

**Corporate Improvement Scrutiny Committee – Meeting held on Tuesday, 27th June, 2023.**

**Present:-** Councillors Manku (Chair), Shaik (Vice-Chair), Hulme, Iftakhar, Mann, Matloob, Mohindra, O’Kelly and Stedmond

**Also present under Rule 30:-** Councillors Chahal and Smith

**Apologies for Absence:-** Councillor Escott

**PART 1**

**1. Declarations of Interest**

No declarations were made.

**2. Minutes of the Overview & Scrutiny Committee meeting held on 22 March 2023**

**Resolved** – That the minutes of the Overview & Scrutiny Committee meeting held on 22 March 2023 be approved as a correct record.

**3. Terms of Reference for the Committee**

**Resolved** – That the scrutiny terms of reference contained in the constitution, be noted.

**4. Electing the Chairs of Task & Finish Groups**

The Chair stated that the following nominations had been received in respect of chairs of the Task & Finish Groups:

- 1) Cllr Christine Hulme (Labour)
- 2) Cllr Fiza Matloob (Labour)
- 3) Cllr Mohindra (Conservative)
- 4) Cllr Sheik (Conservative)
- 5) Cllr O’Kelly (Liberal Democrat)

The nominations were seconded and agreed unanimously.

**Resolved** – To note the appointment of the above Committee Members to the Task & Finish Group pool.

**5. Improvement & Recovery Update Report**

The Chair welcomed scrutiny committee Members, the Lead Member for Improvement and Recovery, the Lead Member for Financial Oversight, Council Assets, Procurement, & Revenues and Benefits, and officers to the inaugural meeting of the committee.

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He asked the Lead Member for Improvement and Recovery to speak to the report, advising that scrutiny Members would be focusing on the following three, key lines of enquiry in their questioning:

- How well the improvement plans were progressing.
- Confidence in the future of the recovery process; and
- Financial details relating to the above.

The Lead Member for Improvement and Recovery highlighted key areas of the report and made the following points:

- Scrutiny would play a key role in the recovery process and its contribution would be valued and welcomed by Cabinet and officers;
- The ministerial response in the report related to a previous administration, and officers would discuss this later in the meeting;
- DLUHC had expressed concern regarding the slow pace of progress in the delivery of the recovery and improvement plans. Key areas identified as requiring improvement were Finance, HR, IT and 'culture change'. Progress in these areas had been slowed down by the need to build senior officer capacity.
- His administration was focussed on delivering the current year's savings' targets and formulating a viable MTFP (Medium term financial plan). The Corporate Plan had also been refreshed and this would have an impact on the MTFP, which was in development.
- It was crucial that all internal audit actions be implemented. Cabinet, working closely with the Audit and Corporate Governance Committee, would play a key role in financial oversight at the Council.
- He was confident that the Commissioners and their advisers would bring their extensive knowledge and experience to bear in guiding the Council to produce a balanced, 3-year financial plan;
- A recent LGA survey of Slough residents showed diminished levels of trust on the part of residents, and Slough had received a low performance rating compared to other local authorities. His administration would be resident-focussed and would work to re-build trust with the community and would demonstrate Slough's commitment to the recovery process, to the Commissioners and Central Government; and deliver, at pace, the requisite changes for the improvement and recovery journey.

The SBC Executive Director of Strategy & Improvement advised that the previous administration had agreed that quarterly update reports be submitted to the Commissioners at the Improvement and Recovery Board (IRB) and these reports had subsequently been submitted to the scrutiny Committee.

The slow pace of change was partly because it had taken some time to embed the senior leadership team.

She added that Members should pay particular attention to slide five of the May report in the agenda. This provided a progress milestone chart on all

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recovery items, inclusive of an action timeline. Slides 6-9 listed each individual direction and these had been RAG rated (red, amber, green) with latest the updates in terms of their delivery and discharge, with further explanatory detail provided below the table. The Executive Director of Finance & Commercial advised that all matters reported to the Finance Board were also provided to the Improvement and Recovery Board.

The Lead Member for Financial Oversight, Council Assets, Procurement, and Revenues & Benefits stated that the Commissioners had emphasized that effective scrutiny was crucial to fulfilling the Council's 'Best Value' duty. The Commissioners expected Lead Members to take an active role in scrutinising the recovery process. Cabinet was working closely with officers to build relationships and ensure a unified direction of travel to tackle the challenges facing the Council.

Members asked the questions below, and received the following responses:

- Could he provide details of 'culture change' that had been or would be implemented and provide timelines for implementation and detail how success would be measured?

