

GUILDFORD BOROUGH COUNCIL - 3 DECEMBER 2024

THE INDEPENDENT ASSURANCE PANEL'S REPORT TO FULL COUNCIL ON THE CORPORATE IMPROVEMENT PLAN

1. EXECUTIVE SUMMARY

- 1.1 This is the first report of the Independent Assurance Panel (the Panel) to Full Council following its appointment in July 2024. The report reviews the Council's progress in implementing its Corporate Improvement Plan which is a critical document for the authority. The report provides the Council with the opportunity to consider the Panel's comments and recommendations.

2. RECOMMENDATIONS

The Panel recommends that the Council:

- 2.1 Requests the Overview and Scrutiny Committee - Resources to review this report and offer comments on the progress being made with the delivery of the Improvement Plan.

3. PURPOSE AND BACKGROUND

- 3.1 The purpose of the report is to provide the Panel's comments on the Council's progress in implementing its Improvement Plan and is intended to assist the Council in its work to implement the Plan.
- 3.2 In 2023 the Council commissioned two reviews - one into the Housing Management service and the other of the Council's governance. At its meeting in July 2024 the Council received both reports and approved their recommendations. This includes the appointment of an Independent Assurance Panel.
- 3.3 The purpose of the Panel approved by the Council is:
- To provide external advice, expertise and a 'critical friend' function to the Council in driving forward the development and implementation of the Improvement Plan
 - To provide an external view to the Council and our residents on the Council's progress on delivery of the Improvement Plan every 6 months
 - To provide independent advice to the Chief Executive.
- 3.4 The Council's Improvement Plan has these six themes:
- I. Strategic Direction
 - II. Value for Money
 - III. Governance

- IV. Culture
- V. Service Delivery
- VI. Housing

3.5 The Panel operates as a collective body, bringing the expertise of its members to the challenges facing the Council. The Panel's members lead on individual areas that are linked across the six themes of the Improvement Plan.

4. THE PANEL'S VIEW ON PROGRESS WITH THE COUNCIL'S IMPROVEMENT PLAN

4.1 Theme 1: Strategic Direction

4.1.1 Following the completion of the SOLACE review the Chief Executive and Strategic Directors moved quickly to develop and propose a new corporate strategy which set out refreshed objectives, priorities and values. The Council approved the new corporate strategy at its meeting in July 2024. This provides a clear direction of travel for the Council which members, employees, contractors and partners can understand as well as a coherent basis for performance management and continuous improvement. Equally, the adoption of fresh values for the authority, along with their active promotion, will contribute to improvements in the organisation's culture. The joint presence of the Executive and Corporate Leadership Board at the recent launch events for the new strategy was a powerful signal about commitment to the new strategy.

4.1.2 The Improvement Plan is a key document in respect of the Council's direction of travel. The Council approved the Plan at its meeting in July and effective action has been taken by the Chief Executive to commence its implementation. This is supported by the appointment of an officer to coordinate all improvement activity relating to the themes of the Plan. Progress with implementation will be a critical factor influencing the Council's ability to deliver its corporate strategy.

4.1.3 As well as appointing the Panel and ensuring it was established promptly, the Council has, through the Chief Executive, ensured that the Panel has been able to carry out its work in line with the terms of reference. The Panel has met monthly since August (i.e. four times so far), and has reviewed progress with the Plan as a whole and the key issues of finance and governance in depth. Members of the Panel feel supported in the work they are carrying out for and with the Council.

4.1.4 All this represents good progress. These are important steps in ensuring the Council complies with Best Value standards.

4.1.5 The challenges and risks that lie ahead in respect of this include:

- i. Maintaining focus on the Council's strategic direction as fresh challenges emerge and are tackled;
- ii. Embedding the strategy and values into service plans and the day-to-day life of the organisation;

- iii. Ensuring the Council's decisions on the budget for 2025/26, the Medium-Term Financial Plan (MTFP) and other strategies (particularly for IT, People and procurement) support the corporate strategy;
- iv. Ensuring the Improvement Plan continues to be fit for purpose.

