

## **SLOUGH BOROUGH COUNCIL DIRECTIONS UNDER SECTION 15(5) AND (6) OF THE LOCAL GOVERNMENT ACT 1999, NOVEMBER 2024**

### **EXPLANATORY MEMORANDUM**

1. The Secretary of State for Housing, Communities and Local Government (“the Secretary of State”) has again exercised powers under section 15(5) and (6) of the Local Government Act 1999 (“the 1999 Act”) in relation to Slough Borough Council (“the Authority”) to secure its compliance with the best value duty.
2. This Memorandum is intended as a companion document to the Directions issued on 20 November 2024. It summarises the circumstances in which the Secretary of State has made the Directions, their reasons for this exercise of their powers, and the implications of the Directions for the Authority.
3. The Directions issued on 1 December 2021 (updated on 1 September 2022 and 22 May 2023) are revoked with the 20 November 2024 Directions coming into effect immediately and continuing to remain in force up to and including 30 November 2026 unless the Secretary of State considers it appropriate to amend or revoke them at an earlier date. This Memorandum, together with the Directions and related material, is published on the Government website at [www.gov.uk](http://www.gov.uk).

### **The context for the directions**

4. Slough Borough Council has been in government intervention since 1 December 2021. While there has been some progress since the start of the intervention there remains significant work to be done to secure its compliance with its best value duty. These new Directions are necessary to give the Authority further support from Commissioners and time to develop and embed the necessary changes and drive strategic improvements. The Directions reflect the priorities Commissioners have set for the Authority going forward, the areas that need further support and where there is evidence of failure.

#### *Background on decision to intervene (2021)*

5. Following the Authority’s request for exceptional financial support during the COVID-19 pandemic, the Government agreed in principle to this request subject to the outcome of an external assurance review (“the Review”). On 30 June 2021, the then Secretary of State commissioned the Review to consider the Authority’s financial position and strength of its wider governance arrangements and to provide an assessment of the Authority’s ability to achieve financial sustainability without further recourse to public funds. The Chartered Institute of Public Finance and Accountancy (CIPFA) was appointed to lead on the financial aspects, and Jim Taylor, former Chief Executive of Salford City Council, Trafford Council and Rochdale Borough Council, was appointed to lead on the governance aspects. The Review, in the form of two documents, was [published](#) on 25 October 2021.
6. The Review painted a deeply concerning picture of mismanagement, a breakdown in scrutiny and accountability, and a dysfunctional culture. It set out a picture of serious failings, particularly focused in the three areas of administration of financial affairs and corporate governance; democratic services and scrutiny; and service reform, encompassing service transformation, IT, HR, procurement, internal audit and the revenues and benefits service. The Review confirmed a budget shortfall identified for 2021-22 of £111m against a budget of £134m and concluded the need for ongoing oversight of the Authority’s financial plans. The Review stated that the Authority had failed to comply with its best value duty under Part I of the 1999 Act over several years.

7. Having considered the findings of the Review and sought representations, the then Secretary of State announced a statutory intervention at the Authority on 1 December 2021 and issued Directions to secure the Authority's compliance with its best value duty. Two Commissioners, Max Caller and Margaret Lee, were initially appointed. On 11 January 2022, a third Commissioner, Gavin Jones, was appointed.