The Lead Member for Improvement and Recovery emphasised the need for culture change, citing the external auditors' comments on the 2018/2019 accounts. In the past, the Council had failed to maintain the appropriate levels of financial records. Professional practice had not been followed, and there had been insufficient scrutiny and challenge of decision-making. The Commissioners had been clear that 'culture change must be an integral part of the recovery process. Accountabilities and transparency needed to be strengthened and staff should be encouraged and empowered to contribute ideas to improvement and recovery process and feel confident to flag up areas of concern. Poor performance was often due to not getting things right first time.

- Regarding the Commissioners comment about the slow pace of change, which area did this relate to as none of the items in the report had been rag rated red.

The Lead Member responded that the comment had initially come from DLUCH as well as the DFE (Department for Education) in relation to children's services. The slow pace of implementation had been a result of the restructure process, where key vacant posts that needed to be filled. He added that, there were areas yet to be tackled, for example, there was no plan in place to reduce the number of agency staff, was a significant area of expenditure and numerous internal audit recommendations that had not been followed up.

- A Member sought reassurance that the key milestones in the report with May and June deadlines had been achieved. She asked whether the allocation of centrally held budgets had been completed by the May deadline and whether there were any unanticipated virements?

The SBC Director of Finance and Commercial advised that the allocation of central budgets, was work in progress and these would be formally allocated by the end of September and be reported through the Cabinet reporting cycle. Some actions listed in the report related to the finance team and good progress had been made on these. The report did not currently include the formal Cabinet reporting timelines as the papers had been produced for the Finance Board, however, this would be rectified in future scrutiny reports.

- Was the revenues and benefits projects on track as it had significant savings associated with it?

The Director of Finance and Commercial advised that some projects had delivered while others had run into technical problems, nevertheless, she anticipated that the savings associated with those would be delivered in a different way.

The Director of Finance and Commercial added that the scrutiny report had initially been submitted to the IRB in early May and therefore some of the activity listed may well have been completed.

**Action1:** The Director of Finance and Commercial undertook to provide the most up to date information on delivery of actions to Members after the meeting.

- In Q2, asset disposal programme was forecast to achieve £92M, however, elsewhere in the report it was cited as £53M.

The SBC Director of Finance and Commercial advised that these figures referred to quarter 2 of the financial year (July, August & September) and not the calendar year. This data was updated on a regular basis following each sale. The predicted sum was £92M, however, this would change over time. Her team were considering how to better display this information in future reports. She added that some items, where the sale had been agreed, would remain rated amber until monies from the sale had been received.

The SBC Director of Strategy & Improvement advised that the slide on page 5 set out the target and the information on slide 15 provided the actual sum achieved - both figures were accurate and future scrutiny reports would clarify this.

The Lead Member for for Financial Oversight, Council Assets, Procurement & Revenues and Benefits stated that he and officers were working on a dashboard which would provide a more accurate picture and better control of the asset disposal strategy.

- To date, how much had been received from each individual sale?

The Director of Finance & Commercial advised that the asset disposal strategy was the responsibility of the Director of Housing and she did not have

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those figures to hand. She advised that the figures in question were predictions for potential sales in Q2.

She further clarified that the debt to the Council was separate from the Capitalisation Directive (the amount a council was allowed to be in deficit when setting its budget). The amount of the Council's debt changed daily. Asset sales were contributing to reducing the amount of money Slough paid out on a revenue basis to service the Council's borrowing. Slough had been permitted to set a deficit budget by special dispensation from the Secretary of State. This allowed for the income gained from asset sales to be used as revenue expenditure due to the special circumstances. She added that further training on budget and finance scrutiny would be provided to Members in the autumn.

- Following the review of the Council's subsidiary companies, a number of external bodies had contacted Members regarding a few issues such as bills not being paid and lack of communication from council staff. Had this occurred due to the recovery plan? She sought reassurance that these were being dealt with appropriately.

The Director of Finance & Commercial stated that some of the issues had been due to staff turnover and bounce backs from council email accounts. She had met with the Director of Housing and a legal officer to discuss how to resolve these issues.

- The DISH contract was due to be reviewed June – had this taken place?

The Lead Member for Improvement and Recovery advised that this had not been undertaken, however, he was expecting a report from the Director of Housing regarding the matter.

- In relation to procurement and contract management items in the action plan, what was being done to ensure social value was captured in those contracts and how would the KPIs (key performance indicators) and performance management be ensured in all core contracts? To what extent would the committee be able to scrutinise these? With regard to temporary staff, many of these were contractors - how would their performance and value for money be evaluated?

The Director of Finance and Commercial advised that a significant amount of work had been undertaken to improve the foundations of contract and performance management. To date, officers had prioritised improvement and recovery, and social value would be included at the next review.