4.2 Theme 2: Value for Money

- 4.2.1 The Council has demonstrated good progress on many of the actions identified in this section of the improvement plan with many of the initial actions being completed, and with clear plans and target dates set for the remaining areas.
- 4.2.2 One of the recommendations in the Solace report in this area was for the Council to move the status of the senior levels of the Finance team from being temporary or interim staff members to a more permanent staffing establishment. Work on this is in progress with the Section 151 Officer now being permanent and is also now a designated member of the Senior Management Team. The second tier (Deputy Section 151) post is to be filled in the new year. This is welcomed, together with work on developing a more resilient staffing structure at lower levels.
- 4.2.3 The Council's forecasting arrangements for the current year and budget planning for 2025/26 are operating well. With regard to the current year the forecasted half year underspend of £300,000 is noted. A series of 12 budget challenge sessions have been completed and this will be used to both develop and inform potential savings as well as growth items in the 2025/26 budget ensuring that the MTFP is updated, the budget is balanced and that the MTFP remains linked to the Council's core strategies and objectives. Reserve levels remain at a level which provide adequate cover. The budget process has been reviewed by internal audit who commended the process.
- 4.2.4 With regard to the future whilst there is still uncertainty as to both the level of Government support for 2025/26 and future years. It is noted that the Council has commenced work on developing solutions to legacy issues arising from historic investment decisions, with a report being made recently on North Downs housing. However, this is still very much a work in progress in the second area, Weyside Urban village, and the Panel would be willing to assist in assessing options on this area as it could have a significant impact on the Council's revenue budget in later years.
- 4.2.5 In common with most Local Authorities the Council has had the external audit of previous years accounts "backstopped", and work is now underway on the audit of the 2023/24 accounts. The External auditors Value for Money report for the years 2020/1 & 2021/2 was received by the September 2024 Audit and Governance Committee. The Council responded positively to comments made in previous reports.
- 4.2.6 Officers have developed a revised procurement strategy and this will be brought forward soon for approval by Members. The regularising of procurement processes

is welcome. With further training to be given to managers in the near future and review of award criteria, this area should assist the Council in both delivering its core strategies and delivering savings.

- 4.2.7 With the volume of work which needed to be undertaken, we acknowledge that there has to be prioritisation and note that work on managing the non-housing property portfolio will not take place until the Summer of 2025. We would suggest that this review should include both management and utilisation of the portfolio.
- 4.2.8 The Challenges and Risks in this area primarily relate to changes to external factors. These include changes to the funding regime from Central Government over which the Council has no control but has mitigated in part by not assuming any increase in cash terms in central government support. Changes in employment costs arising from the October 2024 budget both direct to the Council and to its suppliers which may be mitigated in part by the Treasury and the impact of decisions by other public sector bodies such as the County Council on the borough's service provision and residents.

4.3 Theme 3: Governance

- 4.3.1 A number of recommendations are included in the improvement plan designed to improve the Council's decision-making procedures and processes in order to provide effective governance across the organisation, to ensure that decision making is open and transparent and that decisions are made at the right level, with clear accountabilities and responsibilities.
- 4.3.2 The Council's Monitoring Officer is the Corporate Lead for this strand of the Improvement Plan and has made very good progress in putting in place a decision-making framework for the Council which is fit for purpose. A number of controls have been introduced including a review of the Council's Key Decision and spending thresholds, a review of the Officer Scheme of Delegation and an overhaul of the Council Procedure Rules and the Financial Procedure Rules. Training is planned for late 2024 to embed good decision making and report writing practice and there is ongoing work underway to ensure that all decisions are evidenced and recorded in a consistent way in accordance with public law requirements. A review process now needs to be developed to monitor how decisions are exercised to provide assurance that everyone concerned understands and complies with the new procedural requirements.
- 4.3.3 Progress has been made to improve the quality of officer meetings to ensure that meetings are focussed and that the Corporate Leadership Board (CLB) work and take decisions effectively and in a timely way. The Statutory officers are meeting on a monthly basis and terms of reference have been agreed for senior leadership meetings with minutes recorded. These improvements are welcomed.
- 4.3.4 A key issue highlighted in the Governance Review was the urgent need for the Council to commission and support a development programme for Councillors

(particularly Members in leading roles) to support them in building a deeper understanding of their roles and the ability to provide effective scrutiny and constructive challenge. A Joint Member Development Programme was presented to the Councillor Development Steering Group in October 2024 and will be relaunched with external training for officers and Members on the Best Value Duty as well as training for Members on effective scrutiny. Member training will be introduced on a regular basis before Council meetings to increase attendance at training and to provide regular member updates on new developments. The commitment of Members to this work will be critical to the future success of the Council in realising its ambitions and delivering the improvements it wishes to see.

