

Slough Borough Council

Report To:	Overview and Scrutiny Committee
Date:	22 March 2023
Subject:	Improvement and Recovery update
Lead Member:	Councillor James Swindlehurst, Leader of the Council and Cabinet Member for Council Recovery, Forward Strategy & Economic Development
Chief Officer:	Stephen Brown
Contact Officer:	Sarah Hayward
Ward(s):	All
Key Decision:	NO
Exempt:	NO
Decision Subject To Call In:	NO
Appendices:	Appendix 1 – Commissioners second report to the Secretary of State 22 December 2022 Appendix 2 – DLUHC letter to SBC 16 March 2023 Appendix 3 – Ministerial response to Commissioners second report Appendix 4 – Written statement made by Lee Rowley MP

1. Summary and Recommendations

- 1.1 This report sets out the current position with Government intervention. Commissioners wrote to the Secretary of State on 22 December to provide a detailed overview of the progress made by the Council during the first year of intervention (Appendix 1). The Secretary of State subsequently wrote to the Council on 16 March (Appendix 2).
- 1.2 This report is to be considered as part of regular reporting to both Scrutiny and Cabinet on the progress being made by the Council against the Secretary of State Directions issued in December 2021, and the overall council recovery plan.
- 1.3 Much of our focus over the past few months has been on financial sustainability and the 2023/24 budget. The council now needs to focus its

attention on the specific issues raised by the Commissioners' and the Secretary of State and accelerate progress to deliver a new operating model backed by changes to the council's culture. Developments will continue to be presented to Commissioners' at the monthly Improvement and Recovery Board and reported to Scrutiny and Cabinet on at least a quarterly basis.

Recommendations:

- 1.4 Scrutiny is invited to note, and to make any comments on, the contents of the Commissioners' report to the Secretary of State, the subsequent letter to SBC from DLUHC, and this report by SBC in light of the progress reports which Scrutiny has received since the Commissioners' letter was submitted to government.

Reason

- 1.5 The most recent quarterly report to Scrutiny was considered on 23 February 2022. This additional report is being presented as we have now received the latest letter from DLUHC which followed the Commissioners' report to the Secretary of State submitted in December 2022.
- 1.6 The Commissioners' report set out the position of the Council against the Directions during the first year of intervention. At the time of writing in December, Commissioners were concerned at the long term viability of the council given the scale of the challenges it faces and the progress and changes required to address the issues that led to intervention.
- 1.7 This report summarises the progress made to date – including since the submission of the Commissioners' report in December - and the next steps to accelerate change against the journey to recovery and improvement.

Commissioner Review

Commissioners commented that while this is a generally well written report and sets out progress in most areas there are some areas where the report has not brought out clearly enough issues that need significant attention. These are now covered in paragraph 3.12.

2. Report

Introduction

- 2.1 As previously reported Members are aware the Council received a formal direction from DLUHC 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 is in the process of being refreshed and a separate report was submitted to [February Cabinet](#) regarding this.

- 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.
- 2.4 The Commissioners' report to the Secretary of State dated 22 December 2022 (Appendix 1) sets out the position after the first 12 months of intervention and highlights a number of outstanding concerns which are summarised in the Background section of this report.
- 2.5 The Secretary of State subsequently wrote to the council on 16 March 2023 (Appendix 2).

3 Options considered

- 3.1 This report enables Scrutiny to comment on the issues raised in the Commissioners' report and the letter from the Secretary of State.
- 3.2 A separate report will then be submitted to Cabinet.

Background

- 3.3 It is now over a year 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 The Commissioners' report to the Secretary of State dated 22 December 2022 sets out the position after the first 12 months of intervention and highlights a number of outstanding concerns.
 - Pace of progress and ongoing need for SBC to understand the implications of the Directions and the changes required, both political and officer
 - Lack of progress to promote and embed culture change
 - Challenge of achieving ambitious savings requirements combined with rising service demand particularly children's services
 - External audit and opinion for 2018/19 not yet complete and likely to raise procurement and asset concerns
 - Implications of the acquisition of the Akzo Nobel site
 - Ongoing issues with Slough Children First business plan and financial investment requirement
 - Requirement for a member committee on SBC companies
 - Requirement for continued financial support beyond the period of the Directions
 - Long-term planning for the viability of the council
- 3.5 It is clear that at the time Commissioners remained extremely concerned at the pace of progress and the long term viability of the council.
- 3.6 To address their concerns and specifically to respond to the Directions the council has taken a number of positive steps and a significant number of achievements have been delivered including:

