

SLOUGH BOROUGH COUNCIL

REPORT TO: Cabinet

DATE: 20th September 2021

SUBJECT: Recovery and Renewal Plan – Achieving Financial Sustainability

CHIEF OFFICER: Josie Wragg, Chief Executive

CONTACT OFFICER: Josie Wragg, Chief Executive

WARD(S): All

PORTFOLIO: Councillor James Swindlehurst, Leader of the Council and Cabinet Member for Financial Governance, Economic Development and Council Plans

KEY DECISION: YES

EXEMPT: NO

DECISION SUBJECT TO CALL IN: YES

APPENDICES: None.

1 Summary and Recommendations

1.1 To update Cabinet on the progress and development of plans for Slough Borough Council to achieve financial sustainability, in response to issue of the Section 114 Notice on Friday 2nd July 2021.

To seek permission to proceed with the recovery and renewal plan as set out in this report.

Recommendations:

Cabinet is requested to:

- (a) Note the plans being developed for the recovery and renewal of Slough Borough Council
- (b) Agree in principle for the timeline set-out in this report to achieve these ambitious timescales
- (c) Agree in principle that our recovery and renewal plans form the foundation for our revised strategic plan, so all this work has clear strategic coherence and refer for full Council consideration.

Reason:

To ensure that the recovery and renewal programme is established so the Council can return to a position of financial sustainability.

2 Report

On 2nd July 2021 the Council's Director of Finance & s151 Officer issued a report under s114 of the Local Government Finance Act 1988, which was sent to all Councillors. This advised them that the Council faces "a financial situation of an extremely serious nature".

In response to this, we have been working to urgently develop our recovery and renewal plan which will provide our roadmap to a financially sustainable Council by 2026/27. This will ensure we are able to navigate out of our current challenges towards a planned financially sustainable future.

2.1 Options considered

- (a) Continue with current policy framework.
The priorities of the Council need to move to ensure a financially sustainable future. This option is not recommended.
- (b) Adapt the current 5-year Corporate Plan.
The Corporate Plan was due to be overhauled this year but the urgency and focus of the challenge demands a complete focus on recovery. This option is not recommended.

2.2 Background

2.2.1 Our Futures

The Our Futures programme has been our primary focus of transformation activity since it was established in the summer of 2019. This programme set out to deliver our new operating model, which has been accompanied by a full Council restructure which has now concluded. This work included several workstreams which have been delivering a range of benefits and improvements to how customers and residents access our services.

These workstreams have included:

Partnership working

- Engaging with residents to develop a 2040 vision for Slough which partners across health, education, police and the third sector are signed up to

Digital and technology

- Roll out of Office 365 supported by mobiles and new telephony to allow us to collaborate and work in a more technology enabled and agile way
- The launch of our new website and digital platform to support our channel shift strategy to support more people to access our services online and self-serve

Localities

- Decanting from Landmark Place
- Developing our new locality offers which are part of our new operating model and ways of working, providing a platform to work more closely with partners at a neighbourhood level and ensure services are tailored to the needs of communities as much as possible

Organisational design

- Restructuring our whole Council and introducing a new senior leadership team with five new directorates
- Introducing new role profiles that provide organisational agility and flexibility as we adapt and evolve as an organisation over time
- Introduction of Objectives and Key Results (OKRs) which helps us to ensure we are working together effectively towards aligned objectives
- Significantly improved clarity on the workforce and financial data across the organisation

Governance

- Improved governance across areas such as Companies, albeit recognising that there is much still to do.

All this work has been supported by intensive coordination of communications and culture change activity, including a focus on our brilliant basics and how we work across the Council.

Our operating model was launched in April 2021 and given the emergence of our financial challenges; it is still embedding with a number of vacancies being held. Some of the enablers required to support this new model still need to be taken forward and have been delayed as we unpick some of the questions about investment that may be required. Examples include financial capacity and expertise, improvements to our digital and ICT infrastructure and improvements to our data and insight capability so we can empower services to access and maximise insight more effectively.

Our Futures has provided us with a solid platform to move forward with our recovery and renewal. The flexibility we now have with our new organisational design has equipped us with the agility to make changes more easily as we adapt and respond to our current financial position.

