

Overview & Scrutiny Committee – Extraordinary Meeting held on Thursday, 18th February, 2021.

Present:- Councillors Dhaliwal (Chair), Basra, Gahir, Hulme, Matloob, D Parmar, S Parmar and R Sandhu

Also present under Rule 30:- Councillors Strutton and Swindlehurst

Apologies for Absence:- Councillor Sarfraz

PART I

51. Declarations of Interest

None were received.

52. Revenue Budget 2021/2022 and MTFS 2021-2024

Prior to consideration of the Revenue Budget 2021/22 and the Medium Term Financial Strategy (MTFS) 2021/25 the Lead Member for Regeneration and Strategy was invited to address the Committee.

In opening remarks, it was noted that it had been a difficult year for all local authorities due to the financial impacts of Covid-19 which included additional costs, rising demand for services and reduced income from fees, charges, commercial revenues, Council Tax and Business Rates. For 2021/22 central Government had allowed for a 3% Health and Social Care Precept to help meet some of additional pressures on social care budgets, which was proposed to be levied along with an additional 1.99%, resulting in a 4.99% increase in Council Tax. It was highlighted that there were significant pressures in services such as adults and children's social care due to the demographics of the borough and an anticipated impact on a wide range of other services to vulnerable people and those on low incomes. The budget therefore included investment in demand led services and sought to protect frontline services for vulnerable residents. The financial pressures in 2021/22 would be severe with savings proposals set out in the appendix to the report. The Lead Member highlighted that the longer term outlook for the town was bright with major regeneration projects coming forward in partnership with Slough Urban Renewal. These included developments at the Montem site and Stoke Wharf, the financial benefits of which would be realised in the years ahead.

The Lead Member also highlighted that the Council was in negotiations with the Ministry of Housing, Communities and Local Government to request a Capitalisation Directive to address two one-off issues, namely the historic Slough Children's Services Trust deficit owed to the Council totalling £5.5 and a business rates rebate following a recent tribunal decision. The Executive Director, Corporate Services explained that prior to use of a one-off capitalisation directive there was as a budget gap of £10.154m in the 2021/22

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General Fund Revenue budget. This was due to three one-off pressures; the 2019/20 Business Rates Deficit, the Slough Children's Services Trust historic deficit and the impact of Covid-19.

Committee Members were informed that MHCLG had recognised these one-off pressures and had indicated informally on that basis that the Council would be able to utilise a one-off Capitalisation Directive to capitalise up to £12.200m. A formal decision from the Minister was expected before the budget was set by Council on 8th March 2021. Whilst this direction supported the Council in addressing the revenue budget gap for 2021/22 and avoided a significant depletion of the Council's available reserves, work would need to continue and be completed by the end of September 2021 to identify further savings to address the underlying budget gap going into 2022/23.

It was highlighted that expenditure on the Housing Revenue Account (HRA) for 2021/22 amounted to £30.1m and any income received was ring fenced for use within the HRA only.

Referring to the Capital Programme, it was noted that a regeneration programme, in partnership with Slough Urban Renewal was being delivered, an element of which would include significant affordable housing programme.

In summary, the Executive Director stated that although there had been many challenges a balanced budget was being recommended with a strategy in place to address the budget gap in the MTFS and increase reserves in future years.

During the course of the discussion, Members raised the following points:

- A Member queried why only 33% of funds within the current capital programme had been spent. It was explained that Covid-19 had severely impacted on the delivery of the programme and that this had been taken into account when setting the Capital Strategy 2021/22.
- Clarification was sought relating to the Public Works Loan Board and the impact of a variable interest rate on finances. It was explained that the Council budget assumed a 1% borrowing rate going forward and that decisions were made in conjunction with the advice provided by an external Treasury Management Advisor.
- How much of the £19m budget gap forecast for 2023/24 related to servicing debt. Members were informed that the Council had moved from its previous position of selling assets to now being able to fund this through the revenue budget; resulting in the Council being more resilient than it had been previously.
- The Chair raised a query relating to the Dedicated Schools Grant forecast deficit at the end of 2020/21 of £16.960m, which was a £4.632m increase since 31st March 2020 due to the overspend on the High Needs Block and whether this would have a detrimental impact on pupils and

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what comments had been received from the Slough Schools Forum on the matter. It was explained that the Council had developed a detailed management plan for the deficit, as required by the Department for Education (DfE), which was presented to the Schools' Forum in January 2021. There was no expectation from the DfE however that the deficit would be paid for from general reserves.

