvement will be logged, monitored and actioned throughout 2025-26 via our internal governance boards. Progress will be reported into the Adults, Children's & Education Committee.
- Following the receipt of the Social Housing Regulator Inspection Report areas of improvement were immediately logged and planned for throughout 2025/26 via our internal governance boards. Progress will be reported to the Social Housing Regulator and reported into the Housing, Neighbourhoods and Leisure Committee.
- Continue with the procurement stream of the housing repairs and property services improvement plan to ensure that all contracts are up to date, are properly implemented and mobilised and have robust contract management in place.
- Reminder to all staff about the importance of the Speaking Up and Whistle Blowing Policy.
- Remind all staff that Declaration of Interests and Gifts and Hospitality declarations should be submitted where necessary and remind managers that the Register of Gifts and Hospitality is reviewed from time to time and is accurate and up to date.
- Traffic Regulation Orders – commissioning of the Digital TRO project, conclusion of the Scheme of Restitution and sign-off of the Action Plan at Audit and Governance Committee.
- The Council will transfer BFFC staff and property back to its control, novate contracts, and close the BFFC Company. Committee terms and the Council's Constitution will be updated, and the Independent Fostering Agency will transition to a Local Authority Fostering Service. An independently chaired Improvement Board will be established, with transition costs funded from earmarked reserves.
- Continue to implement the Children's Services Rapid Improvement Plan and the Partnership Improvement Plan to address the 10 areas of improvement following the partnership's Joint Targeted Area Inspection. Progress will be overseen by the Berkshire West Safeguarding Children's Partnership and ACE Committee.
- Continue to implement the Youth Justice Improvement Plan, monitored by the Youth Justice Management Board.
- Budget plans to be in place for the next MTFS period and planning will start soon for further savings to close the forecast Council budget gap

- Update the Council Anti-Fraud, Bribery and Corruption Policy to take into account the new 'failure to prevent fraud offence', which will come into effect on 1 September 2025. Under the Economic Crime and Corporate Transparency Act 2023, the "failure to prevent fraud" offence means large organisations can be criminally liable if they fail to prevent fraud committed by employees and associated persons, unless they can demonstrate reasonable fraud prevention procedures.

**Cllr Liz Terry**

Leader of Reading Borough Council

Date:

**Jackie Yates**

Chief Executive of Reading Borough Council

Date: