



Department for Levelling Up,
Housing & Communities

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Runnymede Borough Council (RBC) Best Value Notice issued on 19 December 2023

The Department expects authorities to identify and implement arrangements to secure continuous improvement and acknowledges the steps you are already taking to address issues in Runnymede Borough Council, including responding to the recommendations identified in the CIPFA capital review. Ministers remain concerned as to Runnymede Borough Council's capacity to comply with its Best Value Duty under the Local Government Act 1999. The Parliamentary Under Secretary of State has therefore made the decision to issue Runnymede Borough Council with this Best Value Notice.

This Best Value Notice ("Notice") is a formal notification that the Department has concerns regarding an authority and is a request that the authority engages with the Department to provide assurance of improvement. The Department expects authorities that have been issued with Best Value Notices to continue leading their own improvement.

This Notice is issued to Runnymede Borough Council ('the Authority') following concerns highlighted by the Capital Review of Runnymede, undertaken by the Chartered Institute for Public Finance and Accountancy (CIPFA), which was shared with the Authority on 25 July 2023. Concerns include that:

- The Authority has significant debt relative to its size, as of 31 March 2023 it had borrowing 71 times their core spending power, which has been used predominantly to invest in the Authority's property portfolio. This level of debt poses the Authority with capacity challenges, particularly in asset management, commercial and regeneration activity.
- Commercial income represents a substantial revenue source for RBC and is used to support both core and discretionary services, which exposes the Authority to significant financial risks should anticipated income fail.

The Authority has engaged constructively and openly with the CIPFA capital review and has indicated it is already taking steps to address the concerns raised in the review. We expect the Authority to continue to improve and, specifically, to commission an external governance review which aims to provide more in-depth assurance on RBC's governance and leadership structures in line with Best Value principles, including a review of:

- The effectiveness and efficiency of internal decision-making and scrutiny processes
- Culture and leadership, including the Authority's sense of strategic vision and direction, effectiveness of leadership, and attitudes and behaviours towards positive and open relationships.
- Capacity and capability, including evidence of continuous improvement.
- Delivery of services.

The Authority should also agree plans to address concerns and deliver all recommendations set out in the CIPFA review, at pace. In particular, the Authority should:

- Outline what steps they plan to take to reduce and manage the overall debt of the Council.
- Develop a risk appetite statement, including specific elements for its commercial and regeneration portfolio and divestment opportunities, and formalise a moratorium on commercial investment.
- Update the MTFP to reflect different scenarios in savings delivery, in the relationship of stock condition findings to MRP, and in commercial income performance.
- The Finance and the Asset Teams should work together to determine the appropriate scale of the sinking fund to the extent that the sinking fund can cover income and repairs risk.
- Develop and monitor capacity and capability to support priority areas.
- Work to elevate the profile of, and focus on, commercial and regeneration priorities in formal decision-making and oversight.
- Improve reporting on investment performance and expected returns.

While the Authority may continue to receive and be awarded government funding whilst under this Notice, we would emphasise that receipt of funding does not indicate the Department's broader view of the performance of the Authority, nor would it indicate any change in the status of this Notice, with individual funding programmes being managed and assured independently by their respective departments.

This Notice will remain in place for 12 months, after which time, should the Department deem it necessary to continue to seek assurance through such a Notice, the Notice will be reissued. The Notice may be withdrawn or escalated at any point based on the available evidence.

This Notice is issued outside the statutory powers held by the Secretary of State under the Local Government Act 1999 to inspect or intervene in local authorities where there is evidence of Best Value failure and, separately, under section 230 of the Local Government Act 1972 to request information from local authorities. However, a failure to demonstrate continuous improvement may be judged to contribute to Best Value failure and the Secretary of State will consider using these powers as appropriate.

It is important to ensure transparency in relation to the challenges faced by local authorities and the Department's engagement on these. A copy of this Notice will therefore be published on gov.uk. I encourage you to make a copy of this Notice available on the Authority's website, and to share it with full council and the audit committee. In line with this, we will notify your external auditor of this action.

Separately to this Notice, I would encourage you to engage with the Local Government Association, making use of the full range of support they have to offer. We also expect the Authority to engage regularly with the Department during the period of the Notice and in determining the scope of the external governance review. A member of my team will be in touch with you to make arrangements. I look forward to receiving updates on your progress.

Yours sincerely,

Suzanne Clarke
Deputy Director, Local Government Finance