- A Member noted that a significant proportion of the budget was allocated for Adult Social Care (ASC) and asked how this compared to other local authorities. The Executive Director stated that this was typical for most local authorities and informed the Committee that a fundamental review of ASC would be taking place and the Committee would be provided of details relating to that.
- Slough Urban Renewal income had been removed from the general fund expectations in the MTF5 to ensure that the Council was not reliant on external profits for income to the fund and that this was based on grants received from government and council tax income etc.
- Concern was expressed that CIPFA's resilience index highlighted that the level of interest payable as a proportion of net revenue was a high risk for Slough BC compared to other Councils. It was noted that that Council had significant capital receipts and that the Capital Programme was within the prudential indicators.
- A Member asked how confident the Council was that the savings target from the staffing restructure would be achieved. It was responded that the Phase 1 restructure of senior management would save £1m and Phase 2 of the wider staffing would save between £2.5m and £3.5m. The Corporate Management Team was committed to achieving these savings and it was noted they would partly be achieved by reducing the reliance on expensive agency staff.

The Chair then invited Councillor Strutton, present under Rule 30, to address the Committee. Referring to the business rate rebate, Councillor Strutton asked how much the rebate amount of £5.5m equated to the overall budget, whether there were any other potential rebates, and what measures had been taken to ensure that a similar situation did not occur again. The rebate equated to approximately 4.5% of the overall budget and as referred to earlier, was part of the capitalisation request. The Executive Director explained that specific circumstances relating to the rebate which was for a one business from a charge initially served in 2010. Once the matter had come to the attention of current Officers in 2020 immediate action had been taken, the processes had been reviewed and the Executive Director provided assurance that he was confident that the future risk had minimised.

Councillor Strutton also asked about the depreciation of strategic asset purchases due to Covid-19 and the risks of using inter-Council borrowing. The Executive Director stated that such borrowing was short term, usually less than a year and the risks were low. The budget gap to 2024 was raised

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and the Lead Member explained the strategy was to remove all SUR returns from income expectations so that the Council's revenue budget was not reliant on such income and would enable reserves to be built up over the MTFS period to increase financial resilience. A question was put about rising demand pressures for adult and children's social services and the Lead Member reiterated that the budget included growth in such services to reflect the expected demand.

At the conclusion of the discussion, the Committee noted the recommendations that Council would consider at its meeting on 22nd February 2021 ahead of proposing the budget to Council on 8th March 2021. No amendments or further recommendations were made by the Committee.

Resolved –

- (a) That the Revenue Budget 2021/22 and Medium Term Financial Strategy be noted.
- (b) That it be noted that the Revenue Budget 2021/22 would be considered by Cabinet on 22nd February 2021, prior to it being recommended to Council on 8th March 2021.
- (c) That no amendments or further recommendations be made to Cabinet.

53. Capital Programme 2021/22 and Strategy 2021-2025

The Leader of the Council and Executive Director Corporate Services had summarised the key aspects of the capital programme and strategy as part of the previous item on the Medium Term Financial Strategy given the budget documents were intrinsically related.

The Committee had already discussed a number of aspects of the capital strategy and the Chair invited Members to raise any further issues specifically on the capital programme. A question was asked about Section 106 receipts as per Table 1.2 of the report. The Table showed a sum of £10.5m as the current balance and assurance was sought that Section 106 would be fully utilised. The Executive Director confirmed that £10m of the £10.5m available had been committed to various projects such as highways, education and public realm. The Committee was assured that the Council sought to maximise all Section 106 funding.

At the conclusion of the discussion the Committee noted the capital budget reports that would go to Cabinet and Council, and decided not to recommend any specific amendments or further recommendations.

Resolved –

- (a) That the Capital Programme 2021/22 and Strategy be noted.

