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Borough Council
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Date of issue: Friday, 17 February 2023

MEETING:	**CABINET**	
	Councillor Swindlehurst	Leader of the Council and Cabinet Member for Council Recovery, Forward Strategy & Economic Development
	Councillor Mann	Deputy Leader and Cabinet Member for Housing & Planning
	Councillor Ajaib	Customer Services, Procurement & Performance
	Councillor Akram	Leisure, Culture & Community Empowerment
	Councillor Anderson	Financial Oversight & Council Assets
	Councillor Bains	Public Protection, Regulation & Enforcement
	Councillor Hulme	Children's Services, Lifelong Learning & Skills
	Councillor Nazir	Transport & The Local Environment
	Councillor Pantelic	Social Care & Public Health
DATE AND TIME:	**MONDAY, 27TH FEBRUARY, 2023 AT 6.30 PM**	
VENUE:	**COUNCIL CHAMBER - OBSERVATORY HOUSE, 25 WINDSOR ROAD, SL1 2EL**	
DEMOCRATIC SERVICES OFFICER:	**NICHOLAS PONTONE**	
(for all enquiries)	**07749 709 868**	

NOTICE OF MEETING

You are requested to attend the above Meeting at the time and date indicated to deal with the business set out in the following agenda.

STEPHEN BROWN
Chief Executive

AGENDA

PART I

AGENDA ITEM	REPORT TITLE	PAGE	WARD
	Apologies for absence.		
1.	Declarations of Interest *All Members who believe they have a Disclosable Pecuniary or other Interest in any matter to be considered at the meeting must declare that interest and, having regard to the circumstances described in Section 9 and Appendix B of the Councillors' Code of Conduct, leave the meeting while the matter is discussed.*	-	-
2.	Minutes of the Meeting held on 16th January 2023	1 - 8	-
3.	Accounts and Audit Update	9 - 276	All
4.	Update on Objection to 2018/19 Accounts and issuing of Statutory Recommendations– Purchase of Observatory House	277 - 288	All
5.	**Section 25 Report**	289 - 308	All
6.	**Capital Programme 2023/24 to 2027/28**	309 - 324	All
7.	**Treasury Management Strategy 2023/24**	325 - 366	All
8.	**Housing Revenue Account Business Plan 2023/24 and 30-Year Housing Investment Plan**	367 - 390	All
9.	Update on Dedicated Schools Grant Management Plan	391 - 412	All
10.	**2023/24 Budget**	413 - 530	All
11.	Financial Update Report - P9 2022/23	531 - 586	All
12.	Financial Action Plan - Update	587 - 672	All
13.	**Approval to write-off individual debts greater than £15,000**	673 - 684	All
14.	Update on Discretionary Council Tax premium on empty properties and second homes	685 - 688	All
15.	**Resilience contract for Revenues and Benefits work**	To Follow	All
16.	**Procure a provider of e-vouchers for Housing Support Fund awards**	689 - 692	All
17.	**Council Tax Reduction Scheme 2023-24**	To Follow	All
18.	**Approval of contract sum and update on business plan for Slough Children First Limited (SCF)**	693 - 800	All

19.	**Energy Flex Purchases 23/24 (Purchase Strategy)**	801 - 816	All
20.	**Implementation of Controlled Parking Zones (CPZ) Boroughwide**	817 - 842	All
21.	**E-Scooters and e-Bikes trial and scheme**	843 - 888	All
22.	**CCTV Services**	889 - 912	All
23.	**Library Services**	913 - 968	All
24.	Refresh of Corporate Plan	969 - 978	All
25.	Improvement & Recovery Update	979 - 1194	All
26.	Recommendations from Cabinet Committee on Asset Disposals	To Follow	All
27.	References from Overview & Scrutiny • Recommendations from the scrutiny task and finish groups on contract management, SCF and the complaints process.	1195 - 1252	All
28.	Exclusion of Press and Public It is recommended that the Press and Public be excluded from the meeting during consideration of the item in Part 2 of the Agenda, as it involves the likely disclosure of exempt information relating to the financial and business affairs as defined in Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 (amended).	-	-

PART II

29.	**Approval of contract sum and update on business plan for Slough Children First Limited (SCF) - Appendix A**	1253 - 1320	-

Key decisions are shown in bold

Press and Public

Attendance and accessibility: You are welcome to attend this meeting which is open to the press and public, as an observer. You will however be asked to leave before any items in the Part II agenda are considered. For those hard of hearing an Induction Loop System is available in the Council Chamber.