*Intervention progress and Commissioners reports (2021-2024)*

8. On 1 September 2022, following the Commissioners first report, published on 28 July 2022, the intervention was expanded via issuing a further Direction to permit the Commissioners to define the structure for and to recruit staff to senior positions for the period of the Directions. Commissioners' first report highlighted the scale of the challenges at the Authority, they described the pace of change as insufficient, despite the appointment of Commissioners, in part due to the absence of capability and capacity within the Authority to deliver the wholesale transformation needed. These circumstances, in their view, arose due to a combination of a lack of competence alongside deliberate action, such as the reorganisation of officer structures undertaken by the previous Chief Executive, which degraded the capability and capacity in the Authority as well as failing to deliver planned savings.
9. On 22 December (published 16 March 2023) Commissioners second report was submitted, the report set out that their remained significant challenges still to be tackled at Slough, and the pace of change remained insufficient. In March 2023 Max Caller CBE and Margaret Lee stood down as Commissioners, with Ged Curran and Denise Murray appointed.
10. On 13 July 2023 Commissioners submitted their third report on the intervention. They set out that while there had been progress made by the Council since the second report, significant challenges remained which required sustained improvement.
11. On 17 January 2024 Commissioners submitted their fourth report. In their report Commissioners outlined that while there had been some progress made by the Council, the pace of improvement has been insufficient and inconsistent given the stage of the intervention and that consideration should now be given to the nature of the intervention beyond its current timeline. The then Government in response, requested a further fifth report by the end of April 2024 in order to take an informed view on the progress being made and whether further intervention was required beyond November 2024.
12. The Commissioners' fifth report was submitted in April 2024 to the then Government. Due to the General Election publication was delayed and a further update letter from Commissioners was submitted, on 9 September 2024, to the Secretary of State. These were both published on 22 October 2024 and provided an assessment of the intervention. The report documented the considerable number of areas where improvements were necessary, including stabilising the Authority's financial position and developing a Target Operating Model that aligns with the medium-term financial outlook. In addition, a robust and resourced transformation plan that aligns to the Target Operating Model is needed to drive change, which must be underpinned by strong leadership and a comprehensive workforce strategy to foster and embed cultural change. The report highlighted further improvements were still required relating to risk management, governance, including the scrutiny function and audit committee, evidence-based decision making and partnership working including resident engagement. The Commissioners recommended the intervention continued until the end of November 2026.

13. On 22 October 2024, having considered the evidence, the Minister for Local Government and English Devolution made a Written Ministerial Statement setting out the government was minded to extend the intervention until 30 November 2026. He published the report, the update letter and the government response, including a letter from senior officials to the Authority, which included a detailed description of new directions that the Secretary of State proposed to make under section 15 of the 1999 Act. The Minister also set out that, if the proposal was implemented, he was minded to reappoint the existing Commissioners and also appoint the interim Chief Executive, Will Tuckley, as a Managing Director Commissioner to help support the Council to lead its own recovery.

### **Representation**

14. Before making Directions, the Secretary of State is required under section 15(9) of the 1999 Act to give the Authority an opportunity to make representations about the Report as a result of which the Directions are proposed, and about the proposed Directions.
15. Representations were received from the Authority, dated 1 November 2024, from the Leader of the Council, Councillor Dexter Smith, on behalf of the Authority. They were supportive of the proposal, welcoming the proposed reappointment of the current commissioners and commenting that the appointment of the Chief Executive as a Managing Director Commissioner would “provide stronger links between commissioners and senior corporate management”. The letter recognised the failings of the Council.
16. A representation was also received from Councillor Adil Iftakhar, who outlined their view that the Authority continues to fail to meet its best value duty, that little has changed since Commissioners were appointed and that new directions should increase the remit of the Commissioners, with oversight of Senior Management Team as well as direct input into the decision-making process.

### **The intervention package**

17. Having carefully considered the evidence, together with the representations received, the Secretary of State is satisfied that the Authority is continuing to fail to comply with its best value duty.
18. The Secretary of State considers it necessary and expedient, in accordance with their powers under section 15(5) and (6) of the 1999 Act, to put in place a new intervention package to secure the Authority’s future and sustainable compliance with its best value duty.
19. The new Directions refocus the actions the Council need to take over the next two years to reform and recover and deliver their Best Value Duty. The Directions have reflected the priorities Commissioners have set to the Council, the areas that need further support and where there is continued evidence of failure, as well as what has changed over the course of the intervention to date.
20. The intervention will consist of the appointment of Commissioners to exercise specific functions of the Authority, if necessary, alongside Directions to the Authority. The Secretary of State considers that this package will support the council to reform and recover.

### **Commissioners**

21. The evidence presents a strong case for continued intervention to deliver the improvements required. Therefore, the Secretary of State is nominating Commissioners for an additional two years to ensure that the Authority continue to act

to meet its duty under Part I of the 1999 Act. The Secretary of State has nominated individuals with significant experience and expertise.

