

Slough Borough Council Best Value Commissioners

To: Lee Rowley MP, Parliamentary-Under Secretary of State for Local Government and Building Safety

Via email.

13 July 2023

Dear Minister,

Best Value Intervention – Slough Borough Council

Third Report

Introduction

1. This report summarises our assessment of the progress of improvements made by Slough Borough Council from January 2023 to June 2023.
2. Since our last report, there have been several changes to the intervention in Slough. As noted in your letter of 16 March, Commissioners Max Caller CBE and Margaret Lee stood down in March. We would like to thank both Max and Margaret for all they have done to provide increasing stability to Slough. We would also like to thank Sean Nolan for the interim support he provided on financial matters until new Commissioners were appointed in May. Gavin Jones is now Lead Commissioner and is joined by Denise Murray and Ged Curran.
3. There has been a change in political leadership, with the Conservatives becoming the largest party after May's elections. Cllr Dexter Smith is the new Leader of the Council and has a new, smaller Cabinet in place. We comment on the work to support this transition below.

Executive Summary

4. The intervention, which began in December 2021, is now at a pivot point. In the 18 months Commissioners have been at the Council and the Directions have been in force, the Council has made progress in a number of areas, and this should be acknowledged.
5. Whilst the Council is now demonstrating commitment to improvement and is working hard to that aim, the scale of the problems that need to be addressed are such that more demonstrable and sustained improvement is required before Commissioners can consider any reduction in the scale of intervention. With good early planning, there has been some material progress on addressing the organisations cultural issues and the Chief Executive is taking personal ownership of the agenda for change. The resilience of the Council's IT infrastructure remains poor despite some investment by the Council.
6. The Commissioners will work alongside the Council in a collaborative manner, leveraging their own collective experience and capability to assist the Council with

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its recovery, with a focus on the pace of change. Commissioners will continue to hold the Council to account for its improvement and will expect the pace of change to increase.

Successes

7. The scrutiny of decisions has improved. The Council responded well to the Centre for Governance and Scrutiny report and has implemented its recommendations. This has supported better decision making and helped to deliver important changes to services such as waste collection and the reconfiguring of children's centres. The Council is focusing its efforts on training for Councillors to ensure that improvements continue, given the number of newly elected members.
8. There is now a stable top team at the corporate leadership level with permanent statutory officers (Chief Executive, S.151 and Monitoring Officer), and executive directors for adult social care, children's services, and housing/property. A consultation is underway at the second and third tiers of management to further strengthen the capacity and capability of the officer team with the objective to approve the new management structure by September 2023.
9. The Council delivered a slight underspend for the 2022/23 financial year and has a balanced budget for 2023/24. It is taking its financial position seriously but now must deliver against that budget which will be challenging in the new political context and significant service changes that will be required.
10. The Council moved to all-out elections and successfully delivered their first all-out election on 4 May 2023. It is encouraging to note that the new Conservative administration moved decisively to secure a cooperation agreement with the Liberal Democrats to provide political stability. The Leader has recovery and improvement as part of his portfolio. He has asked his Cabinet leads to focus on delivering the savings plans for 2023/24 and to foster a culture of transparency, accountability and empowerment with elected members and officers.
11. The Council appointed an internal audit manager to address the findings and recommendations of previous audit reports that remained unresolved; and to support the redesign of council services. The Council should not be shy of using other external bodies expertise to help with its service delivery. The Housing Director recently self-referred his service to the inspectorate, having found significant failings in contract management, maintenance, and customer service. The inspectorate's involvement helped to identify priorities and to target resources where they could make the most difference. Such openness and willingness to be challenged demonstrates a maturity of approach that others should draw encouragement from.
12. The LGA ran a residents' survey in early 2023 which provided a (low) baseline for the future. The new administration should use these LGA survey results to think about how it can re-engage and re-build trust with its communities. Similarly, the Council has started a programme of staff surveys coupled with Chief Executive

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staff roadshows and should use this as means of re-building trust with its staff. Early signs suggest that this is welcomed by staff.

