

Slough Borough Council Best Value Commissioners

DATE: 30.04.2024

Best Value Intervention – Slough Borough Council

5th Report

Dear Minister,

Following on from Commissioners' assessment of progress at Slough Borough Council (SBC) set out in our 4th report (January 2024), you requested a further report covering: i) an assessment of continued Best Value failure including progress against each of the directions and against the Best Value themes published for consultation by DLUHC last summer; ii) a view on timeframes needed for the Authority to deliver its Best Value Duty; iii) whether the current directions are sufficient and necessary for the Authority to meet their Best Value Duty.

Executive Summary

This report does not seek to exemplify improvements made by SBC during the intervention period as these have been shared via previous Commissioner reports. The areas of progress highlighted in the Commissioners' Fourth Report included political leadership, children's social care and SEND services and procurement and contract management. There has also been some improvement to the performance of revenues and benefits. It should also be noted that in 2023, the Council approved and resourced a new organisational structure that if recruited to, would address the large gaps in senior leadership capacity and capability. Broadly, the Council has been successful in recruiting to this new structure and has attracted considerable new leadership talent. With the combination of a new, experienced interim Chief Executive in place from mid-April 2024 and a properly resourced senior leadership cohort, Commissioners are hopeful that this will provide the leadership impetus that can drive further and sustained improvement at pace.

The focus of this report is very much around whether and where SBC is failing to demonstrate Best Value within the context of the Government's Best Value framework as set out in the Government's *Best Value Standards and Intervention* Guidance, published for consultation by DLUHC last summer.

To achieve and sustain Best Value, SBC needs to move towards and sustain a high-performance culture. An environment where members and senior officers work together to provide clarity to both residents and staff of what can be expected and where good outcomes are achieved through having an organisation that is connected to the needs of its residents and is effectively resourced, governed and motivated to succeed.

To move towards financial sustainability, SBC will need to demonstrate that it can live within its means. It will need to further drive down costs through a combination of organisational efficiency and productivity improvements and deliver the asset disposal strategy which is fundamental to the capitalisation direction. Strategically, it will need to have developed an operating model that is both affordable and effective over the long term to enable it to operate sustainably. A robust and funded transformation programme will need to be in place to bring this new operating model to life.

Whilst SBC has addressed many of its weakness over the term of this intervention, it remains far from meeting its Best Value Duty as a local authority. There is too much volatility in its financial position and little work has been done to design and implement a new sustainable operating model that reflects the reality of its future financial constraints.

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Despite having a minority Council Administration, the political leadership of SBC has established generally good relationships with officers and is providing a positive environment for officers to work in. However, the organisational leadership is not yet providing the leadership to ensure consistent delivery of the Council's agreed priorities nor indeed is it securing the pace of recovery nor change that is needed. The Council remains in no overall control and is vulnerable to destabilising changes, which could impact the effectiveness of organisational change.

Commissioners have used the Government's Best Value framework to identify and provide evidence on Best Value failure against the seven themes. These are set out below. It is the view of the Commissioners that SBC is still some considerable way from demonstrating and sustaining Best Value. In light of this, and with the current intervention formally ceasing in November 2024, Commissioners are recommending that the intervention should be extended by a further 2 years from November 2024 to develop, implement and embed strategies in order to meet its Best Value Duty. One of the early milestones should be to produce an outline Target Operating Model within six months, designed around a shared vision and key priorities, with the agility to respond and adapt to a constantly evolving environment. This will need to align with the medium-term financial outlook.

Reflecting on what has and what has not worked through this intervention period, Commissioners have been focused on the impact of senior management leadership in terms of driving change and providing an environment for success. In doing so we have taken time to look at other examples of intervention where more progress has been made within a smaller time scale. Organisational leadership that is more closely aligned to the work of Commissioners seems more effective in driving and embedding change at pace and can help mitigate the risk of potential political instability over the longer term. If the Minister is minded to extend the intervention period, Commissioners would recommend moving towards a different model of organisational leadership, together with a revised set of directions for SBC to deliver against.

i) Overall assessment of continued Best Value failure including progress against each of the directions and against the Best Value themes published for consultation by DLUHC last summer.