22. The Secretary of State has directed the Commissioners to exercise certain functions, if necessary, and to have a role in overseeing other functions or actions which the Authority is to perform. The Commissioners are accountable to the Secretary of State, in that they have been nominated by them and can have their nomination withdrawn by them. The Commissioners will report to the Secretary of State on the progress of the intervention at six-month intervals – or at any other time deemed necessary by the Secretary of State.
23. The skills and experience of the Commissioners mean that it is both possible and sensible to give them considerable levels of discretion over how they implement their roles and responsibilities under the Directions, in order that they can find the solutions most likely to lead to sustainable improvement in the Authority. The Commissioners decide how best to exercise their functions.
24. The Secretary of State has nominated Commissioners with a proven record in leadership, financial management and governance, delivering cultural change and transformation, together with specific expertise relevant to their functions. The Commissioners are:
  - **Gavin Jones**. Serving Chief Executive of Essex County Council and chair of the Society of Local Authority Chief Executives (SOLACE).
  - **Denise Murray**. Former Section 151 Officer at Bristol City Council, former Director of Finance (s151 Officer) at Rochford District Council and former Head of Finance at Essex County Council, and the London Borough of Barnet.
  - **Ged Curran**. Former Chief Executive of London Borough of Merton from 2004 to 2021, previously held positions at board level in London Boroughs of Newham, Waltham Forest and Lambeth.
  - **Will Tuckley**. Interim Chief Executive of Slough Borough Council since May 2024, previous interim Chief Executive at Brighton and Hove Council and Chief Executive of London Borough of Tower Hamlets from 2015 – 2023.
25. The Managing Director Commissioner is nominated for a period 18 months from 20 November 2024, in order for Commissioners to oversee the recruitment and appointment of a permanent Chief Executive. All other Commissioners are nominated up to and including 30 November 2026 or such earlier or later time as the Secretary of State determines. The Secretary of State may, if he considers it appropriate, nominate further Commissioners.
26. The Directions provide that the Commissioners' reasonable expenses and such fees as the Secretary of State determines are to be paid to them by the Authority. The Secretary of State is mindful of the need for Commissioner remuneration to represent value for money for local taxpayers. In recognition of the nature and scale of the intervention, they have determined fees of £1,200 a day for the Lead Commissioner and £1,100 for other Commissioners.

### **Powers to be exercised by the Commissioners**

27. The evidence set out above highlights failures in governance, financial governance, decision making, culture and leadership, services and capacity and capability to improve.
28. For these reasons, the Directions enable the Commissioners to exercise the following functions:

- a) All functions associated with the governance and scrutiny of strategic decision making by the Authority.
- b) All functions associated with the financial governance and scrutiny of strategic financial decision making by the Authority.
- c) 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 achieve financial sustainability and to close any short and long-term budget gaps identified by the Authority across the period of its medium-term financial strategy (MTFS) including a robust multi-year savings plan;
  - b. providing advice and challenge to the Authority in the setting of annual budgets and a robust medium term financial strategy for the Authority, including strictly limiting future borrowing and capital spending;
  - c. scrutiny of all in-year amendments to annual budgets;
  - d. the power to propose amendments to budgets where Commissioners consider that those budgets constitute a risk to the Authority's ability to fulfil its best value duty;
  - e. providing advice and challenge to the Authority on the preparation of sustainable and affordable capital, investment and treasury management strategies, including on any requirement for an appropriate debt reduction plan or for any revisions to the Authority's minimum revenue provision policy (MRP);
  - f. providing advice and challenge to the Authority of a suitable scheme of delegations for financial decision-making; and
  - g. ensuring compliance with all relevant rules and guidelines relating to the financial management of the Authority.
- d) All 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; and
  - b. the functions under section 112 of the Local Government Act 1972 of – 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 dismissing any person who has been designated as a statutory officer from his or her position as an officer of the Authority.
- e) 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.
- f) All functions relating to the appointment and dismissal of persons to positions of directors of council companies (except Slough Children First).
- g) All functions associated with the Authority's operating model and redesign of services to achieve value for money and financial sustainability.