It is proposed that key critical activity from Our Futures is reassessed and reprioritised accordingly and integrated into our recovery and renewal plan. At an operational level this would include:

- Achieving permanence in key areas such as Revenues and Benefits and Adult Social Care
- IT improvements such as WIFI and telephony

It would also include the key enablers referenced in 2.2.6.

In addition, the new programme will oversee the necessary restructuring arrangements that will be needed in the short term at Directorate level and in the medium term as part of the right sizing journey.

2.2.2 Our Recovery and Renewal Strategic Plan

Recovery and renewal will form the basis of the Council's new strategic plan and will support the 2040 vision for Slough. The 2040 vision is a shared partnership vision, and the contribution to delivering the vision over the next nineteen years is a joint effort alongside our partners. Whilst SBC's investment to deliver the vision will be curtailed in the short-term as we navigate our financial challenges, we want to ensure the 2040 vision remains front and centre to our strategic ambition for Slough as a town.

A new corporate recovery and renewal plan is needed to:

- Align SBC's internal priorities to the Slough 2040 Vision and our partnership strategies
- Recognise the severity of the financial situation and the scale of the challenge facing SBC
- Strike a new tone – from doing / intervening to enabling / facilitating and recovery
- Provide the basis for the new strategic framework
- Guide the planning and delivery of services
- Enable performance reporting and management to drive outcomes.

The strategic plan will be governed as follows:

- The Strategy Leadership Team is accountable for the design and delivery of the Corporate Recovery and Renewal Plan 2022-2027
- The Strategic Finance Board is accountable for the Medium-Term Financial Strategy 2022-2027, the Strategy Leadership Team is responsible for implementation of this.

It will also align to the following groups to ensure there is a coherent strategic direction:

- Slough Wellbeing Board
- Other Strategic Partnerships
- Localities and Strong, Health Attractive Neighbourhoods Plans
- Slough Leaders Group.

Our new strategic plan will:

- Ensure that all plans are looked at with great rigour through a financial lens reducing expenditure as far as possible, maximising income and minimising future commitments
- Replace the current five priority outcomes and structure around eight themes of 2040 vision
- Have greater specificity to ensure initiatives can be costed and delivery can be assessed
- Align with the new place brand in terms of the narrative, values and imagery
- Be framed as recovery and renewal plan
- Be more accessible for residents
- Adopt a multimedia approach – webpage, video, document
- Shift the tone towards more enabling / facilitating, reflecting the severity of our financial situation
- Form a key pillar of new strategic framework
- Establish clear links / relationship between corporate plan and partnership strategies.

We will aim to produce an outline plan for November 2021, with a more detailed plan to follow in February 2022.

2.2.3 Our Recovery and Renewal Programme Delivery Plan

We are establishing a recovery and renewal plan and have introduced a governance structure to ensure we are able to oversee this rigorously and respond to any external scrutiny from the Ministry of Housing, Communities and Local Government (MHCLG) and CIPFA.

Our recovery and renewal delivery plan is outlined below and consists of three parallel priorities:

1. Balance our budget for 2021/22 and 2022/23 and beyond
2. Becoming a right sized Council
3. Our core enablers

We will develop a clear strategic plan which brings all these priorities together, aligned to our 2040 vision, by February 2022.