- Senior level appointments including the Chief Executive position has created more stability and an ability to oversee a refreshed corporate approach to improvement and recovery.
 - In January it was announced that additional appointments have been made to the key roles of Executive Director for People (Children), Executive Director for Finance and Commercial and Executive Director Strategy & Improvement.
 - The Council's budget was agreed at Council on 9 March supported by a detailed set of savings plans and the programme of asset disposals which are both key to ensuring the future financial sustainability of the council.
 - The Census and other data have been collated to inform an evidence-based refresh of the Corporate Plan. The refresh is key to ensuring that our strategic priorities reflect the evidence of need in the borough. In addition, the corporate plan will set out our new operating model.
 - The culture change programme has been accelerated in the past few weeks and has been informed by recent member feedback. A staff survey will be launched in April which will complement the views of members and enable a programme to be rolled out to embed new ways of working and behaviours to support the delivery of a new operating model.
 - The [Scrutiny Annual Report 2022/23](#) (available elsewhere on [today's O&S Agenda](#)) sets out a range of improvements to the Overview and Scrutiny Function, in line with the [Scrutiny Improvement Action Plan](#) previously published at [O&S in November 2022](#). The Annual Report includes a collection of formal comments made by Commissioners in February O&S reports about the work being done to pilot new ways of working, which amount to strong compliments of the progress, direction and value of the work. For example: "The task and finish group has produced a well-researched and useful report. All involved should be congratulated. The recommendations are supported as their implementation will be a significant step in meeting the Direction."
 - A new permanent Democratic Services Manager, starting in May, has been recruited as part of the Democratic Governance Improvement Action Plan, which has been [reported to O&S Committee periodically including most recently on 23 February](#). A number of other actions from that plan have been completed since the December report including, among other things, two externally-facilitated 'governance culture' workshops for the extended leadership, a full baseline survey of Members' attitudes and needs, a review of the 'Significant Officer Decision' criteria and creation of a 'bitesize leadership learning' programme of governance training.
- 3.7 To address the specific issues of concern raised by Commissioners - and in addition to the standard reporting on the Directions - there will be deeper dives into individual Directions or other recovery workstreams.
- 3.8 A separate report on the council's strategic direction in the form of a refreshed Corporate Plan was submitted to [February Cabinet](#).
- 3.9 In addition, the Cabinet and other member forums continue to receive reports which relate to specific directions and improvements, including finance action plan updates, reports on specific company governance, updates on ICT, procurement and internal audit progress, asset disposal recommendations and updates and updates on senior officer staffing restructure.

- 3.10 The letter from DLUHC to SBC dated 16 March 2023 sets out the response to the Commissioners' report of 22 December 2022 and the next steps for intervention as follows:
- The Minister is concerned at the pace of change at the council
 - A key focus of the council must be the development and implementation of a new operating model and the work on cultural change
 - While there have been some positive changes in the councils financial situation there is concern at the fragility of the position including that of Slough Children First
 - However it is important to note that "the Minister is confident that there is now a stronger senior leadership team in place within the Council"
 - With the departure of two of the Commissioners Ministers will consider what skills and experiences are required within the Commissioner team going forward
 - The Minister notes that SBC remains under intervention for children's social care functions and is monitored with regards to Special Education Needs and Disability (SEND) statutory services.
- 3.11 Officers believe further progress has been made in improvement since the December report of commissioners. However, we recognise and advise members, that there is still a significant amount of work to do to give members and commissioners assurance that Slough Borough Council has a sustainable future. It is vital that members and officers continue to work collaboratively with commissioners and government to secure a recovery and deliver the services Slough's residents deserve.
- 3.12 In particular the council is acutely aware of the seriousness of the following issues that will be a high priority for corporate focus:
- **Children's:** it is positive that a permanent DCS has been recruited. The OFSTED rating was weak and highlights some very serious risks. There are significant staff gaps and there is high risk around budget.
 - **SEND:** despite the council having invested further the issues that need to be addressed have not moved in a long time and this needs to be addressed.
 - **Culture Change:** the Council has been very slow to act on the reports that went to Cabinet in 2022. This is a particular concern to commissioners as it is the core issue that created the environment for bad decisions to be made when the Council found itself into trouble.

4 Implications of the Recommendation

Financial implications

- 4.1 This progress update report is intended to complement existing financial reporting in particular against the Financial Action Plan. Any actions arising from the recommendations will be funded from within existing budgets

Legal implications

- 4.2 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.
- 4.3 Annex A of the directions set out the action the Council is required to take. This included functional capability assessments of all service areas and preparing and agreeing an improvement plan containing a number of action plans. The functional capability assessments were reported to Cabinet in March 2022 and have formed the basis of service delivery plans. The improvement plan was approved by full Council in May 2022 with a series of recovery themes. Work is continuing on the detail of the action plans under each of these themes. The Council is required to report to the Commissioners on the delivery of the Improvement Plan at six monthly intervals or such intervals as the Commissioners may direct. The Council has been reporting to the Commissioners at monthly improvement and recovery boards and will be adopting the recent feedback given by the commissioners in meetings on each of the action plans. There is a specific direction on a programme of cultural change. A report was brought to Cabinet in March 2022 agreeing actions against this direction and this work underpins all other actions plans and recovery work. There is also a specific direction on reviewing the Council’s companies. Progress on this has been reported in the Finance Action Plan, as well as in standalone reports. Reports will be presented to Cabinet on each of the remaining companies this financial year. There is a specific direction on better and evidence-based decision making, including enhancing the use of data and insight. This underpins all Council action plans and improvements as it is at the centre of how public bodies should make decisions.
- 4.4 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:

- age
- disability;
- gender reassignment;
- pregnancy and maternity;
- race;
- religion or belief;
- sex;

- 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

None