



Report to Finance & Resources Select Committee

Date:	28 th July 2022
Reference number:	N/A
Title:	Update on Lessons Learnt from Other Local Authorities
Cabinet Member(s):	John Chilver, Cabinet Member for Accessible Housing and Resources
Contact officers:	Nick Graham, Director for Legal & Democratic Services Mark Preston, Head of Projects & Pensions
Ward(s) affected:	N/A
Recommendations:	Finance & Resources Select Committee are invited to NOTE the report.
Reason for decision:	N/A

1. Executive summary

- 1.1 This is a 6-month update on the lessons learnt from other local authorities where best value and public interest reports have been published and/or where s114 notices have been issued. The report updates on progress against the action plan from 6 months ago and updates this with lessons learnt from developments on issues experienced by local authorities over the last 6 months.
- 1.2 This report focuses on issues experienced by Slough Borough Council and Northumberland County Council.

2. Slough Borough Council

- 2.1 As has been widely publicised, Slough have been seeking exceptional funding from Government since 2020. More recently they have issued a s114 notice (July 2021); there have been two external reviews (September & October 2021) and the

appointment of Commissioners (January 2022). The 9th March 2022 also saw the dismissal of the Chief Executive for gross misconduct.

- 2.2 The two external reports, linked in the Background Reading section of the report below, examine Slough's circumstances, outline the scale of the problem and provide action plans to address the issues. The CIPFA report examines the financial issues, with the independent review from Jim Taylor covering Governance.
- 2.3 The main headline issues were:
- Very significant property investment (from £180m to £760m over a 5-year period) with no obvious capital investment plan or appreciation of the impact on the minimum reserves.
 - A failed transformation programme resulting in significant vacancies and heavy reliance on agency staff.
 - A poor track record of delivering savings to address overspends.
 - Poor financial management and controls.
 - Poorly functioning procurement service.
- 2.4 Embedded within the reports are several learning points worth reflecting on, with an assessment of how Buckinghamshire compares in these areas:
- a) Criticism of the Annual Governance Statement – principally that it wasn't in place and that it failed to have an action plan setting out how governance issues should be addressed.
- Buckinghamshire does have an Annual Governance Statement process in place and is looking to enhance the process by developing a 'Local Code for Corporate Governance' over the next few months that will further strengthen existing governance arrangements. This will include the identification of actions on perceived areas of improvement and a plan to address these over the following period of the Statement.
- b) Adult Social Care debt recovery was lacking.
- With an increase in debt due to non-payment of care fees a comprehensive recovery process for client contribution debt has been created, co-designed by Finance, Social Care and Legal Services and responsibility for debt recovery has transferred to the Finance Debt Team. The improvements introduced include improved training and guidance for Social Workers, early identification of client capacity issues. There is a rolling focus on the top 10 high risk debts to bring to a resolution or refer to the Legal team as a means of reducing the outstanding debt level. [Add Action Point 13]
- c) There was poor/little oversight of risks.

- For Buckinghamshire a well-established and regular statutory officers meeting takes place (ie, Chief Executive, Monitoring Officer, s151 Officer, Chief Internal Auditor). Statutory officers consider and input into emerging and current strategic risks.
 - There is regular reporting in Buckinghamshire to CMT of strategic risks and accountability through the Risk Management Group who regularly report to Audit and Governance Committee. They review all directorate risks on a rolling programme and also review the strategic risk register regularly.
- d) Poor oversight of the local authority companies.
- Buckinghamshire's company arrangements have had the benefit of being overseen by Cabinet but has established a Cabinet Shareholder Committee attended by the section 151 officer, to provide a consistent overview. These new arrangements have provided an opportunity to review the governance arrangements in place and further work to embed good practice is continuing. Training has been arranged covering the role of directors of companies as well as other roles such as the shareholder committee and member scrutiny to ensure strong oversight and avoid potential conflicts of interest etc. [See Action 4(ii)]
- e) No business cases for savings nor associated risk assessments.
- Service Improvement has a robust methodology covering risk and each business case is scrutinised via the Design Authority. In addition, a backward look report is going to the Service Improvement Board in September to confirm that services are delivering the agreed improvements and checking to see if the service landscape has changed since implementation. This is planned to be a 6-monthly activity.
 - There are also MTFP business cases in support of the significant revenue savings and a savings tracker is reported to CMT monthly and Cabinet quarterly. This provides the opportunity for early reporting of savings delivery issues or any adverse impact savings have on service delivery.
- f) Poor oversight of the Capital Programme.
- The establishment of the Capital Programme is developed in conjunction with the Corporate Capital Investment Board (CCIB) and subject to the budget scrutiny process annually. Capital oversight and governance is provided throughout the year via CCIB and the HIF Investment, IT, Property and Transport capital boards. Cabinet reviews the Budget monitoring position for capital and revenue on a quarterly basis.
- g) Failure to address Internal Audit recommendations.