Webcasting and recording: The public part of the meeting will be filmed by the Council for live and/or subsequent broadcast on the Council's website. The footage will remain on our website for 12 months. A copy of the recording will also be retained in accordance with the Council's data retention policy. By entering the meeting room and using the public seating area, you are consenting to being filmed and to the possible use of those images and sound recordings.

In addition, the law allows members of the public to take photographs, film, audio-record or tweet the proceedings at public meetings. Anyone proposing to do so is requested to advise the Democratic Services Officer before the start of the meeting. Filming or recording must be overt and persons filming should not move around the meeting room whilst filming nor should they obstruct proceedings or the public from viewing the meeting. The use of flash photography, additional lighting or any non hand held devices, including tripods, will not be allowed unless this has been discussed with the Democratic Services Officer.

Emergency procedures: The fire alarm is a continuous siren. If the alarm sounds Immediately vacate the premises by the nearest available exit at either the front or rear of the Chamber and proceed to the assembly point: The pavement of the service road outside of Westminster House, 31 Windsor Road.

Cabinet – Meeting held on Monday, 16th January, 2023.

Present:- Councillors Swindlehurst (Chair), Mann (Vice-Chair), Ajaib, Akram, Anderson, Bains, Hulme and Nazir

Also present under Rule 30:- Councillor Smith

Apologies for Absence:- Councillor Pantelic

PART 1

98. Declarations of Interest

No declarations were made.

99. Minutes of the Meeting held on 19th December 2022

Resolved – That the minutes of the meeting of the Cabinet held on 19th December 2022 be approved as a correct record.

100. 2023/24 Council Tax Base Report

The Lead Member for Financial Oversight & Council Assets introduced a report on the number of properties in Slough and their categories of occupation for the purpose of determining the Council Tax base for the borough for the 2023/24 financial year.

Lead Members discussed the expected collection rate of 98.3% and also noted the position regarding Parish Councils and Council Tax Support as set out in paragraphs 2.15 to 2.17 of the report.

At the conclusion of the discussion, the Cabinet agreed the recommendations.

Resolved –

(a) That the following be approved:

i. The provision for uncollectable amounts of Council Tax for 2023/24 be agreed at 1.7% producing an expected collection rate of 98.3%;

ii. The Council Tax base calculation for 2023/24 of 43,160.1 Band D equivalent dwellings (being 43,906.5 x 98.3%);

iii. That no notional funding is passported to Parish Councils in respect to Council Tax Support as agreed for 2022/23.

(b) That the following be noted:

iv. the Council Tax base was broken down as follows between local parishes and the rest of Slough:

Area	Band D Equivalent Dwellings
Parish of Britwell	841.0
Parish of Colnbrook with Poyle	1,842.2
Parish of Wexham	1,402.4
Slough (unparished)	39,074.5
Council Tax Base	**43,160.1**

v. the ongoing work to estimate the 2022/23 year-end Council Tax position.

101. Fees & Charges Review

The Lead Member for Financial Oversight & Council Assets introduced a report on the annual review of fees and charges. It was noted that the main focus of the approach was to ensure full cost recovery and ensuring charges remained in line with the cost of delivering services. A full list of fees and charges and proposed changes was set out in Appendix 1 to the report.