Continuous Improvement

SBC has not embedded a culture and system of continuous improvement. Leadership behaviours have not created the environment for continuous improvement in all of its activities. Improvement plans and strategy deployment sometimes lack pace and/or sufficiency of depth, with an absence of robust transition plans to demonstrate that improvements can be effectively and efficiently implemented and sustained over time.

It is not evident that SBC systematically takes on board feedback. This includes feedback taken through open proactive engagement with staff, customers, stakeholders, and independent third-party assessors, as well as the timely implementation of best practice recommendations and improvement recommendations from internal and external auditors. An effective Audit and Corporate Governance Committee and Corporate Improvement Scrutiny Committee is critical to improving this process, providing advice to the SBC on the effectiveness of the arrangements for the proper administration of the Councils' affairs, including all relevant strategies and plans.

SBC is in the process of developing improvement capacity and capability but is not yet able to demonstrate that it is focused on continuous improvement of its performance in the wider sense. Risk management is not integrated into business operations and is often separate from discussions

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about strategy and performance. There is a lack of consistency in terms of staff management, professional development and the use of appraisals to drive continual improvement. A clear performance framework is needed which incorporates risk, performance management and values and behaviours.

Leadership

The organisational leadership of SBC is not collegiate and is therefore not providing the clarity environment or stability that the Council needs in order drive improvement at pace. There has been significant churn in the senior leadership and that has created a high degree of uncertainty within the Council. The effect of high churn has meant that there has been an overreliance on interim management at senior levels. The Corporate Leadership Team have not collectively embraced professional development, and this has been evident in terms of their inability to work effectively as a team.

SBC lacks a clear mission and purpose and there is no evidence of a “golden thread” of corporate objectives that cascade down through the organisation into individual performance management. Commissioners therefore have concerns that the Council will struggle to deliver against its plans at the required pace.

However, there are signs of potential improvement in that SBC approved and resourced a new organisational structure in 2023, and has since attracted considerable new talent. Effective onboarding, workforce development and a focus on retention will be critical given high turnover rates to date. The Council needs to develop a comprehensive workforce strategy, focused on permanent recruitment, development and retention.

Governance

Significant steps need to be taken to meet the standard that would be expected of a well-performing authority. The Council acknowledges that its approach to both audit and risk requires substantial improvement. Complaints are not used systematically to improve services and the scrutiny function is yet to fulfil its role. Performance governance is underdeveloped, with performance ‘observation’ characterising the approach so far, rather than active, data driven management. The full council has yet to receive all the reports and assurance required to fully exercise its role overseeing all the key systems of internal control and governance and recruiting and retaining specialist staff in many of the associated area remains a significant challenge.

SBC needs to ensure an effective internal audit function is in place, with organisational independence, objectivity, timely implementation of recommendations, separate administrative reporting and a strong functional reporting relationship to the Audit and Corporate Governance Committee. The Council should review its action plans for both the functioning of democratic services and scrutiny, and utilise the Audit and Corporate Governance Committee to accelerate any improvements required in these areas.

The Council’s approach to local authority-controlled companies also requires significant improvement and it should re-examine its review of companies (where it considered the roles and case for continuing with each subsidiary company of the Authority except Slough Children First). As part of this, SBC should develop proposals on ways in which the financial viability and governance of companies can be improved and demonstrate legislative and regulatory requirements are met.

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Commissioners will need to be able to exercise judgement on any recruitment decisions relating to company directors.

Culture

SBC has consistently struggled to effectively address the issue of culture change, despite several attempts to do so. A Best Value authority should be able to demonstrate a high-performance culture, where leaders provide the clarity of purpose and supportive environment for staff to thrive, combined with effective processes and governance to facilitate delivery. The lack of collegiate working within the Corporate Leadership Team has been an inhibitor to both pace and delivery. Work on a new Operating Model and associated transformation plan has been too slow.

