



Department for Levelling Up,
Housing & Communities

Max Soule
*Deputy Director, Local
Government Stewardship*

**Department for Levelling Up,
Housing and Communities**
2 Marsham Street
London SW1P 4DF

Gavin Jones
Acting Chief Executive and Head of Paid Service
Slough Borough Council

By email only

1 September 2022

Dear Gavin,

SLOUGH BOROUGH COUNCIL – EXPANSION OF DIRECTIONS

Siobhan Jones, Director of Local Government Policy at the Department for Levelling Up, Housing and Communities, wrote to you on 28 July 2022 inviting you in your role as Acting Chief Executive and Head of Paid Service to make representations about a proposed additional Direction to be issued as part of the intervention at Slough Borough Council (the Authority).

I am now writing to inform you that the Secretary of State for Levelling Up, Communities and Housing has today made an additional Direction under section 15(5) and (6) of the Local Government Act 1999 (“the 1999 Act”) in relation to the Authority. The Secretary of State, having considered the representations made by the Authority and others as required by section 15(9) of the 1999 Act considers it necessary and expedient to amend the Directions in order to secure the Authority’s compliance with the requirements of Part 1 of the 1999 Act and the Directions set out on 1 December 2021.

The new Direction sets out the following function to be exercised by the Commissioners: All functions to define the officer structure for the senior positions, to determine the recruitment processes and then to recruit the relevant staff to those positions.

I enclose a copy of the updated Directions and Explanatory Memorandum, which will also be published on <https://www.gov.uk/government/collections/intervention-at-slough-borough-council> together with this letter, a letter to the Commissioners, and the representation received from the Council.

In the representation the Department received from Slough Borough Council’s Monitoring Officer and Section 151 Officer it was highlighted that a range of discrepancies were present in the dates stated in the Commissioners’ report when compared to Council records. The Department has undertaken a review of the relevant statements and found that there was misalignment of dates and figures between the

Commissioner and the Council records. However, these are not material to the intervention as the substantial points in the Commissioners' report about the lack of progress and cultural change remain relevant. It was noted that your Authority accepted the proposed change to the intervention.

I am copying this letter to your Authority's Section 151 Officer, Monitoring Officer and the Commissioner's office.

Yours Sincerely,

Max Soule

Deputy Director, Local Government Stewardship

DIRECTIONS UNDER SECTION 15(5) AND (6) OF THE LOCAL GOVERNMENT ACT 1999

1. The Secretary of State for Levelling Up, Housing and Communities (“the Secretary of State”) has carefully considered the following in respect of Slough Borough Council (“the Authority”):
 - i. the reports produced by the Chartered Institute of Public Finance and Accountancy (CIPFA) and Jim Taylor (“the Report”) for the external assurance review commissioned by the then Secretary of State as a condition for an in-principle agreement to exceptional financial support, given to the Authority on 25 October 2021 and published on 25 October 2021;
 - ii. the representation made on 5 November 2021 by the Authority on the Report and on the proposed Directions;
 - iii. a representation from the Authority’s Conservative Councillor Group dated 4 November 2021;
 - iv. a representation from Cllr Madhuri Bedi (Independent) dated 5 November 2021;
 - v. representations from seven members of the public received during the first representation period (25 October 2021 to 5 November 2021);
 - vi. the Report produced by Commissioners, given to the Authority on 28 July 2022 and published on 28 July 2022;
 - vii. the representation made on 11 August 2022 by Commissioner Margaret Lee on the proposed expansion to the Directions;
 - viii. the representation made on 11 August 2022 by the Authority on the Commissioners’ Report and on the proposed expansion to the Directions;
 - ix. the representations from the Authority’s Conservative Councillor Group dated 20 June 2022 and 10 August 2022;
 - x. a representation from Cllr Madhuri Bedi (Independent) dated 10 August 2022;
 - xi. representations from two members of the public received during the second representation period (28 July 2022 to 11 August 2022).
2. The Secretary of State is satisfied that the Authority is failing to comply with the requirements of Part I of the Local Government Act 1999 (“the 1999 Act”).
3. The Secretary of State, having considered the representations made by the Authority as required by section 15(9) of the 1999 Act, and those listed above, considers it necessary and expedient, in accordance with his powers under section 15(5) and (6) of the 1999 Act, to direct the Authority as set out below in order to secure the Authority’s compliance with the requirements of Part I of the 1999 Act, in particular:
 - To deliver financial sustainability and to close the long-term budget gap, to achieve improvements in relation to the collection of revenues and the distribution of benefits, to achieve improvements in relation to the proper functioning of democratic services, scrutiny, internal audit, procurement and contract management, and the Authority’s IT, to address the serious failings in these areas over recent years and ensure conformity with the best value duty, thereby delivering improvements in services and outcomes for the people of Slough;
 - To agree a suitable officer structure and scheme of delegation for the Authority which provides sufficient resources to deliver the Authority’s functions in an effective way, which prioritises permanent recruitment and/or longer term contract status of interim positions.
4. Pursuant to his powers under section 15(5) and (6) of the 1999 Act, the Secretary of State directs:
 - i. the Authority to take the actions set out in Annex A to these Directions;