The review proposed a starting principle that all charges adopted an inflationary increase where appropriate. The September 2022 Consumer Price Index annual increase was 10.1%, and this had been rounded to 10% as the proposed increase in most fees and charges. There were exceptions for which a lower or higher rate applied, for example, where a directorate had reviewed a charge and recommended an above inflation increase if this was required to fully recover the costs of delivering the service. The overall income expected if the recommendations were adopted was approximately £1m. The Lead Member also highlighted that fees and charges should be kept under continuous review so that the charging regime remained reasonable and up to date.

The Cabinet agreed that the key principle was ensuring cost recovery and welcomed the thorough review that had taken place. It was recognised that the increases reflected the fact the authority was operating in a high inflationary environment and that the Council could not absorb the cost pressures of delivery services.

After due consideration, the recommendations were agreed.

Resolved –

(a) That the proposed fees and charges for council services (Appendix 1 to the report) be agreed, except those marked ‘for noting only – non-Cabinet approval’, for implementation from 1 April 2023.

(b) That delegated authority be given to the Executive Director of Finance and Commercial, following consultation with the relevant Executive Director and relevant Cabinet member, to implement any increases prior to 1 April 2023 on an exception basis.

(c) That delegated authority be given to the relevant Executive Director(s) to amend the fees and charges if any appropriate corrections were needed, following consultation with the relevant Executive Director(s) and relevant Cabinet member.

102. Procurement of electronic document management services

The Lead Member for Customer Services, Procurement & Performance introduced a report that sought approval for the direct award of a contract to Civica Ltd for the provision of electronic document management services.

The existing contract was due to expire on 31st March 2023 and there was insufficient time to migrate to a new provider. It was proposed to award a maximum two year contract to the existing provider, Civica. The contract would have a break clause after two years. The recommended approach would allow the Council time to review future provision and undertake a competitive procurement exercise.

The Cabinet noted that the Commissioners were content with the proposed approach and agreed the importance of ensuring the work on the future provision took place in a timely manner well before the end of the contract period. The recommendation was then agreed.

Resolved – That the direct award of a contract to Civica Ltd for the provision of EDMS services for a total contract value of £284,028 and a maximum period of two years be approved. The contract would run from 1st April 2023 until the 31st March 2025 with a break clause after 18 months.

103. Procurement of Adult Social Care Shared Lives Service Contract

The Executive Director, People (Adults) introduced a report on the procurement of the Shared Lives service, which provided individuals with the opportunity to live in ordinary households of recruited, trained and approved Shared Lives Carers and their families. It was recommended that Cabinet approve a Single Supplier Shared Lives Service from January 2023 through the ASC Dynamic Purchasing System.

The decision would ensure the Council could secure a Shared Lives services that offered best value as part of the adult social care transformation programme. The Part II appendix was noted in considering the Part I, without any of the exempt information being disclosed.

After due consideration, the recommendations were agreed.

Resolved –

(a) Approved the commencement of the procurement of a Single Supplier Shared Lives Service from January 2023 through the ASC Dynamic Purchasing System for 3 years at a maximum total cost at today's prices of £467,000 which is made up of £111,000 for year 1, £178,000 for year 2 and £214,000 year 3.

(b) Delegated authority to the Executive Director People (Adults), in consultation with Lead Member Social Care and Public Health and the Section 151 Officer, to award the contract to commence in April 2023.

(c) Noted the pricing scenarios included at Exempt Appendix A.

104. HRA Rents and Service Charges 2023/24

The Lead Member for Housing & Planning introduced a report that set out the proposed changes in housing rents and charges for 2023/24.

The proposed increase to dwelling rents was in line with Government direction on the Rent Standard for 2023/24 which capped rent increases to no more than 7%. No such cap applied to garage rent, service and other ancillary charges, so a higher charge could have been applied, however it was recommended that they also increase by 7%. Lead Members considered the option of a higher increase, which would generate circa £150,000 of additional income to the Housing Revenue Account, but agreed the 7% increase was reasonable taking into the account the sound overall financial position of the HRA and the priority to improve the service and provide value for money to tenants for the service charges. Rising inflationary pressures, material costs and labour would need to be carefully efficiently managed.