**Action 2:** She added that Members could request the inclusion of KPIs in the scrutiny work programme at appropriate times during the procurement and commissioning cycle, and officers would be available to help Members shape their key lines of enquiry.

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The Director of Improvement & Recovery clarified that interims were contracted to either fill an established post, for example, to provide maternity cover; or on time-limited projects, which required additional capacity. Financial and recruitment procedures around these were being tightened up, and managers were responsible for ensuring budgets, KPIs, deliverables accountabilities. Currently there was no central monitoring by individual service areas, and it would be necessary to implement better management of the Council's total use of agency spend.

The Director of Finance & Commercial added that budget management meetings between strategic finance managers and budget holders would provide the requisite checks and balances.

The Director of Improvement & Strategy stated that currently they meant to be read separately, plan on page were milestones. The reporting below RAG and detailed information relating to the Directions, were more outcome focussed. **Action 3:** She asked Members to provide feedback about how future such scrutiny reports could be better structured.

- Why had Slough Children's services not been included in this report?

The Director of Strategy and Improvement advised that the scrutiny report had focussed on the Directions from DLUHC. Children's services were subject to a separate intervention, overseen by the DFE (Department for Education), which had been in place for some time. Senior officers were considering integrating the reporting of this alongside improvement and recovery items. This could be discussed further at the forthcoming scrutiny work programming workshop.

- Would partner confidence be factored into the recovery process?

The Lead Member for Improvement & Recovery concurred that it would be included at the next review.

- Why was the savings delivery risk assessment listed as £750k, rated red?

The Director of Improvement & Recovery advised that the figure related to a corporate saving on a review of the Council's strategic commissioning capacity, a function used to decide what services would be used for social care and health. External consultants had been appointed to help identify weaknesses in the process and with development and implementation. This was at risk currently and the sum in the report had been determined on a part year basis. Risks had been assessed and the matter was in hand.

There was a £34k discrepancy in the table on page 6.

The Director of Finance and Commercial stated that when dealing with figures in the millions, there would inevitably be rounding of some amounts. She expected better more transparent reporting in the future.

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- The report stated that there were 160 outstanding queries in 2022/23 - what was the nature of these outstanding queries?

The Director of Finance & Commercial advised that internal audit had been an area of focus for her team. Many these had been delivered but were not being followed up to ensure completion of actions. The outstanding queries could relate to a key financial system, a service area, or to other lower priority items.

She added that the internal audit team now attended all departmental management team meetings and were following up on all actions, particularly high priority ones. These had previously been delivered by an external body. She further clarified that some actions may no longer be relevant, as service provision may have changed. Her team were in the process of closing off all previous actions, which would be separated out from the current ones and that this information would be provided to Members.

- Why did the graph on slide 15, (projected disposal) flatten out?

The Director of advised that the flattening off reflected the cumulative total receipts from asset disposals. This was the amount forecast to be achieved from the sale of assets. The Council needed to sell £400M and could use those capital receipts to fund the deficit. However, this was not part of the budget or the MTFP. The IRB would undertake budget monitoring, in-year, once were processes were established.

- The Commissioners had mentioned that the purchase of the Axa Noble site had been flawed. Why was Nova House not being looked into? The matter needed further investigation and accountabilities established.

**Action 4:** The Lead Member for improvement and Recovery undertook to investigate the matter and request that an update report be provided to a future meeting of the Committee.

The Chair proposed the recommendation below be added to those in the officer report:

- d) That the Committee continue to receive quarterly reports on all aspects of improvement and recovery, including the up-to-date financial position, and that this should be reflected in the draft work programme; and that the Lead Member improvement & Recovery, the S.151 officer and relevant Executive Director meet with the Chair and the Vice Chair in early July to help formulate a more detailed plan for inclusion in the committee's work programme.

The motion was seconded and agreed.

**Resolved –**

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- a) To note the progress made by the Council, since the previous report, in addressing the Directions of the Secretary of State;
- b) To note the content of the Commissioners report and letters from the Secretary of State;
- c) To agree to the next steps to deliver against the issues raised by Commissioners and the Secretary of State as set out in the action plans and other workstreams that have been developed to address the Directions.
- d) That the Committee continue to receive quarterly reports on all aspects of improvement and recovery, including the up-to-date financial position, and that this should be reflected in the draft work programme; and that the Lead Member, the S.151 officer and Executive Director meet with the Chair and the Vice Chair in early July to help formulate a more detailed plan for inclusion in the committee's work programme.
- e) The report be noted.

**6. Date of Next Meeting - 25 July 2023**

25 July, 2023.

Chair

(Note: The Meeting opened at 6.30 pm and closed at 8.27 pm)