There have been attempts at producing and implementing a new set of organisational values and behaviours. These have been ineffective and have not landed or been embedded within the organisation.

Whilst there has been a stepping up of staff engagement events from senior leaders, there has not been enough investment in planning effective engagement, and subsequently staff feedback with regards to these events has generally been poor. The recent staff survey has demonstrated low morale and a lack of confidence in the senior organisational leadership of SBC. The Council needs to devise and implement a high-performance culture programme that rebuilds trust between staff and the Authority.

Use of Resources

There remains a requirement to strengthen the framework and data that surrounds financial decision making. In addition, to meet the Council's and subsidiary Companies, legislative and regulatory requirements in a timely manner, and provide assurance that they are managing the resources available to them effectively the Council needs to ensure it performs to the required standards and rigour and is compliant with the CIPFA Financial Management Code.

SBC has not demonstrated through its annual forecasted financial outturn and Medium-Term Financial Strategy (MTFS), Treasury Management Strategy and Capital Strategy that it can meet its asset disposal targets, deliver a debt structuring programme and sustain itself to support its core obligations and priorities. The Council needs to address the historic uncertainty in its balance sheet and accounts in a timely manner. It also needs to evidence that it remains stable, adaptable, and effective in the short term and viable and resilient in the medium to long term, in the face of pressures from growing demand, tightening funding and an increasingly complex and unpredictable financial environment. Scenario planning and the development of the Operating model will be pivotal to this.

SBC has not demonstrated that it has the right mix of skills, capability, and capacity to deliver the priority objectives and programmes. Inconsistency is evident in the Council's ability to recruit, nurture, and retain talent, and ensure managers are equipped with tools, resources, data and insight for informed decision making.

Service Delivery

In most areas there are issues with skills, capacity and capability and SBC's performance is below the reasonable expectations of residents. The Authority lacks a clear transformation plan or unifying direction of travel. This lack of a clear, coordinated purpose undermines attempts to be efficient and

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effective. Service planning is inconsistent and does not exert a strong influence on the delivery of services. Data gathering is inconsistent, and data and evidence are not widely and systematically used. The benefits of advances in information technology are not being harnessed and there is no clear strategy yet to achieve this. Recruiting and retaining specialist staff is a significant problem in many service areas. There are marked weaknesses in the support services to varying degrees. The human resources function, finance function and ICT function have a long way to go to provide the level of assistance that could reasonably be expected of them. Morale is low and there is limited confidence in the managerial leadership of the authority. Most of these problems are recognised and acknowledged but the council has yet to implement an improvement plan diligently and systematically.

The Department for Education maintains its intervention in Childrens Services and escalated its intervention in Special Educational Needs in Summer 2023.

Partnerships

SBC does not have the confidence of its residents, as illustrated by the results of the 2023 Local Government Association (LGA) resident engagement survey. This goes beyond the normal reaction to a failed authority that has had to impose high council tax increases. It reflects a failure of the Authority to give primacy to the needs of its residents and to facilitate their engagement. The contact arrangements for the public are very weak and restricted. Community engagement is very poor, and the public is not systematically involved in monitoring performance or helping to shape future service delivery. Improvements to the communication function were recommended by an LGA review last year but have been only partially implemented. Work with partners is hampered by the high turnover of key staff and the excessive reliance on temporary and agency staff. The Council is far from providing effective leadership of place, or fully harnessing the talents of its partners.

See Annex A for assessment against each of the Directions (as updated in September 2022).

ii) a view on timeframes needed for the Authority to deliver its Best Value Duty.