The Cabinet agreed the recommendations.

Resolved –

(a) That the base rent for social rent tenancies (those whose rent is set using the rent-restructuring or 'formula' rent process) for 2023/24, excluding service charges, to increase by 7% with effect from Monday 3rd April 2023.

(b) That the rent of 'Affordable Rent' tenancies for 2023/24 to increase by 7% with effect from Monday 3rd April 2023.

(c) That garage rents, heating, utility and ancillary charges to increase by 7% with effect from Monday 3rd April 2023.

(d) That service charges to increase by 7% with effect from Monday 3rd April 2023.

105. Special Educational Needs and Disability (SEND) Update on Improvement Plans

The Lead Member for Children's Services, Lifelong Learning & Skills summarised a report on the progress on the Written Statement of Action (WSOA), since it was presented to Cabinet on 21st February 2022 in response to the Special Educational Needs and Disabilities (SEND) local area inspection.

The report set out the progress that had been made and next steps. The report included the findings of the recent LGA Peer Challenge of SEND and the Council's response.

It was noted that DfE had expressed concern about the overall lack of rapid progress in addressing the key areas of the WSOA and the Council recognised that progress had been slow in some areas. The Council has successfully recruited to posts in the SEND service and the proportion of Education, Health & Care Plans being converted within the statutory 20-week deadline had started to improve and was currently at 30%, and the backlog had been reduced. However, it was noted that further significant improvement was needed to reach the target of being at least at the national average of 59% by March 2023.

The Cabinet noted that the Council had very recently appointed a new, permanent Director of Children's Services, Sue Butcher, and there would be handover period with the outgoing director, Andrew Fraser.

Lead Members discussed the linkages between the WSOA and other strategies and initiatives such as the Dedicated Schools Grant Management Plan, on which very good progress had been made in the past year.

The Cabinet affirmed their commitment to lead and own the improvement plans for SEND and agreed to receive bi-monthly progress updates.

Resolved –

(a) That the update on the progress and the next steps planned on the Written Statement of Action (WSOA) be noted.

(b) That the findings of the LGA review and the planned next steps in response to this be noted.

(c) That Cabinet's request be noted that there would be regular bi-monthly reporting on progress against the WSOA. The incoming Director of Children Services/Chief Executive of SCF would be commencing in mid-January and would continue to work with this recommendation by providing updates on progress as well as risks and mitigations.

106. Slough School Effectiveness Strategy 2022-25

The Lead Member for Children's Services, Lifelong Learning & Skills introduced a report that sought approval of the Slough School Effectiveness Strategy.

The strategy aimed to promote high standards in schools and foster strong relationships between schools, academies, the local authority and other partners. The Lead Member thanked schools for the collaborative work they had done with the Council in a number of areas this year, including SEND and DSG.

The Associate Director, Education & Inclusion summarised the strategy. The performance of schools in Slough was excellent and whilst the education system was fragmented there was a significant of cohesion and joint working that took place in the town. Examples of strong collabation and engagement included the Covid response and participation in the Autumn visits programme.

The Cabinet welcomed the strong partnerships that had been built and highlighted that the Council had prioritised investment in schools over the past 20 years. The results up to GCSE level in Slough were excellent, however, the drop off in post-16 and A-level performance was discussed and identified as a priority for future improvement. Lead Members agreed the strategy as a basis for further strengthening the key relationship between schools and the local authority.

On behalf of the Cabinet, the Leader thanked schools in Slough for their support for the strategy and partnership.

Resolved – That the Slough School Effectiveness Strategy be approved.

107. Severance of the Council's leasehold interest at Greenwatt Way, Slough SL1 2ES

The Lead Member for Financial Oversight & Council Assets introduced a report that relation to the land at Greenwatt Way that had been acquired in 2020 to facilitate the proposed construction of the Chalvey Extra Care Housing Initiative. The Council had not pursued the scheme but had entered into a lease agreement which did not have provisions to protect the Council's interest in the event that it did not progress the scheme.