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(b) That it be noted that the capital programme and strategy would be considered by the Cabinet on 22nd February 2021 and Council on 8th March 2021.

(c) That no amendments or further recommendations be made to Cabinet.

54. Treasury Management Strategy 2021/22

The Treasury Management and Investment Strategy had been summarised and discussed earlier in the meeting and Members were given the opportunity to raise any further issues.

The Committee asked about the macro-economic outlook and the impact of any future Government funding. The Executive Director commented that local government had had a one-year spending review which meant there was uncertainty on Government grants and funding beyond 2021/22. It was noted that the Revenue Support Grant made available to local authorities had been cut substantially in the past decade which meant the authority was more reliant on Council Tax and Business Rates income, which had fallen due to the Covid-19 pandemic. In response to a query about the ability to meet borrowing costs it was confirmed that the borrowing was within the prudential limits.

Speaking under Rule 30, Councillor Strutton asked about the use of Covid-19 grants provided to the Council and the Executive Director explained the process and controls in place. The Council had received approximately £20m to address the financial pressures and costs caused by Covid-19 and the budget included a 'contingency pot' of £6m in 2021/22 that could be drawn down by services if required and approved. A further £30m of Government grants to local businesses had been administered by the Council and this funding had been ring-fenced.

At the conclusion of the discussion the Treasury Management and Investment Strategy was noted and no amendments or further recommendations were made to Cabinet.

Resolved –

(a) That the Treasury Management & Investment Strategy 2021/22 be noted.

(b) That it be noted that the Treasury Management & Investment Strategy would be considered by the Cabinet on 22nd February 2021 and Council on 8th March 2021.

(c) That no amendments or further recommendations be made to Cabinet.

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55. Revenue Budget Monitoring Report - 2020-21 (Quarter 3 - October-December 2020)

The Executive Director Corporate Services introduced an information report that updated on the financial position of the Council's revenue account for the third quarter of the 2020/21 financial year to the end of December 2020.

It was noted that a £2.9m underspend had been projected and this was reflected in the revenue budget scrutinised earlier in the meeting. Members asked about the progress on achieving the savings in 2020/21 as set out in Appendix C to the report. A number were 'red' rated and the Committee asked what action was being taken to address the issues. The Executive Director explained the nature of some of the savings, for example, it had been envisaged that the Council would receive an income from the new leisure contract in 2020/21 but this had been effected by the closure of leisure centres due to Covid-19. Similarly the ability to achieve other savings had been impacted on by the pandemic and it had not always been possible to identify alternative savings from within the service. Assurance was provided that where planned savings had not been achieved they had been reflected as unachieved savings in the 2021/22 budget.

An update was requested and provided on the financial position of Slough Children's Services Trust. The Trust had received some of the Covid-19 grant to help deal with in-year pressures caused by the pandemic and £2m worth of growth had been built into the 2021/22 budget during which time the transition to become a local authority controlled company was expected to have been completed.

At the conclusion of the discussion the report was noted.

Resolved –

- (a) That the reported underlying financial position of the Council for the year end 2020-21 be noted;
- (b) That the Council's provisional reserve balances for the year end 2020-21 be noted;
- (c) That the budget transfer (virements) for 2020-21 set out in Section 9 as approved by Cabinet on 1st February 2021 be noted;
- (d) That write offs for the first quarter of 2020-21 as requested in Section 10 as approved by Cabinet on 1st February 2021 be noted;

56. Capital Monitoring Report at 31st December 2020

The Executive Director Corporate Services introduced an information report that summarised the spend against capital budgets for the 2020/21 financial year as at 31st December 2020.

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The delivery of some projects in the capital programme had been impact on by Covid-19 and the spend to the end of quarter 3 was 31% of the capital budget. The projected outturn was to spend 63% by year end and the position had been reflected in the 2021/22 capital programme.

The report was noted.

Resolved – That the capital monitoring update for the third quarter of the year to the end of December 2020 be noted.

57. Date of Next Meeting - 18th March 2021

The date of the next meeting was confirmed as 18th March 2021.

Chair

(Note: The Meeting opened at 6.30 pm and closed at 8.00 pm)