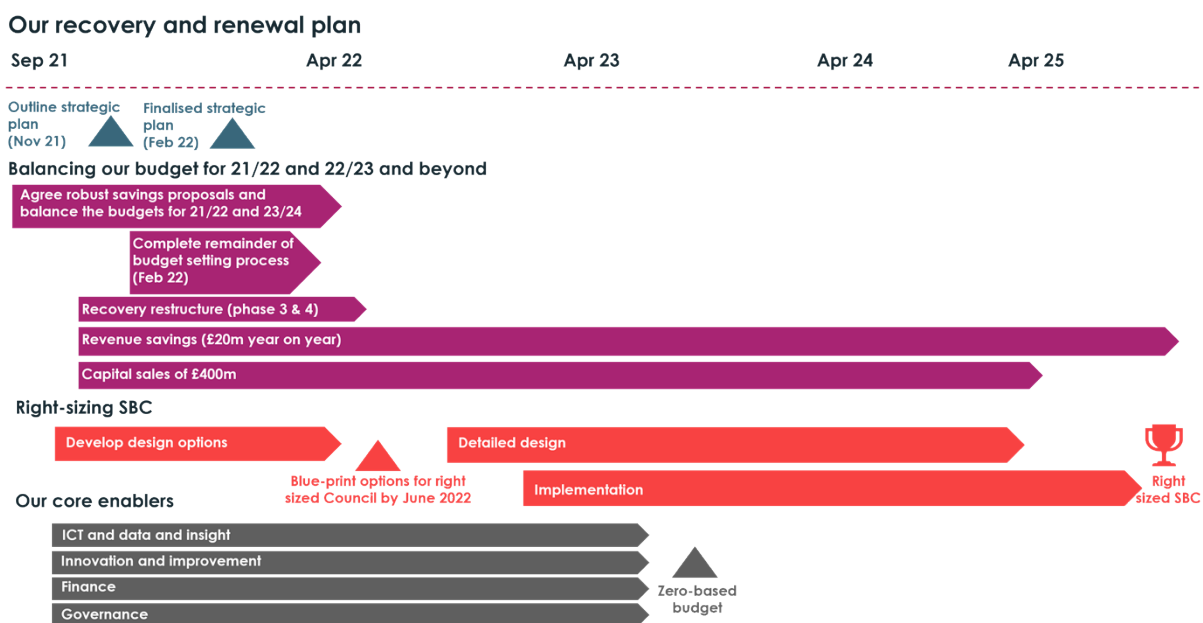


Figure 1 Our recovery and renewal plan

2.2.4 Balancing our budget for 21/22 and 22/23 - securing our short-term financial position

Since June 2021 we have been working urgently across the Council to secure savings proposals that will contribute to balancing our budget for 2021/22 and 2022/23. The Directorate structure will be reduced.

2.2.5 Balancing our budget for the longer term

The Council will need to continue to make considerable savings each year and the process to continue this significant challenge will need to be maintained beyond 22/23. Ongoing rationalisation of the structure is likely to happen during this time.

There will need to be asset disposal programme of an extensive magnitude.

2.2.6 Right sizing our Council

We have started to think about the Council of the future, and how we move to a position of financial sustainability by 2026. We have developed some early thinking and ideas as to what a right sized model for the Council would need to look like. This will involve us needing to reassess and challenge the Councils' role in direct service delivery and explore alternative delivery models where these are appropriate. We aim to work towards a position where we have a blueprint for this to be considered and approved by full Council in June 2022 following rigorous options appraisals.

Right sizing will centre on what our core offer is as a Council. Given the financial situation we are facing, we will need to ensure we focus on the statutory minimum. Where we deliver services above this, we will need to be clear on the benefits required from additional financial investment and be clear as to the rationale in doing so, working alongside our partners. We have started to work on our draft core offer, and this will support our thinking on right sizing the Council.

This programme of work will be undertaken using the Five Case Model approach, recommended by HM Treasury and described in more detail in the Financial Management Update on this agenda.

2.2.6 Core Enablers

As outlined in 2.2.1, there will be some residual activity from Our Futures that will be incorporated within this recovery and renewal plan. There are also some enablers that are required for our financial recovery, and recommendations made on strengthening our governance.

Finance

For the longer-term recovery, the main financial enablers will be:

- Sale of £600m of assets
- A considerable downsizing of the Council – services and staffing – and determining which services the Council can cease
- Some investment in a limited number of services to allow the Council to safely function
- A zero-based budget approach from 2023/24 that will ensure that all expenditure must be justified for each new period. This process will start from a "zero base," and every function within the Council will be analysed for its needs and costs and reduced wherever possible.

Digital and ICT

We are currently reviewing our digital and ICT programme to make sure we are prioritising the right things. As part of Our Futures, we made significant improvements to our ICT. However, we still have some challenges around our infrastructure and servers which will require investment, and we will need to maintain the channel shift priorities that underpin

the Our Futures operating model. We will share more on the shape of our reprioritised digital and ICT improvement programme over the coming months.

