

Slough Borough Council

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| Report To: | Corporate Improvement Scrutiny Committee |
| Date: | 4 January 2024 |
| Subject: | Quarterly Improvement and Recovery report |
| Lead Member: | Councillor Dexter Smith, Leader of the Council |
| Chief Officer: | Stephen Brown |
| Contact Officer: | Sarah Hayward |
| Ward(s): | All |
| Key Decision: | NO |
| Exempt: | NO |
| Decision Subject To Call In: | NO |
| Appendices: | Appendix A – Report to November Improvement and Recovery Board (IRB). |

1. Summary and Recommendations

1.1 This report provides the quarterly update to Scrutiny on progress being made by the Council against the Secretary of State Directions issued in December 2021, and the overall council recovery plan.

Recommendations:

- 1.2 Scrutiny is requested to make any comments on the following to inform the consideration of this report by Cabinet:
- a) Note and comment on the progress made by the Council since the previous report in addressing the Directions of the Secretary of State;
 - b) Advise officers on how Scrutiny members can most effectively be engaged to support Slough's recovery journey, including but not limited to commenting on whether this reporting approach enables members to effectively scrutinise recovery progress and make appropriate recommendations to officers or the executive.

Reason

1.3 The then Cabinet agreed on 21 November 2022 to receive quarterly updates from the councils Improvement and Recovery Board chaired by government commissioners.

- 1.4 Information from the most recent Improvement and Recovery Board is attached as Appendix A.
- 1.5 Formal meetings with Commissioners continue monthly in the form of the Improvement and Recovery Board. Quarterly updates will continue to be brought to Scrutiny and Cabinet setting out the detail of the issues reported on at these progress meetings along with additional areas of focus and activity as required by Commissioners. Other Scrutiny and Cabinet reports will also reference progress and agendas and decisions will strongly link to improvement and recovery activity.
- 1.6 In the past year regular reporting on improvement and recovery has been embedded in the Cabinet forward plan. The council's scrutiny programme is also focussed much more tightly on improvement and recovery. As this has been in place for a year now, it would be useful for scrutiny to reflect on how this regular reporting can add further value to Slough's Scrutiny process and ultimately our recovery.
- 1.7 Consideration has also been given to how best to involve all councillors in recovery. Regular discussion at full council is now programmed with the first debate taking place in November 2023. A summary of the discussion is set out below:

Members received a report which provided an update on progress being made by the council against the Secretary of State Directions issued in December 2021, and the overall council recovery plan. The Mayor invited the Lead Commissioner, Gavin Jones, to address the meeting.

Mr Jones stated that council had made progress in a number of key areas and demonstrated a commitment to improvement. However, the scale of problems facing the council was significant and more demonstrable and sustained improvement was required and that there needed to be a quickening of pace in delivery of change.

The financial position of the council remained fragile, in a challenging financial environment, and the key challenge for the council was how it balanced operational recovery whilst addressing the ministerial directions against financial sustainability. Although the senior leadership team had provided some stability, successful recruitment to the new structure, to introduce new capability and increase capacity, was vital to the continued rebuilding of the organisation. The gap in capability was limiting the speed in which the council had made progress.

It was stated that the council had managed an all-out election very effectively resulting in a change in administration, with new and inexperienced members on board. Although member training had been provided, it was strongly encouraged that there was continuous development and learning opportunities for all members to enable them to carry out their roles effectively. Recent improvement in audit actions being completed and routinely actioned upon was noted.

A key part of financial recovery was a successful asset disposal programme to generate capital receipts and this continued to be on track. However, phase 2 of the disposals was likely to pose a greater challenge, as it transitioned to the operational estate and in view of the current market and economic conditions meant that this would be challenging.

It was highlighted that although financial recovery and sustainability was critical, the challenge for the council was that it did so in a manner that ensured it continued to provide services to meet the needs of its most vulnerable residents of the borough.

In the ensuing question and answer session, Members asked a range of questions and replies were given by the Commissioner. Questions from Members included the risks posed by un-closed accounts and outstanding audit actions from previous years; progress on the culture change programme within the council; the costs of the senior management restructure; the medium term financial outlook; and governance issues specifically regarding the council companies and the audit and corporate governance committee.

The Leader of the Council thanked the Commissioner for his attendance and providing an update to the meeting. It was noted that there would be six monthly updates to council meetings on the progress of the council's journey to recovery and improvement.

- 1.8 This report and the appendix set out the progress made to date and the next steps to deliver change against the journey to recovery and improvement.

Commissioner Review

Noted - no other comment from commissioners.

2. Report

Introduction

- 2.1 As previously reported Members are aware the Council received a formal direction from the Department for Levelling Up, Housing and Communities made under s.15(5) and (6) of the Local Government Act 1999, including a direction that prescribed functions are to be exercised by Commissioners; and the appointment of Commissioners from 1 December 2021.
- 2.2 The Council took a number of steps, including approving a new Corporate Plan in May 2022 that set out its strategy for improvement. This was refreshed in September 2023.
- 2.3 Commissioners have recognised that there is now a more holistic approach to reporting progress against the various action plans in place to address the Directions and this is presented in the reports attached to the Improvement and Recovery Board.
- 2.4 The Commissioners' have written three reports to the Secretary of State to date, the most recent of these being published on 14 September 2023 with a parliamentary statement and accompanying letter to the council – all documents can be found on the government website here [Intervention at Slough Borough Council - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/collections/intervention-at-slough-borough-council).

3 Background

- 3.1 It was agreed by Cabinet in November 2022 that regular public reporting on the Council's ongoing response to Government intervention was essential to ensure transparency and accountability.