- 4.3.5 A Joint Constitution Review Group has been established and work is ongoing to review all parts of the Constitution by September 2025. Work is also underway on a review of the terms of reference for a number of the Council's Committees including the Council's Overview and Scrutiny and the Corporate Governance and Standards Committees and a new separate Audit Committee will be in operation from April 2025. The Council's Committee structures have been streamlined to provide greater clarity on where decisions are taken and to improve the scrutiny process.
- 4.3.6 These actions represent good progress in putting many of the foundations of good governance in place. However, significant challenges and risks remain.

Challenges and Risks

- 4.3.7 The scale of the work currently being undertaken to overhaul the Council's governance and decision making processes should not be underestimated and there has been an urgent need for additional resource in the Governance team in order to support the Monitoring Officer in implementing the changes required. The structure for a new Joint Governance Team has been agreed and there are a number of vacancies still to be filled. With her new team in place this should provide greater resilience within the Governance Team and enable the actions within the improvement plan to be progressed in a timely way. This should include appropriate support for the Executive and Senior Officers and regular training sessions for officers and in supporting Members, particularly in fulfilling their Scrutiny function.
- 4.3.8 As with all change programmes there is a cultural shift and a need for greater awareness and understanding of the need for compliance in order to ensure that the Council is complying with its best value duty. In particular there is an urgent need for officers to understand the importance of the Council's Democratic Services Team providing a "gatekeeping" role in relation to the recording and publication of decisions to ensure that decisions are being taken in a lawful and transparent manner.
- 4.3.9 An area of ongoing risk is in relation to the Council's Trustee and Shareholder function for its various Companies, Charities and Trusts. A report was taken to the Executive Shareholder and Trustee Committee in August 2024 to address some of the key actions needed to be taken to regularise its governance and constitutional

arrangements as well as work which is required to review the aims and objectives, management arrangements, financial and performance monitoring of these Companies and Trusts. A key area of risk is therefore now ensuring that the Council understands and undertakes its shareholder and trustee functions and the provision of appropriate support for these functions within the Council.

4.4 Theme 4: Culture

- 4.4.1 The Panel has been impressed by the work undertaken by the Council to address the Culture of the organisation including the setting up of a number of staff networks working across Guildford and Waverley and work on the new Corporate Strategy including launch events and external engagement events with key partners. A new weekly staff engagement forum has been established to encourage a more open, collaborative culture. The introduction of a full staff survey, launched in November, demonstrates progress and will contribute to the new culture that is being engendered. Staff training has been carried out in undertaking employment investigations. The Council has introduced a new Whistleblowing Policy as well as a suite of new policies to address fraud and corruption including a new Money Laundering Policy, and Anti-Fraud & Corruption Strategy, Anti-Bribery Policy, Counter Fraud Policy & Fraud Prosecution Policy.
- 4.4.2 Member Briefings have taken place to ensure that a more open approach is taken in relation to access to information, and to ensure that Members are kept informed of contentious issues, supported by a clear confidentiality duty.

Challenges and Risks

- 4.4.3 One of the key priorities is the review of the HR function to address capacity and capability issues in order to support the Council's improvement agenda. A strong, efficient and professional HR team will be critical to the successful delivery of key strands within the plan, addressing organisational development, including the development and implementation of a Workforce Strategy and the review of the Council's HR policies and procedures.

4.5 Theme 5: Service Delivery

- 4.5.1 Ensuring effective service delivery is central to the Council's work. Whilst it is too early to point to improvements in service delivery, good progress has been made in putting the building blocks in place that will support improvements in the future. First amongst these is the introduction of a new service planning process which is aligned to financial planning. This has brought a new openness, coherence and consistency to the process across the organisation.
- 4.5.2 The introduction of interim performance and risk management systems and a new approach to programme and project management will also contribute to improvements through greater transparency and clearer accountability.

4.5.3 The challenges that lie ahead in this area are significant. The Improvement Plan details what needs to be done e.g. completing the review of the way in which cases are managed. The Panel's view is that the Council's officers need to press on with this work so that Members can be confident that services are being delivered to the level required.

4.6 Theme 6: Housing

4.6.1 A substantive housing improvement plan was adopted in response to the Solace Review and the required actions span both the corporate issues as highlighted in the wider Council plan and service delivery issues.