- There is regular reporting of outstanding internal audit recommendations to CMT to ensure issues are addressed and there is an audit action tracker that is presented regularly to Audit and Governance Committee.
- h) Failure to learn from earlier peer reviews which raised a number of red flags.
- A peer review of Business Assurance has been undertaken that then fed into the service review and this showed full conformance with audit standards. However, the regular review of the issues that have arisen at other authorities enables the Council to consider whether any of those issues exist in the organisation or if there are opportunities to improve existing governance and processes even where there are no issues to ensure best practice is adopted.
- i) Inadequate IT to address the transformation programme.
- IT are involved in the Service Improvement work mentioned earlier to ensure that IT requirements are in place to enable service improvements to be successfully implemented.
 - The Council have also implemented a forward plan of IT upgrades to the Council's ICT systems.
- j) Overreliance on interim staff in key senior posts.
- This is not an issue currently for Buckinghamshire Council. There is monthly monitoring by CMT of high-cost interims, including ensuring that there are end dates for all interims.
- k) Lack of strategic oversight of procurement and contract management.
- There is regular reporting of Contract Waivers and Breaches to Audit & Governance Committee. There is also an officer Supplier Management Group chaired by Richard Ambrose that meets regularly to monitor progress on the SRM improvement plan and ensure that self-assessments are carried out by contract managers on key contracts, with any issues escalated to CMT and Member Committees.
- l) No specific s106 policy and very poor recovery of s106 monies.
- S106 policies exist for Buckinghamshire Council as adopted from the legacy councils, but a review of the policies is being undertaken currently. There are s106 teams that recover the monies due to the Council and monitor that they are spent within the agreed timeframes. Improvements are being made by bringing together the s106 teams together into one team by September and with the introduction of a single system to monitor s106 obligations, collection, and the use of funds.
- m) Inadequate resourcing of scrutiny function.

- There is good Democratic Services support for the Scrutiny function of the Council and no concerns have been raised about the demands placed upon Directorates by Scrutiny work.
- n) Inadequate legal advice on cabinet reports.
- In Buckinghamshire there is a good process in place for input and sign off. Officers have usually engaged Legal in the preparation stages of the report. There are occasions when Cabinet reports are late to Legal, but generally the process works well.
 - The Council's senior legal officer also attends CMT to advise Corporate Directors.

3. Northumberland County Council

- 3.1 An independent governance review was completed by Solace in Business and in its Executive Summary explains that unitary council needs to have an understanding of both its strategic overview and local delivery and the evidence of the review highlighted that Northumberland County Council had forgotten much of this and instead over a number of years both political and officer managerial levels had been distracted to a large extent on internal battles.
- 3.2 Many of the recommended actions are focussed on resetting the Council's vision, objectives, values, processes, and relationships and includes a redrafting of the Constitution to reflect an appropriate scheme of delegation and proper oversight of companies and partnership bodies. Buckinghamshire Council's governance is not in the same place that Northumberland County Council appears to be and, for example, for the oversight of Local Authority and Companies, it has already put in place a Cabinet Shareholder Committee [Action 4.2] which still needs to become embedded.
- 3.3 In summary the recommendations from the Northumberland report comprise:
- a) Establish what it means to be a Best Value Unitary Local Authority and introduce new seasoned local government professional leadership at the top of the organisation now to help it do this.
 - b) Buckinghamshire seeks to meet its best value duty by seeking to continuously improve the way in which its functions are exercised ensuring appropriate budget management and effective service delivery. This is achieved by rigorous consideration by senior officers at the CMT level with input from finance and procurement and close cooperation with Cabinet Members. It is also embedded in the service improvement activity currently underway. Redraft the Corporate Plan in terms of the Administration's Goals and Objectives, moderated by the capacity of the organisation and the legislative framework.