SBC is two years into its improvement journey yet there is a considerable amount of work and progress needed ahead of demonstrating and sustaining Best Value. With the current intervention formally due to end in November 2024, Commissioners are recommending that the intervention should be extended by a further two years from November 2024. This will allow further time for SBC to develop, implement and embed the strategies and plans needed including on leadership, financial stability and transformation. It will be important to make swift progress in the months ahead to demonstrate that SBC is viable and resilient in the medium to long term, in a complex economic, financial and operating environment.

iii) whether the current directions are sufficient and necessary for the Authority to meet their Best Value Duty

The directions (as updated in Sept 2022) capture the broad areas for improvement across the Best Value failure themes. However, there is an opportunity now to refresh these directions in the context of the proposed extension and lessons learned from the intervention so far, as well as other interventions, to ensure that they sufficiently reflect the required actions and necessary timescales for delivery.

Conclusion/ Recommendations for the future

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This Commissioners report is focused on whether and where the Council is failing to demonstrate Best Value within the context of the Government's Best Value framework, and drawing on this, the suitability of the intervention's current timeframe and directions. It is not intended to summarise areas of improvement over the intervention period to date, which is captured in Commissioners previous reports.

In summary:

- I. Commissioners conclude that SBC is currently failing to meet its Best Value Duty as evidenced by Commissioners' assessment against the directions and Best Value themes published for consultation by DLUHC last summer.**
- II. Commissioners recommend a two-year extension to the intervention from November 2024 to November 2026 to allow further time for SBC to develop, implement and embed the strategies and plans need to demonstrate and sustain Best Value.**
- III. Commissioners recommend refreshing the intervention's directions to ensure that they sufficiently reflect the actions needed and timescales for delivery.**
- IV. Commissioners recommend moving towards a different model of organisational leadership that is more closely aligned to the work of Commissioners to help drive, embed and sustain the improvement that is needed.**

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Annex A – Assessment against current Directions

Direction Number	Direction	Status	Assessment
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.	Not met	<p>SBC completed a functional capability assessment across all directorates and this assessment was used to inform the Council's improvement and recovery plan. However, some gaps in skills, capacity and capability remain and action plans in some areas have not yet been formulated or implemented.</p> <p>A further assessment will be needed to identify remaining gaps and plans will need to be developed and implemented which inform and align with the operating model and workforce strategy.</p>
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.	Ongoing	This will be an ongoing element of the intervention.
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:	Not met	<p>SBC developed and adopted an improvement and recovery plan to support its improvement journey. Resource allocation was inconsistent and the overall recovery plan has not delivered at the pace anticipated.</p> <p>The improvement plan needs to be refreshed with resource allocated.</p>
3a	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).	Not met	SBC produced a medium-term financial strategy. However, a balanced position was not achieved that demonstrated the Council's ability to close the long-term budget gap and be financially sustainable.

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			The Council needs to produce a refreshed medium-term financial strategy, Treasury Management Strategy and capital strategy aligned with a new operating model.
3b	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.	Not met	<p>SBC has delivered some improvements in this area. This includes developing a member officer protocol including access to information provisions highlighting members legitimate rights to access information. They have also run a programme of governance training for members and officers. The Council completed its annual governance statement and action plan for 2022-2023 and mid-year progress review against the plan presented to Audit and Corporate Governance Committee.</p> <p>A new Standards Committee was split from the Audit Committee and a term of reference has been agreed for the Audit and Corporate Governance Committee including the need for up to four independent members of the committee which they have successfully filled.</p> <p>The Council are undertaking a programme of training for officers which will need to be continuously reviewed in order to accelerate and embed improvements and remedy any continuing weaknesses within these areas. There remains some way to go before members model the appropriate behaviours and before key committees function as required by this direction.</p>
3c	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.	Not met	SBC has delivered some improvements in this area. They have established new scrutiny arrangements in line with the Centre for Governance and Scrutiny recommendations. This includes a scrutiny inductions training programme for members of the new Corporate Improvement Scrutiny Committee, Cabinet and officers and an evolving programme of work.

