

Classification: Public

Key Decision: No

Gravesham Borough Council

Report to: Cabinet
Finance & Audit Committee

Date: 11 September 2023
19 September 2023

Reporting officer: Sarah Parfitt, Director (Corporate Services)

Subject: Learning from Local Government Interventions

Purpose and summary of report:

To provide an overview for Members on recently publicised failings in other Local Authority. As a means of learning from these failings the report also provides an assessment of this council's arrangements against common areas of failure, identifying both strengths in current arrangements but also opportunities to further enhance or strengthen governance and culture within the council.

Recommendations:

1. Cabinet reviews and considers the content of this report.
2. Cabinet agrees for the report be considered at the next Finance & Audit Committee as the committee established to provide independent assurance and oversight of the council's governance arrangements.
3. Cabinet endorses the self-assessment at Appendix Two and requests a progress report be presented to the Cabinet in six months' time.

Key Implications:	
Item	Implications
Legal	<p>Under the Local Government Act 1999 (as amended), Best Value Authorities (which includes local authorities) are required to make arrangements to secure continuous improvement in the way in which they exercise their functions, having regard to a combination of factors including economy, efficiency, and effectiveness. The same Act provides the Secretary of State with powers to inspect and, subject to their being sufficient evidence, intervene in a local authority where that authority is failing in its best value duty.</p> <p>The Local Audit & Accountability Act 2014 includes the general duty of the Local Auditor, through their work, to be satisfied that the authority has made proper arrangements for securing economy, efficiency, and effectiveness in its use of resources.</p>
Finance and Value for Money	<p>Strong Governance underpins the delivery of the council's corporate objectives and securing value for money.</p>

Corporate Plan	There are no direct Corporate Plan considerations arising from this report, albeit good governance and value for money underpins the delivery of the council's corporate objectives.
Climate Change	There are no direct Climate Change considerations arising from this report.

1. Introduction

- 1.1 The number of statutory and non-statutory interventions in local authorities by Government has increased during recent years.
- 1.2 Between 2010 and 2020, statutory interventions were initiated in four authorities - Doncaster Metropolitan Borough Council, London Borough of Tower Hamlets, Rotherham Metropolitan Borough Council, and Northamptonshire County Council.
- 1.3 Since 2021, six statutory interventions have taken place - Liverpool City Council, Nottingham City Council, Slough Borough Council, Sandwell Metropolitan Borough Council, Thurrock Council and Woking Borough Council. In addition, a number of non-statutory interventions have taken place where councils have requested exceptional financial support from Government, including the London Borough of Croydon; in most cases these requests were made during the COVID-19 pandemic.
- 1.4 Whilst each intervention will be unique in its circumstances, commonalities can be found in the characteristics of the culture and governance at each authority involved.
- 1.5 The culture of a local authority will be defined by the shared values and beliefs of the organisation, how decisions are made, as well as how elected members and officers behave, interact, and carry out their roles.
- 1.6 Governance refers to the way in which an organisation is run; it encapsulates policies, procedures, how decisions are made and how decision-makers are held to account.
- 1.7 This report is intended to provide an overview of the recent high profile statutory interventions at other Local Authorities and the lessons that can be taken from each.
- 1.8 Beyond these interventions, cost and demand pressures are becoming increasingly prevalent in threatening the financial sustainability of English council budgets. According to new LGA analysis, councils in England face a funding gap of up to £3 billion in the next two years just to keep services standing still. More recently, this figure has been updated by a BBC investigation to £5bn collating responses from upper tier authorities. In recent weeks we have seen concerns raised about the futures of Guildford Borough Council, Southampton City Council, Hastings Borough Council, Bradford Council and Kirklees Council.

2. Intervention Process

- 2.1 The intervention process will be triggered by evidence for concern about an authority which can come from sources such as the authority's external auditors, a section 114 report from the council's Section 151 Officer or a section 5 report from the council's Monitoring Officer, or substantiated concerns raised by local MPs or risk-based work conducted by Government itself. The cause could be because the council has not delivered a balanced budget, provided statutory functions, or considered to have not secured value for money in spending decisions.

- 2.2 Where a sufficient level of concern is evidenced, the Secretary of State can appoint an inspector to carry out an independent inspection of the authority's compliance with its Best Value duty. The findings and evidence set out in the inspector's report will then be used to decide what the next steps should be.
- 2.3 If, based on the evidence, the Secretary of State is satisfied that the authority is failing to comply with the best value duty, officials will issue a "minded to" letter to the authority setting out proposals for an intervention. Although this will often mean the appointment of Commissioners, the Secretary of State's powers can extend beyond this, such as directing the council to carry out certain actions (such as preparing and implementing an improvement plan or making certain appointments).