Data and Insight

As part of Our Futures, we have started to make improvements to our data and insight. This includes data governance and data architecture. To harness the insight from our data to support our service delivery and decision making, further improvement work is required. This workstream is currently being reviewed and reprioritised in line with investment requirements. We will share more on this over the coming months.

Governance

We have improved governance across areas such as Companies, albeit recognising that there is much still to do. We will review the recommendations from the MHCLG report when it is released, and we will ensure that our governance improvement priorities are aligned to the areas that need to be addressed.

2.2.7 Engaging with our residents

The Chief Executive's response to the 114 reported to full Council in July committed to full public consultation and engagement. The engagement plan is being finalised and will be presented to Cabinet in October 2021.

2.3 Comments of Other Committees

There are none.

3. Implications of the Recommendation

3.1 Financial implications

There will be financial savings that will need to be worked through in greater detail and proposals will need to be robust and deliverable.

3.2 Legal implications

The Council has a number of statutory duties in relation to strategy and financial management. This includes 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 economy, efficiency and effectiveness.

Decisions in relation to strategy and financial management will need to be made by all levels of the organisation. Full Council will be responsible for estimating and setting the budget for the purpose of setting council tax. Full Council is also responsible for approving the policy framework, which includes a list of prescribed statutory plans and strategies, as well as plans or strategies for the control of the Council's borrowing, investments or capital expenditure or for determining the Council's minimum revenue provision. Decisions made at Full Council level will include responsibility for approving an updated 5-year plan, as well as approval of the Treasury Management Strategy and the Capital Programme. Cabinet is responsible for determining how expenditure will be incurred, so long as this is in

accordance with the overall budget and for setting policy outside of the prescribed policy framework. This means that Cabinet should be involved in decision-making around service provision, where these decisions are not within delegated authority for officers.

3.3 Risk management implications

As we focus on our recovery and renewal, we will develop a risk log which links to our corporate risk register. Below we have summarised some of our main risks and will ensure these are reflected the appropriate risk registers.

Risk description	Impact	Current Controls	Risk score
Intervention from MHCLG	<ul style="list-style-type: none"> • Will depend on the extent of intervention, but will likely bring further disruption for staff and the leadership team as they understand the impact of any new arrangements 	<ul style="list-style-type: none"> • Early planning and prioritisation of recovery and renewal activity with the leadership team • Engagement with MHCLG to understand headline recommendations from their report so that early programme planning is focused in the right areas 	15
Capacity and capability including losing key and valuable staff	<ul style="list-style-type: none"> • Loss of expertise and corporate memory • Risk to service continuity and delivery • Staff become demotivated and morale suffers 	<ul style="list-style-type: none"> • Development of a robust communications plan so staff understand the journey to recovery and renewal and what it means for them • Continued focus on staff development through roll out of Skills Lab • Monitoring of staff turnover as part of the corporate dashboard so this can be monitored, and action taken as required 	20
Service delivery	<ul style="list-style-type: none"> • Risk to service delivery and statutory obligations • Risk to safeguarding 	<ul style="list-style-type: none"> • Business cases for savings proposals are being considered with expected rigour, including equality impact assessments to understand impact on service delivery • Any right sizing proposals are being developed using the HM Treasury business case model 	20
Impossible ask	<ul style="list-style-type: none"> • Decreased motivation and risk of burnout of staff 	<ul style="list-style-type: none"> • Open dialogue with MHCLG on what is achievable and what is required for success, such as the funds provided by any capitalisation directive 	15

3.4 Environmental implications

At this stage these are unknown but will be assessed as part of the options appraisal process.

3.5 Equality implications

There will be a number of impacts that these changes will initiate. A full equalities impact assessment is part of every business case being assessed.

3.6 Equalities Impact Assessment

As outlined in 3.5.

3.7 Workforce implications

There will be workforce implications that will result from the rightsizing of the Council. The Council's policies on consultation with affected areas will be part of the options appraisals.

3.8 Property implications

There will be property implications as we consider the shape and size of the Council. This will be considered as part of the options appraisals.

4. Background Papers

None.