4.6.2 The Panel has seen that the Senior Housing Team (SHT) has been fully invested in the improvement journey and is positive about the opportunity to build a housing service which is compliant and will deliver on the expectations of residents. The appointment of Julian Higson as the permanent Strategic Director has brought stability and direction.

Leadership, Governance and Culture

4.6.3 The focus in the early months of the housing improvement journey has been on putting in place leadership and governance arrangements, which will be key to sustainable improvement across the housing service. More robust controls have been introduced in financial management and procurement.

4.6.4 Positive steps have been taken to promote and begin the process of embedding a performance management culture at all levels of the establishment within the Housing Team. There has been dialogue with staff through awaydays and the staff performance appraisal process, where goals and objectives have been linked to the Corporate Strategy. Mechanisms have been put in place to encourage staff to propose ideas for continuous improvement – this has been a corporate initiative and also specific to housing, by way of a new Housing Volunteers Group.

4.6.5 New governance arrangements are now in place to provide for scrutiny and performance management. The SHT is meeting bi-weekly. A review of the KPIs has taken place to ensure appropriate oversight of core service areas and ensure regulatory and legal compliance. A new Member-led Housing Operations Board and Tenant Engagement Group have been constituted and are operational.

Procurement and Financial Management/Control

4.6.6 Following on from the serious issues identified through the Solace review in relation to failures in the control of procurement and financial monitoring, the SHT has been driving a more robust approach to budget monitoring and procurement. Procurement training has now been delivered to staff in the Housing Team.

- 4.6.7 The Housing Revenue Account (HRA) business plan is in development to ensure HRA spend is properly prioritised and the budget is sustainable going forward.
- 4.6.8 A need has been identified to review Housing General Fund budgets to ensure correct appropriation between them and the Housing Revenue Account where services are provided by HRA services for the benefit of other Council services. This has triggered a “deep dive” into the Housing General Fund budgets.

Staffing resource

- 4.6.9 Actions have been taken to provide a properly resourced and competent workforce. A skills/qualification and training audit is underway. Gaps left by loss of key staff have been filled on an interim basis pending a full structural review, with some key areas of the service, including resident engagement, housing strategy/enabling and project management having new staff resources

Service delivery and compliance

- 4.6.10 New service-related policies have been developed to help ensure legal compliance and provide consistency in approach.
- 4.6.11 In terms of service delivery ‘on the ground’ there is still considerable work to do. Those areas where improvement actions are being delivered include workstreams which carry the greatest risk in terms of legal compliance/tenant welfare and reputational risk to the Council. These are:
- Health and safety property compliance, where data relating to properties has now been moved into a dedicated data management system.
 - Complaints handling, where work has commenced to manage the information flow between the corporate system and the housing management service, to prevent information being lost between the two, as was the case previously. In addition, fortnightly monitoring is now in place for every case and checking to ensure actions arising from complaints are being picked up.
 - Voids management: work has progressed to deal with the backlog of void properties, which is now reducing.
 - The number of empty, un-let homes and complaints handling have been a particular source of concern among elected Members and tenants. As such, progress in these areas should help to win back confidence in the service.
- 4.6.12 An external consultancy, the Housing Quality Network (HQN), has been appointed to independently assess the housing landlord functions against the requirements of the new housing regulatory framework, the findings of which are currently awaited and will inform the Improvement Plan. Process review sessions are underway by HQN

for specific areas of the service, including leasehold services and the voids management.

Challenges and risks

4.6.13 There are four main areas of challenge and risk facing the housing service – regulatory intervention; resourcing and capacity; IT systems, data management & integrity; and Member and resident expectations.

4.6.14 **In respect of regulatory intervention** the Panel sees these challenges and risks:

- i. The Council is under regulatory engagement now following its self-referral to the Regulator of Social Housing earlier this year. Any additional improvement measures arising from the Waverly inspection will add to what is already a significant workload for the shared senior management team.
- ii. In September 2024 the Regulator of Social Housing stated its intention to carry out a Regulatory Inspection of Waverley Council in November 2024. Due to the preparation required, this has added considerable further pressure to the Housing team. Where the inspection outcome is that improvements are required, varying degrees of further intervention may follow. This could present further challenges to the Housing Team which has taken positive steps forward in recent months.
- iii. On a positive note, the learning from the inspection, coupled with the outcome of the independent assessment of the service as referred to earlier, will further inform Guildford's improvement plan. The Tenant Satisfaction Measures will also be used to highlight areas for focus.