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			SBC needs to continue to ensure they have an effective model for scrutiny that ensures that challenge supports risk identification and management. Further training and development will need to continue for the committee to improve the frequency of impactful scrutiny meetings.
3d	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.	Not met	<p>A review was undertaken of the previously outsourced internal audit function and a decision was taken to establish an in-house internal audit service with recruitment of internal auditors into the team.</p> <p>Progress continues to be made on closing outstanding actions but there is still a high volume of outstanding actions. Resource capacity is affecting the delivery of the audit plan agreed by the Audit Committee. The internal audit service is in its infancy and there remains a requirement to ensure it is effective, organisationally independent, objective and that its improvement recommendations are implemented in a timely manner.</p>
3e	An action plan to achieve improvements in relation to the proper functioning of the procurement and contract management function, which includes an independent review.	Not met	<p>There has been improvement in this area. The Council has moved away from an outsourced arrangement and recruited a permanent in-house team. They have reviewed and improved the Council's contract procedure rules and improved procurement and contract management governance and decision-making. A number of strategies are being developed and/ or refreshed to align with the new procurement act.</p> <p>An independent review is still needed to ensure best practice in service delivery.</p>
3f	An action plan to achieve improvements in relation to the proper functioning of the Authority's IT.	Not met	Some improvements to the infrastructure of IT have been delivered particularly in relation to disaster recovery and cyber security and an upgrade of core digital platform.

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			Further work is needed to develop an appropriately resourced (workforce and financial) digital strategy that supports effective business operations and links to the Council's future operating model.
3g	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.	Not met	<p>The effect of high churn has meant that there has been a continued over reliance on interim management at senior levels. An officer structure has been put in place and recruitment is well underway to fill vacancies.</p> <p>The Council needs to develop a comprehensive workforce strategy, focused on permanent recruitment, development and retention.</p>
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.	Ongoing	Governance arrangements are in place for the Council to report to commissioners. These will need to continue.
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.	Not met	<p>A culture change programme was approved in December 2022 accompanied by a number of CLT road shows but organisational values and culture change have not been embedded within the organisation. The Council has refreshed its officer and member protocol and the relationships between officers and members have improved.</p> <p>The Council needs to devise and implement a high-performance culture programme that helps to retain staff by building trust between staff and the Authority. Further work is needed to ensure systematic and strategic engagement between officers and members including to develop the Target Operating Model and to drive forward service improvements.</p>

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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.	Not met	<p>The Council has undertaken a review of its subsidiary companies with a number of the companies dissolved and, in some instances, the longer-term strategy proposed options to be developed.</p> <p>The options developed need to be examined, with proposals developed on the ways in which the governance of the companies can be improved, legislative and regulatory requirements met in a timely manner and financial viability ascertained. Commissioners will need to be able to exercise judgement on any recruitment decisions relating to company directors.</p>
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.	Not met	While SBC has taken some steps in this area such as improvements to specific data returns, data gathering is inconsistent, and data and evidence are not widely and systematically used. There is scope for significant improvement in evidence-based decision-making that informs more effective service delivery. The Council needs to enhance its data and insight capability and undertake benchmarking.
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.	Ongoing	This will be an ongoing element of the intervention. There have been occasions where information has been sent to Commissioners without sufficient time for their input. It will be important to continue to ensure that accurate and timely information is shared with Commissioners.
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;	Ongoing	This will be an ongoing element of the intervention.

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10	To pay the Commissioners' reasonable expenses, and such fees as the Secretary of State determines are to be paid to them;	Ongoing	This will be an ongoing element of the intervention.
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	Ongoing	This will be an ongoing element of the intervention. There have been occasions where information has been sent to Commissioners without sufficient time for their input. It will be important to continue to ensure that accurate and timely information is shared with Commissioners.
12	To co-operate with the Secretary of State for Levelling Up, Housing and Communities in relation to implementing the terms of these Directions.	Ongoing	This will be an ongoing element of the intervention.