- h) All functions pertaining to the development, oversight and operation of an enhanced performance management framework for officers holding senior positions.

### **Directions to the Authority**

29. To achieve and facilitate the objectives of the intervention, the Secretary of State has also directed the Authority to take the following actions:
- a) Prepare, agree and implement an Improvement and Recovery Plan to the satisfaction of the Commissioners, with resource allocated accordingly. This may include or draw upon improvement or action plans prepared before the date of these Directions. The plan is to set out measures to be undertaken, together with milestones and delivery targets against which to measure performance, in order to deliver rapid and sustainable improvements in governance, finance and commercial functions, thereby securing compliance with the best value duty. There must be a focus on deliverable milestones within six months and the Plan should include at a minimum:
    - a. A new Target Operating Model (TOM) that enables both financial stability and the delivery of core services and priorities.
    - b. A refreshed rolling Medium-Term Financial Strategy, Capital Strategy, and Treasury Management Strategy, aligned with the new TOM and transformation plan and demonstrating the Authority's financial sustainability and resilience, over the period of the strategies.
    - c. A review of the Authority against the CIPFA Financial Management Code to demonstrate its compliance, with recommendations to Commissioners to improve this activity within the first six months and implementation of improvements thereafter.
    - d. A high-performance culture programme to rebuild trust between staff and the Authority, to include the development of a comprehensive workforce strategy focused on development, retention, and permanent recruitment.
    - e. A review of the Authority's progress to risk maturity and how well its functions and processes enable risk-aware decisions that support the achievement of strategic objectives.
    - f. Re-examining the review by the Authority of their companies that considered the roles and case for continuing with each subsidiary company of the Authority (except Slough Children First), to make proposals in relation to financial viability and improving company governance.
    - g. Improving the systems and processes to enable better and evidence-based decision making, including enhancing the data and insight functions, undertaking benchmarking.
    - h. An appropriately resourced digital strategy that supports effective business operations and links to the Authority's future operating model.
    - i. Improving resident and public engagement.
  - b) To secure as soon as practicable that all the Authority's functions are exercised in conformity with the best value duty thereby delivering improvements in services and outcomes for the people of Slough, focussing in the first six months on an effective internal audit function, with organisational

independence, objectivity, separate administrative reporting and a strong functional reporting relationship to the Audit and Corporate Governance Committee, and a review of the action plan for the scrutiny function and Audit and Corporate Governance Committee to accelerate any improvements required in these areas.

- c) To report to the Commissioners regularly, as directed by the Commissioners, on the delivery of the Improvement and Recovery Plan and Transformation plan, and adopt any recommendations of the Commissioners with respect to these.
- d) 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.
- e) 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.
- f) 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.
- g) To pay the Commissioners' reasonable expenses, and such fees as the Secretary of State determines are to be paid to them;
- h) 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
- i) To co-operate with the Secretary of State for Housing, Communities and Local Government in relation to implementing the terms of these Directions.

### **Duration of intervention**

- 30. The Secretary of State considers that any aspect of the directions should only be in place long enough to achieve the stated objectives of the intervention. The directions will remain in force up to and including 30 November 2026, unless the Secretary of State considers it appropriate to amend or revoke them at an earlier date.
- 31. The Secretary of State has asked for six-monthly reports from the Commissioners, or at such other times as he might agree with the Commissioners, which allows for a process for regular review of whether it would be appropriate to expand the functions of the Commissioners or for any function exercisable by the Commissioners to be returned to the Authority.
- 32. Where the Authority and Commissioners agree that it would be appropriate for the exercise of a function to be returned to the Authority, the Commissioners will report this to the Secretary of State, setting out reasons, including clear evidence as to why the public could be expected to have confidence in the Authority exercising this function in compliance with the best value duty. The Secretary of State will carefully consider any such reports and, if agreed to, further Directions will be issued to this effect amending these Directions made on 20 November 2024. The Secretary of State

has not ruled out the possibility that further functions might be brought under the control of the Commissioners.