- 3.2 These reports are submitted to Scrutiny Committee first to provide the opportunity for comment to Cabinet.
- 3.3 It is now two years since Commissioners were appointed by the Secretary of State. During that time the Council has had the opportunity to discuss with Commissioners the extent of the challenges it faces.
- 3.4 Commissioners' submit regular reports to the Secretary of State, the latest of which was published on 14 September. The letter to the Chief Executive from the Department for Levelling Up, Housing and Communities commented that:
- The report notes that this has been a period of change for the Council, with a refreshed Commissioner Team in place and a change in political leadership. The report highlights that the intervention is now at a pivot point. The Council is demonstrating commitment to improvement and has achieved a number of successes, such as a stable corporate leadership team, a successful move to all out elections and an improvement in report quality and financial oversight.
- However, the report also acknowledges that the scale of the challenges facing Slough remains significant and that the Council needs to demonstrate a commitment to accelerating the pace of transformation, provide more evidence of further implementation of changes and demonstrate greater grip on the financial position. The report also identifies a number of specific priorities, such as strengthening capacity within the management tier, implementing a robust performance management system, building on culture change work and producing a Medium-Term Financial Plan for the coming years.
- In his Written Ministerial Statement the Minister notes that he is pleased to see evidence for cautious optimism, whilst acknowledging the significant scale of the challenges still facing the Council, and that following the changes at Slough in recent months this is an excellent opportunity for the Council to make substantial progress towards resolving its Best Value failure.
- 3.5 The appendix to this report presents an overview of the workstreams in place to address each of the Directions and how these have been reported to Commissioners.
- 3.6 The report is taken to scrutiny, cabinet and council to ensure members are playing a full role in the council's recovery. For each report the most up-to-date IRB paper is attached.
- 3.7 Work is currently underway to address the issues identified in the Commissioner's most recent report and prepare for their next letter which will effectively be the second annual report.

4 Implications of the Recommendation

Financial implications

- 4.1 Overall, navigating these financial implications requires judicious budget management to ensure successful plan implementation while maintaining financial stability.
- 4.2 The report on Government intervention highlights financial implications: reallocating resources or securing additional funds for improvement plans, increased costs for monitoring and reporting transparency, substantial investments for action plans addressing culture change, and public engagement. Addressing management capacity may require hiring and restructuring expenses. Developing a Medium-Term Financial Plan, initiating positive dialogue, and meeting Scrutiny

Committee requests entail additional costs, necessitating careful budget evaluation for effective implementation without significantly impacting operational finances.

Legal implications

- 4.3 On 1 December 2021 the Secretary of State for Levelling Up, Housing and Communities made statutory directions requiring the Council to take prescribed actions and that certain functions be exercised from this date by appointed Commissioners, acting jointly or severally. The directions were extended on 1 September 2022. The directions were made under Part 1 of the Local Government Act 1999 due to the Council having failed to comply with its best value duty. The general duty of best value is set out in section 3 of the Local Government Act 1999 and requires local authorities 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”. This requires consideration of overall value, including economic, environmental and social value, when reviewing service provision. There is also a duty to consult when deciding how to fulfil the best value duty.
- 4.4 Annex A of the directions set out the action the Council is required to take. Annex C sets out the functions to be exercised by the Commissioners. This includes functions associated with governance and scrutiny of strategic decisions, requirements for the proper administration of financial affairs, functions associated with the oversight of collection of revenues and benefits and appointment of the three statutory governance officers and the scrutiny officer, as well as functions to define the officer structure at a senior level, determine recruitment processes and recruit relevant staff to these positions. The Explanatory Memorandum to this Direction confirms that in practice most decisions are expected to be taken by the Council, however the Directions are designed to give the Commissioners the power to tackle weaknesses identified to ensure the Council is better equipped to meet the best value requirements. Cabinet should have regard to the advice and comments of the Commissioners contained in this report.

Risk management implications

- 4.5 The table below sets the key risks:

| Risk | Summary | Mitigations |
|--------------|--|--|
| Financial | Failure to deliver financial sustainability | Financial action plan, Capitalisation Directive and immediate to long-term savings plans |
| Legal | Failure to address the Directions and demonstrate compliance with the Council's best value duties or other legal duties leading to increased legal challenges to decision-making and further statutory intervention. | Appointment of new interim Monitoring Officer to bolster capacity at senior management level. Recruitment of interim support for governance and scrutiny. A whole system approach, focusing on the basics of local government governance and decision making, including training and development and involvement of legal services at an earlier stage of policy formulation. |
| Reputational | Failure to meet the requirements contained in the Directions leading to further intervention from Government | A more comprehensive and corporate approach has been developed building on lessons learned over the past year to provide greater confidence in the Council's journey and direction of travel |

Environmental Implications

4.6 There are no direct environmental implications as a result of the recommendations contained in this report.

Equality implications

4.7 The Council has a duty contained in section 149 of the Equality Act to have due regard to the need to:

- a. eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
- b. advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
- c. foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

The protected characteristics are::

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| <input type="checkbox"/> age | <input type="checkbox"/> race; |
| <input type="checkbox"/> disability; | <input type="checkbox"/> religion or belief; |
| <input type="checkbox"/> gender reassignment; | <input type="checkbox"/> sex; |
| <input type="checkbox"/> pregnancy and maternity; | <input type="checkbox"/> sexual orientation. |

The broad purpose of this duty is to integrate considerations of equality into day-to-day business and to keep them under review in decision making, the design of policies and the delivery of services.

Procurement implications

- 4.8 One of the Directions includes specific reference to the procurement and contract management function and this is detailed in the Appendix.

Workforce implications

- 4.9 Any future changes to the workforce will be subject to full statutory processes and consultation.

Property implications

- 4.10 The Council has developed an Asset Disposal Strategy and this has been approved by Cabinet.

5 Background Papers

- 5.1 None.