The report set out the proposed settlement terms and review the key lessons learned. The Cabinet noted the Part II appendices during consideration of the Part I report without disclosing any of the exempt information.

(Councillor Akram left the meeting)

The key lessons included the lack of an adequate business case; lack of a valuation to inform decision making; lack of project management; issues with the lease and overage provisions. The Cabinet reviewed and noted the lessons learned.

In relation to the recommended settlement terms with Bharani Enterprises (UK) Limited, the Cabinet agreed that were the best outcome in the circumstances and would significantly reduce future liabilities. The recommendations were therefore agreed.

Resolved –

(a) That the proposed termination of the existing 42-year lease agreement with Bharani Enterprises (UK) Limited and release of the overage on the property at 450 Bath Road, Slough where the Council was the beneficiary of the overage for the negotiated one-off payment of £1m plus VAT, be approved; and

(b) That delegated authority be given to the Executive Director Housing and Property, in consultation with the Lead Member for Financial Oversight and Council Assets, the s.151 Officer and the Monitoring Officer, to negotiate the terms of severance, and approve the associated documentation to affect the termination of the lease and release of the overage.

108. Recommendations from Cabinet Committee on Asset Disposals

The Cabinet considered the recommendation of the Cabinet Committee on Asset Disposal for it's meeting held on 12th January to agree to the sale of the Adelphi site.

Details of the bidder and financial information was included in the Part II appendix which was considered in Part I without disclosing any of the exempt information.

The Cabinet noted that the Council had originally purchased the building to protect it from speculative development given it's important local interest. The proposed sale was to a banqueting provider with a covenant to protect the façade and interior. The potential to apply for listed status later in 2023 was noted. The disposal would therefore be in the Council's financial interest whilst ensuring the building was preserved. The recommendations were agreed.

Resolved –

(a) Agreed to the Council sale of the Adelphi, Slough with the bidder named in Appendix 2 to the report; and

(b) Delegated authority to the Executive Director of Property and Housing, in consultation with the Lead Member for Financial Oversight and Council Assets and the Executive Director of Finance and Commercial, to negotiate the terms of and enter into the contract and any associated documentation in connection with the disposal consistent with the disposal report and Heads of Terms appended at Confidential Appendices 1 and 2 to the report.

109. Exclusion of Press and Public

All matters were considered in Part I of the meeting, without disclosing any of the exempt information, therefore the press and public were not excluded at any point during the meeting.

110. Procurement of Adult Social Care Shared Lives Service Contract - Appendix

Resolved – That the Part II appendix be noted.

111. Severance of the Council's leasehold interest at Greenwatt Way, Slough SL1 2ES - Appendices

Resolved – That the Part II appendices be noted.

Chair

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

SLOUGH BOROUGH COUNCIL

REPORT TO: Cabinet

DATE: 27th February 2023

SUBJECT: Accounts and Audit Update

CHIEF OFFICER: Steven Mair, Executive Director of Finance and Commercial (s151 Officer)

CONTACT OFFICER: Peter Worth, Finance Lead Technical Advisor
Liton Rahman, Deputy Director Corporate and Strategic Finance

WARD(S): All Wards

EXEMPT: No

APPENDICES: The following appendices accompany this report:

Appendix	Description
A	Restated 2018-19 Accounts
B	Grant Thornton Audit Findings Report
C	Key areas of the Statement of Accounts reviewed and changes made
D	Prior period adjustments and in-year adjustments made
E	Summary of key changes to the core statements

1. Summary and Recommendations:

1.1. This report presents the audited Statement of Accounts for 2018-19 subject to the issue of the audit opinion and provides an update on the preparation of the Council's 2019/20, 2020/21 and 2021/22 accounts. This report also includes Grant Thornton's audit findings report for 2018/19 which is set out at Appendix B. Because of the difficulties encountered during the audit which are set out below, Grant Thornton, as the Council's external auditors, have indicated that is highly likely that the audit opinion which they will issue for the 2018/19 statement of accounts will be a disclaimer of opinion.