- ii. that the functions of the Authority specified in Annex B to these Directions shall be exercised from the date of these Directions by the Commissioners acting jointly or severally; the Commissioners being persons nominated by the Secretary of State for the purposes of these Directions as long as those nominations are in force;
 - iii. that, from the date of these Directions, the Authority shall comply with any instructions of the Commissioners in relation to the exercise of the functions specified in Annex B, and shall provide such information and assistance as the Commissioners may require for the purpose of exercising the functions specified in Annex B.
5. These Directions shall remain in force until 30 November 2024 unless the Secretary of State considers it appropriate to amend or revoke them at an earlier date.

Signed on behalf of the Secretary of State for Levelling Up, Housing and Communities.

Maxwell Soule
Senior Civil Servant in the Department for Levelling Up, Housing and Communities
Date: 1 September

ACTION THE AUTHORITY IS REQUIRED TO TAKE

In this Annex, the following expressions have the following meanings –

“the Authority” includes the Leader of the Council, Cabinet Members, any committee or sub-committee; and any other person who has responsibility for the matter in question.

The actions to be taken by the Authority are:

1. In the first three months undertake an assessment of the functional capability of all service areas identifying the gaps in capacity and capability, and within the first six months prepare and agree action plans to the satisfaction of the Commissioners.
2. To undertake in the exercise of any of its functions any action that the Commissioners may reasonably require to avoid so far as practicable incidents of poor governance or financial mismanagement that would, in the reasonable opinion of the Commissioners, give rise to the risk of further failures by the Authority to comply with the best value duty.
3. In the first three months prepare and agree an Improvement Plan to the satisfaction of the Commissioners (which may include or draw upon improvement or action plans prepared before the date of these Directions), with, resource allocated accordingly, and as a minimum, the following components:
 - a) An outline action plan to achieve financial sustainability and to close the long term budget gap identified by the Authority across the period of its Medium Term Financial Strategy (MTFS).
 - b) An action plan to achieve improvements in relation to the proper functioning of democratic services, to include rapid training for council officers, a revised term of reference for the Audit and Corporate Governance Committee, and the agreement of an Annual Governance Statement for 2020-21.
 - c) An action plan to achieve improvements in relation to the proper functioning of the scrutiny function, to include a review of the Authority’s strategic risk register to make it fit for purpose.
 - d) An action plan to achieve improvements in relation to the proper functioning of internal audit, which addresses outstanding management actions and includes the commissioning of an independent review of the internal audit contract and a fully costed plan for establishing an internal audit function that reflects best practice.
 - e) An action plan to achieve improvements in relation to the proper functioning of the procurement and contract management function, which includes an independent review.
 - f) An action plan to achieve improvements in relation to the proper functioning of the Authority’s IT.
 - g) A suitable officer structure and scheme of delegation for the Authority which provides sufficient resources to deliver the Authority’s functions in an effective way, including the Improvement Plan and its monitoring and reporting, prioritising permanent recruitment and/or longer-term contract status of interim positions.
4. To report to the Commissioners on the delivery of the Improvement Plan at six monthly intervals, or at such intervals as the Commissioners may direct, and adopt any recommendations of the Commissioners with respect to the Improvement Plan and its implementation.