4.6.15 **In respect of resourcing and capacity** the Panel sees these challenges and risks:

- i. Staffing has been a key issue following the loss of key staff earlier this year. The Senior Housing Team has reported that it has been frustrated by convoluted HR process and recruitment practices. Further, recruitment into the housing sector (especially technical roles) is challenging nationally and more so where there is close proximity to London. Whilst there are highly competent interims in place within the service, this is not a sustainable position either financially or in terms of long-term stability. A comprehensive review of the housing staffing structure is planned. However, there is a risk that key posts will not be filled due to the challenging employment market.
- ii. The Housing service and its plans for improvement would benefit from the improvements now being sought in the HR. Progress with this will support the forthcoming staffing review and resulting recruitment activities in the housing team.

- iii. The current pressures on the Team will require the full support of the Council in ensuring that appropriate resources are available to continue the improvement journey and sustain the improvements coming out of it.

4.6.16 **In respect of IT systems, data management and integrity** the Panel sees these challenges and risks:

- i. The Housing Software system is considered unfit for purpose and does not integrate effectively with other systems including the Corporate Finance system. As a result, Housing staff are required to use manual 'workarounds' to perform basic day to day tasks. This has created frustration, adding to workloads, in particular, asset management functions. There is a pressing need to identify and commission an appropriate IT solution to enable robust data management for housing management and maintenance services.
- ii. Work has begun corporately to scope out a project for the procurement of a new system. However, this is a long and costly project.
- iii. There is also a requirement to review and cleanse data held about the HRA asset, to ensure it is accurate and can be reliably used to provide assurance on the quality of the housing stock and to inform stock investment programmes going forward.

4.6.17 **In respect of Managing Member and Residents' expectations** the Panel sees these challenges and risks:

- i. Whilst it is expected that the improvements made in the areas of complaints and void management will be welcomed, the scale of the Housing Improvement Plan (which covers most housing functions), means that it will take time before improvements are seen by Members and residents. There is a risk that the resource being expended may be viewed as not delivering on tangible results. In turn, this may have a de-motivating effect on staff. Expectations will need to be managed.

4.6.18 The Panel recommends the following key actions as **priorities** to support the delivery of the Improvement Plan:

- i. Complete the review of the staffing structure (target date December 2024) and begin the recruitment process for permanent staff.
- ii. Review the Housing Improvement Plan (January 2025), taking into account the learning from the independent assessment of the housing service against the requirements of the regulatory standards. Apply learning from the Regulatory Inspection of Waverly Council
- iii. Continue to focus on 'high risk' areas of service delivery, including the ongoing work to reduce the number of voids and continuing to improve the complaints

handling process, for which consideration should be given to providing training to staff on how to write effective responses to complaints.

- iv. Develop an appropriate procurement pipeline with a focus on future contracts for repairs and maintenance/property compliance.
- v. Complete the review of the Housing Strategy to provide a clear, goal-focused framework for the service and finalise the HRA Business Planning process.
- vi. Commence the development of the Asset management Strategy – undertake a data validation programme to ensure there is clarity on the HRA stock held and its condition.
- vii. Maintain a proactive communications campaign (internally and externally) to show the progress being made.

5 CONCLUSION AND NEXT STEPS

- 5.1 The Panel's view is that the Council's Corporate Improvement Plan is fit for purpose. The Council has made a good start to the delivery of the Plans. Many steps are being taken to put in place robust structures, strategies and systems along with suitable management and staffing arrangements. These will enable the Council to plan and deliver improvement much more effectively and efficiently. This work is mitigating the risk that the Council could fail to meet its statutory duty to deliver Best Value.
- 5.2 Such is the range and depth of the issues and risks the Council faces that much more needs to be done to eliminate this risk. Whilst many actions have been completed, many more need to be commenced. In short, the Council needs to stay the course.
- 5.3 The Panel will continue to meet monthly with Chief Executive and Leader of the Council to review progress with the Improvement Plan and to provide advice on the work the Council is undertaking to deliver the Plan. The Panel will present a further report to the Council at its meeting in June (or July) 2025.

ENDS

Report authors – members of the Panel

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