- An appropriate Council Plan is already in place for Buckinghamshire Council. This has been formally approved by Full Council on the 20 April 2022.
- c) Ensure the values by which it seeks to operate are lived within the organisation.
- The early introduction of the Buckinghamshire Council PACT values (Proud, Ambition, Collaboration and Trust) have been widely communicated and endorsed by staff and inform officers conduct and decision making. Regular staff events and award ceremonies celebrate and reinforce these values.
 - ‘Being a Bucks Manager’ is looking to build on the values by which the Council wishes to operate and help provide a framework for standardised training and development for managers. The Coaching for Performance process also allows for the review of how individuals behaviours are meeting the Council’s values.
- d) Review and redraft the Constitution to ensure that decisions that should be taken at Member level, by Cabinet, Committee, Individual Member or Full Council are clearly identified and that the recording and scrutiny of officer decisions, both individually and in aggregate, is unambiguous.
- Northumberland seem to have had problems with the process they used to appoint senior staff. The Director for Legal and Democratic Services has reviewed the Constitution and is satisfied that our Constitution is clear and sets out the legal process clearly for appointments, which we have evidence of following.
 - The Constitution is regularly reviewed by the Constitution Working Group with proposal for change and amendment where appropriate.
- e) Review and redraft the codes of conduct which regulate Member and officer behaviours and working relationships with each other.
- The oversight of the Member Code of Conduct is undertaken in Buckinghamshire by members of the Standards & General Purposes Committee supported by the Monitoring Officer. Regular reporting of complaints, improvements to the process and regular training on the Code is organised for Members.
- f) Establish a rationale for the establishment or continuation of any company established under the provisions of the Localism Act 2011.
- The Council does not have companies established under the Localism Act 2011 at the moment, but the establishment of the Shareholder Committee allows the regular review of the performance of any relevant companies and ensure that the rationale for their existence is still relevant.

- g) Establish a specific governance framework by which, for those companies owned or partly owned by the Council, their Directors are appointed, reports on performance are presented to a Cabinet Sub-Committee, conflicts of interest are dealt with and risk and how shareholder agreements are ratified, by both the company and the Council.
- The Council has recently established a Shareholder Committee for this purpose and training has been arranged around roles and responsibilities [Action 4(ii)].
- h) Establish an officer structure which is designed to deliver against earlier recommendations and seek to appoint permanent employees to fulfil those objectives.
 - Buckinghamshire Council has a clear officer structure with clear accountability. Permanent staff are employed in the key roles.
- i) Establish a scheme of performance appraisal, starting with the Chief Executive at Member level, in line with the JNC provisions, which cascades throughout the organisation so that every employee is clear about their targets and how they fit into plan delivery. As the Chief Executive is accountable to the Council as a whole for their performance, publish the targets and how they have been achieved as an annual statement to Council.
 - The Coaching for Performance appraisal process is in place throughout the Council to ensure that everyone is clear about their targets and how they fit into the delivery of the Council's objectives. It also allows for the assessment of how individuals are demonstrating the corporate values.
 - The appraisal of the Chief Executive is discussed in a meeting of Senior Appointments and Pay Committee on an annual basis.

4. Next steps and review

- 4.1 The focus will be on continuing to implement the action plan and monitoring any new issues that might emerge within the sector from other Councils. Unless there are any significant issues that arise out of these, there will be a further review in 6 months' time.

5. Background papers

[Cabinet Paper 02 March 2021: 'Financial Sustainability – Comparison with LB Croydon'](#)

[Audit & Governance Paper 25 January 2022: 'Lessons Learnt from Other Local Authorities'](#)

[Slough Borough Council – CIPFA Report](#)

[Slough Borough Council – Governance Review](#)

[Northumberland County Council Independent Governance Review](#)