3. Indicators of poor culture and governance

- 3.1 The Department for Levelling Up, Housing and Communities (DLUHC) has issued guidance for addressing cultural and governance failings in local authorities which shares lessons from recent interventions and sets out a set of indicators of cultural or governance issues. These are:
- A lack of effective political and/or corporate leadership, including an overreliance on interim statutory officers.
 - A lack of corporate capacity, resulting in a lack of strategic vision and direction, and inadequate internal processes.
 - Poor and inappropriate councillor conduct.
 - Conflict and distrust among and between councillors and senior officers.
 - The absence of effective scrutiny, transparency, and public consultation, including inadequate protections for whistle-blowers.
 - A lack of awareness and acceptance of the need for improvement; and insufficient capacity to achieve the change required.
- 3.2 As a learning authority, the council has chosen to conduct a self-assessment of its own arrangements against each of the indicators set out in the paragraph above. This self-assessment is presented at Appendix Two and is intended to identify both strengths in current arrangements but also opportunities to further enhance or strengthen governance and culture within the council.

4. Conclusion

- 4.1 The self-assessment has concluded that the council has many strengths in its organisational culture and governance arrangements, which have been kept under review by both internal and external mechanisms. There are opportunities to build on these strengths and continue to develop and enhance the arrangements the council has in place. It is proposed that these opportunities are progressed in the next six months, with progress reported back to Cabinet as a means of ensuring continuous review and improvement.

5. Appendices

- 5.1 The following documents are to be published with the report:
- 5.2 Appendix One – Intervention Case Studies
- 5.3 Appendix Two - Indicators of cultural or governance issues – Self Assessment

6. Background Documents

- 6.1 The following background documents were used:
- 6.2 [Statutory intervention and inspection - a guide for local authorities \(publishing.service.gov.uk\)](https://publishing.service.gov.uk)
- 6.3 [Addressing cultural and governance failings in local authorities: lessons from recent interventions - GOV.UK \(www.gov.uk\)](https://www.gov.uk)
- 6.4 [Intervention at Liverpool City Council - GOV.UK \(www.gov.uk\)](https://www.gov.uk)
- 6.5 [Statutory Intervention: Nottingham City Council - GOV.UK \(www.gov.uk\)](https://www.gov.uk)
- 6.6 [Intervention at Slough Borough Council - GOV.UK \(www.gov.uk\)](https://www.gov.uk)
- 6.7 [Intervention at Sandwell Metropolitan Borough Council - GOV.UK \(www.gov.uk\)](https://www.gov.uk)
- 6.8 [Intervention at Thurrock Council - GOV.UK \(www.gov.uk\)](https://www.gov.uk)
- 6.9 [Intervention at Woking Borough Council - GOV.UK \(www.gov.uk\)](https://www.gov.uk)
- 6.10 [Proposed statutory intervention: London Borough of Croydon - GOV.UK \(www.gov.uk\)](https://www.gov.uk)

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Secondary Implications	
Risk Assessment	The report provides case studies intended to increase Member awareness of recent failings at other local authorities. The self-assessment provides an overview of both strengths in the arrangements in place at the council, but also action to strengthen and address potential risks to those arrangements.
Data Protection Impact Assessment	<p><i>A data protection impact assessment (DPIA) should be carried out at the start of any major project involving the use of personal data or if you are making a significant change to an existing process.</i></p> <p>a. Does the project/change being recommended through this paper involve the processing of personal data or special category data or criminal offence data? A definition of each type of data can be found on the Information Commissioner's Office website via the above links. No</p> <p>b. If yes to question a, have you completed and attached a DPIA including Data Protection Officer advice? N/A</p> <p>c. If no to question b, please seek advice from your nominated DPIA assessor or the Information Governance Team at gdpr@medway.gov.uk. N/A</p>
Equality Impact Assessment	<p>a. Does the decision being made or recommended through this paper have potential to cause adverse impact or discriminate against different groups in the community? If yes, please explain answer. N/A</p> <p>b. Does the decision being made or recommended through this paper make a positive contribution to promoting equality? If yes, please explain answer. N/A</p> <p><i>In submitting this report, the Chief Officer doing so is confirming that they have given due regard to the equality impacts of the decision being considered, as noted in the table above</i></p>
Crime and Disorder	N/A
Digital and website implications	N/A
Safeguarding children and vulnerable adults	N/A