1.2. The Council is also required to carry out an annual review of the effectiveness of its system of internal control and to publish the outcomes of this review in an Annual Governance Statement (AGS) as part of the Annual Statement of Accounts. The AGS should reflect any changes up to the point that the Annual Accounts are approved.

Recommendations:

1.3. The Cabinet is recommended to receive the accounts from the Audit and Corporate Governance Committee and any comments, noting:

1. the issues arising from the preparation and audit of the statement of accounts set out in sections 2.3 to 2.9 in order to ensure that the findings are taken into account by Cabinet when making decisions and that any recommendations made by the external auditors are addressed.

Reason:

1.4. Under the Accounts and Audit Regulations 2015 the Statement of Accounts must be approved by either full Council or a committee with delegated authority to approve the accounts. Once approval has been given, the Chair of the meeting is required to sign and date the Statement of Accounts.

Commissioner Review

1.5. This report sets out the serious errors discovered with the 2018/19 accounts. The extent of the errors and the magnitude of them is unprecedented. Whilst the current finance team have spent considerable time, effort and expertise to correct the figures and present the adjusted statements the Committee has before them, the lack of proper records, the poor procedures and practices in place across the authority at that time have meant the auditors have no alternative other than to disclaim them. As far as the Commissioners are aware, this rating has never been given to a local authority accounts before.

1.6. It is almost certain that given the issues, the same errors will be found in the 2019/20 and 2020/21 accounts, as the new team were not in place until 2021/22, and proper practices were not introduced until they arrived.

1.7. The Improvement and Recovery Plan, which includes the Financial Improvement Plan, includes actions to rebuild proper processes and procedures – it is essential that this is implemented in full.

2. Report

2.1. Background

2.1.1. The Accounts and Audit Regulations 2015 contain detailed provisions as follows:

- the requirement for local authorities to conduct an annual review and report on the effectiveness of their systems of internal control;
- rules and expectations about the preparation, approval and publication of the annual statement of accounts,
- arrangements for local electors and other interested persons to exercise their rights of inspection, objection and to question the local auditor.

2.1.2. The Regulations require local authorities to publish accounts showing how they have spent taxpayers' money each year. These accounts should be prepared in accordance with proper accounting practices, cover one financial year[1], must be certified by the Chief Finance Officer (s151 Officer) and published by specific deadlines[2] following the end of each financial year. Once published, local authorities are required to provide local electors and other interested persons an opportunity to inspect the published accounts along with any related documents.

2.1.3. Following publication, the accounts will be subject to inspection by external auditors who have a right to access all relevant documents and records necessary to allow them to conduct their audit. Once the audit has been completed, the auditors are required to provide an opinion on whether the accounts comply with reporting requirements and are free from material errors. Auditors must also consider whether the local authority has adequate arrangements to secure value for money. The authority must then prepare and publish a set of audited accounts, taking into consideration any feedback from the auditor, within the specified deadlines[2].

2.1.4. Proper accounting for public funds is central to democratic accountability and the external audit process provides assurance about the accuracy of the Council's published financial statements.

2.1.5. Timely financial reporting also helps to support informed decision making.by confirming the level of balances and reserves the Council is taking into the next financial year. This informs the budget setting process, therefore, the time taken to prepare and audit the accounts affects the relevance of

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[1] A financial year runs from the 1st of April to the 31st of March each year

[2] See table 1 for deadlines

budget-setting information and the pace at which behaviours can be influenced in the new financial year.

2.1.6. Over the last few years there has been a significant deterioration in the number of audits being completed within the prescribed deadlines. This report explores the main reasons for the delay at a national and local level and outlines a plan of action for getting the Council's accounts and audit cycle back on track. Other local authorities have demonstrated that it is possible to deliver high quality accounts with no material errors which can be fully audited within six months of the financial year end. Slough Borough Council is a very long way from that as is the sector as a whole. However, if the actions set out in the Finance Improvement Plan separately reported Improvement and Recovery Board can be implemented then long-term improvements can be achieved.