13. The appointment of a new Director of Children's Services (DCS) is having an impact, combined with a strong working relationship with the DfE Children's Commissioner. There is now a stronger children's leadership team and the reliance on agency staff has decreased considerably. The challenges in this service area are deep and it will take time to build a sustainable and reliable service.

Progress against the Directions

Leadership and culture

14. A new Corporate Leadership Team is in place, and they are committed to driving the necessary changes. We expect this to be strengthened once the restructure of the next two tiers is completed where we envisage greater depth of capability and organisational clarity. It is too early to establish the leadership credentials of the political administration, but early evidence suggests that they are committed to the recovery of the Council and want to see an increase in pace. The openness of the new Leader with staff has been well received.
15. Some good early planning to address the organisation's cultural issues has taken place and, with the Chief Executive taking personal ownership of the agenda, we are hopeful of a significant improvement when Commissioners next report in December. Attracting and retaining quality staff that in turn provide excellent customer service to Slough residents are important outcomes against which to measure the programme's success.

Transformation

16. Whilst the commitment from senior leaders to transforming exists, there is a sense that the scale of issues that the Council is seeking to resolve is overwhelming and slowing them down and is becoming an inhibitor to a well thought out, prioritised transformation plan. The plan should aim to set out the approach that will underpin the implementation of a transformation programme, which should focus on the agreed priority areas and include a greater emphasis on delivery, capacity, generating pace and energy to deliver the type of change that is required.
17. The Council should use its planned restructure of the second and third management tiers to ensure it has appropriate capability and capacity in this area. The architecture of effective management is either missing or broken in Slough. Appraisals, team meetings and one to one meetings with managers are all either haphazard or absent. The corporate senior leadership team and the executive directors, within their departments, will have to model and pay conspicuous attention to re-establishing these.

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Governance

18. The internal audit function has been transferred back to the Council and in further establishing and embedding the function, the Council will need to demonstrate that it takes audit conclusions seriously; that improvements continue in the timely manner that audit recommendations are acted upon; and that policies, practices and the planned programme of internal audit work confirm that the service contributes to the continuous improvement of systems of governance, risk management and internal controls.
19. The quality of reports to members has improved in many areas and the Council will need to ensure that all officer reports are based on good evidence and proper choices for member consideration. Member training has improved, and this will need to be sustained given the large number of inexperienced Councillors now serving on the Council, and to ensure a successful change in political leadership.

Financial sustainability

20. The appointment of a new Executive Director Finance and Commercial (Section 151 Officer) is having an impact. Building on the actions implemented over the past 18 months and continuing to strengthen the department in recognition that in some key areas the Council is starting from a very low base.
21. Good progress is being made in addressing many of the issues outlined in the Directions. The departmental restructure has been completed and permanent recruitment is underway. Financial governance and oversight, processes and practices are improving and monthly budget monitoring reporting for 2023/24 commencing from period two. The audit of the 2018/19 statement of accounts is due to conclude imminently; the 2022/23 draft annual governance statement has been prepared for consideration by the Audit and Corporate Governance committee. Capital receipts from asset sales are on track and the planning for the development of a balanced rolling three to five-year medium term financial plan (MTFP) commencing 2024/25 is underway.
22. The Council are fully aware that the 2023/24 financial year will be a key period in this improvement journey. Self-awareness is evident in recent reports, of the inherent risks in the budget, urgent work to be undertaken to provide financial reassurance, and the likely medium-term nature of the improvements required.
23. It is too early to determine the Council's ability to sustain itself so that it can continue to support its core services, obligations, and priorities, remain viable, stable, adaptable, and effective in the medium to long term without exceptional support, in the face of pressures from growing demand, tightening funding and an increasingly complex and unpredictable financial environment.
24. The Council must ensure the Financial and Commercial Services department and the Finance Improvement Plan are appropriately resourced, with the right capability, capacity, and funding, to deliver the scale and pace of change required

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over the short to medium term and to facilitate timely engagement with Commissioners on the key elements of the plan.