5. In the first six months devise and then implement a programme of cultural change to rebuild trust between officers and members, to the satisfaction of the Commissioners. This should make sure both Members and Officers understand the scale of the challenge and their respective roles in driving improvement and the way in which the Authority and its activities are regulated and governed and the way in which this is monitored, and breaches rectified.
6. Following the review by the Authority of their companies within six months consider the roles and case for continuing with each subsidiary company of the Authority (except Slough Children First). For those companies that it is agreed to continue, make sure that the Directors appointed by the Authority are appropriately skilled in either technical or company governance matters to make sure each Board functions effectively under the terms of an explicit shareholder agreement and a nominated shareholder representative. For those companies which it is determined not to continue with in this form, to establish a plan to internalise, close or sell as appropriate.
7. In the first six months take steps to enable better and evidence-based decision making, including enhancing the data and insight functions to enable better evidence-based decision making.
8. To allow the Commissioners at all reasonable times, such access as appears to the Commissioners to be necessary:
 - a) to any premises of the Authority;
 - b) to any document relating to the Authority: and
 - c) to any employee or member of the Authority.
9. To provide the Commissioners, at the expense of the Authority, with such reasonable amenities and services and administrative support as the Commissioners may reasonably require from time to time to carry out their functions and responsibilities under these Directions;
10. To pay the Commissioners' reasonable expenses, and such fees as the Secretary of State determines are to be paid to them;
11. To provide the Commissioners with such assistance and information, including any views of the Authority on any matter, as the Commissioners may reasonably request; and
12. To co-operate with the Secretary of State for Levelling Up, Housing and Communities in relation to implementing the terms of these Directions.

FUNCTIONS OF THE AUTHORITY TO BE EXERCISED BY THE COMMISSIONERS

In this Annex –

“statutory officer” means any of: the head of paid service designated under section 4(1) of the Local Government and Housing Act 1989; the chief financial officer designated as having responsibility for the administration of the Authority’s financial affairs under section 151 of the Local Government Act 1972; the monitoring officer designated under section 5(1) of the Local Government and Housing Act 1989; and the scrutiny officer designated under section 9FB of the Local Government Act 2000 (and the expressions “statutory officer” and “statutory office” are to be construed accordingly); and

“the Authority” includes the Leader, Cabinet Members, any committee or subcommittee; and any other person who has responsibility for the matter in question.

“senior positions” are defined as direct reports to the Chief Executive and their direct reports, and their Group Managers – tier one, tiers two and three.

The Commissioners shall exercise:

1. All functions associated with the governance and scrutiny of strategic decision making by the Authority;
2. The requirement from section 151 of the Local Government Act 1972 to make arrangements for the proper administration of the Authority’s financial affairs, and all functions associated with the strategic financial management of the Authority, to include:
 - a) providing advice and challenge to the Authority on the preparation and implementation of a detailed plan to close its short and long-term budget gap in response to the section 114 notice;
 - b) providing advice and challenge to the Authority in the setting of annual budgets and a robust medium term financial strategy (MTFS) for the Authority, limiting future borrowing and capital spending;
 - c) scrutiny of all in-year amendments to annual budgets;
 - d) the power to amend budgets where Commissioners consider that those budgets constitute a risk to the Authority’s ability to fulfil its best value duty; and
 - e) providing advice and challenge to the Authority on the preparation of an outline asset disposal plan.
3. All functions associated with the oversight of collection of revenues (Council Tax and Business Rates) and the distribution of benefits (Housing Benefit and Council Tax Support) by the Authority; and
4. All non-executive functions relating to the appointment and dismissal of persons to positions the holders of which are to be designated as statutory officers, and the designation of those persons as statutory officers, to include:
 - a) the functions of designating a person as a statutory officer and removing a person from a statutory office;
 - b) the functions under section 112 of the Local Government Act 1972 of –

- i. appointing and determining the terms and conditions of employment of an officer of the Authority, insofar as those functions are exercised for the purpose of appointing a person as an officer of the Authority principally in order for that person to be designated as a statutory officer; and
 - ii. dismissing any person who has been designated as a statutory officer from his or her position as an officer of the Authority.
5. All functions to define the officer structure for the senior positions, to determine the recruitment processes and then to recruit the relevant staff to those positions.