Corporate services

Procurement and contract management

25. The Council has made progress with improvements to its systems and processes, especially the maintenance of up to date and accurate contract registers but it has found recruitment of a sufficiently skilled team of procurement and contract management specialists difficult. This has held back further progress, although we note the successful appointment of a commercial strategy and analysis professional and the continued efforts of the head of commercial services to find suitable candidates for other specialist roles in these disciplines.

Information technology

26. Vital corporate services such as IT and HR have not been 'fit for purpose' and have held the Council back. The IT infrastructure requires an urgent refresh to support day to day reliability and enable the improvement in workflow, data collection and analysis, and service delivery to Slough residents. A decision on the future of Observatory House is required immediately to allow the necessary investment in IT infrastructure to proceed. The organisation has struggled to produce a timely, professional, options appraisal for this.

Human resources

27. There is no strategic HR planning or delivery. The current service is transactional at best and fails to support staff or managers in delivering to required standards against any of the usual HR services, including but not limited to recruitment and performance management. We would support the appointment (perhaps on an interim fixed term basis) of a senior HR/organisational development executive who could identify and implement the HR service the Council needs.

What Council needs to do next

28. What we want to see now is that new and improved approach to scrutiny embedded in the Council's ways of working and closely aligned with the audit process to ensure every decision and all expenditure is properly challenged and administered.

29. It is vital that Council now moves quickly to strengthen its next two tiers of management and puts in place robust performance management for all staff. The existing HR team does not have the capacity to manage the restructuring required. The Council might need an external partner/additional executive appointee for organisational development to complete the restructure and we would support that.

30. The Council needs an MTFP to give financial stability for the coming years. It must also build its financial capacity and capability across all business areas. Its baseline financial systems are minimal and provide partial reassurance only. A financial improvement plan is required to address financial practice and accountability across the Council.

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31. The Council must build on its work around culture change to fully address one of the main original causes of the organisation's failure.
32. Achieving a sense of positive momentum is a key requirement and lies behind the focus on pace of change in this report. It is acknowledged that a change of political leadership and the transition to a new Commissioner team have both been factors causing a small hiatus. Both, however, are now factors supporting and driving a positive approach to the overall change programme.
33. The Council must baseline its data and business planning and put robust programme management and reporting arrangements in place throughout.
34. The whole Council transformation programme must start to have an impact very soon and requires:
 - A best value challenge to all service areas (the three Es).
 - A new operating model.
 - An accommodation strategy (including a decision on Observatory House (OH)).
 - Technology that is fit for purpose (link to OH decision).

Risks

35. The Council is in 'no overall control' following the 4 May elections and political manoeuvring and disruptive behaviour could hinder progress and delay decision making. Commissioners will work with the new administration to ensure that they prioritise the intervention; and manage their expectations on what they can deliver from their manifesto given the scale of the debt and so that they stay within budget. Early signs are encouraging with the new Leader and Cabinet acutely aware of the challenges the Council faces.
36. There is an additional risk that new leadership team observes and documents the challenges but does not take adequate steps to anticipate obstacles. The Commissioners will continue to push for greater rigour in the execution of the Council's objectives.

Conclusion

37. Progress has been made since the last Ministerial update and the Corporate Leadership Team has provided organisational stability and some focus. The pace of transformation needs to increase, however, and build on the foundations that have been laid over the last 18 months.
38. Commissioners will work with the Council to prioritise activity over the next period and to develop an assurance framework against which we will measure success in achieving the Directions.

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39. Embracing the best value framework and using the three Es (economy, efficiency, and effectiveness) as success criteria will be integral to our approach and to the Council's successful recovery.

Yours sincerely,



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