2.2. National Context and Sector Issues

2.2.1. There has been widespread coverage of the state of local government audit and the issues currently being experienced by local authorities and audit firms. The main issues include the following:

- ➢ **Audit contract** – In July 2016 Public Sector Audit Appointments Ltd (PSAA) was appointed by the Government to take on the role of Appointing Person for principal local government and police bodies. Under the Local Audit and Accountability Act 2014 (LAAA), local bodies had the option to opt-in to the appointing person regime and the appointing person would then appoint a private sector audit firm to conduct the external audit of the local body.
- ➢ As well as making auditor appointments, the PSAA is also responsible for setting fees and managing contracts with the audit firms. Whilst the PSAA is responsible for managing audit contracts, once an audit firm has been appointed, neither the PSAA nor the opted in body has any influence over how or when the audit is conducted or completed. The key deliverable for the audit firms is to ensure that a quality audit is carried out but operational matters regarding how this is achieved are solely managed by the audit firm.
- ➢ **Reduced fees** – Over the initial five-year opt-in period, commencing in 2018/19, 98% of public bodies opted into the scheme and an aggregate saving of £30m in audit fees was anticipated through economies of scale for participating bodies. This means audit firms were expected to carry out audits of an increasing complexity at a fee significantly less than what had been charged in the past.
- ➢ **Shorter deadline** – From 2017/18 onwards the timescale for Local Authority accounts was shorter, with the accounts needing to be prepared by the Council by the 31 May (previously 30 June) and the audit completed on these accounts by the end of July (previously September). This meant that local authorities had to publish their unaudited accounts one month earlier and audit firms had two months less to complete their audit.

- **Resourcing** –It is widely known that there is a shortage of appropriately skilled and experienced auditors across all business sectors, which means that these resources have to be shared across most of the audit firms clients and therefore audit partners only have access to these resources for specified periods of time. Any delays in completing audit work or providing information can easily lead to delays of several weeks or months.
- **Regulation** – Audit firms are regulated by the Financial Reporting Council (FRC). The oversight of the FRC is intended to confirm compliance with auditing standards and the Code of Audit Practice. Following a number of significant financial failures in the audit sector, there is greater pressure on firms to deliver higher quality audits by requiring auditors to demonstrate greater professional scepticism when carrying out their work. This has meant that audit firms are applying greater focus in areas such as valuation of assets, IAS 19 pensions figures, related party disclosures and group accounts, which has resulted in additional work for local authorities and audit firms.
- **COVID-19** – The pandemic put pressure on the audit process by challenging normal ways of working. It posed practical challenges in terms of producing accounts and supporting evidence, and made it difficult for auditors to carry out on-site testing. Staff had to work remotely, and the second national lockdown came at a critical point in the audit cycle. Concern over the potential implications of the pandemic for some councils meant that auditors had to pay particular attention to the financial position of each audited body, thereby extending and complicating the audit work that needed to be done. As a result, the publication dates for the 2019/20 accounts were amended such that authorities were needed to publish unaudited accounts by 31 August 2020 and audited accounts by 30 November 2020. Despite the extension, 55% principal authorities' accounts remained open on 1 December 2020.

2.2.2. The issues highlighted above have resulted in a significant deterioration in the percentage of audits being completed within the prescribed deadlines. In response to this issue, the Government extended the deadlines for the 2020/21 and 2021/22 financial years (Accounts and Audit (Amendment) Regulations 2021). The 2021 Regulations amend the date for publication of the draft accounts from 1 June to the 1 August and the date for publication of the final accounts from the 31 July to 30 September for 2020/21 and 2021/22. The table below provides a summary of the deadlines over the last few years and the percentage of audits completed within these deadlines.

Table 1: Publication deadlines and audit completion

Financial Year	Draft accounts	Audited accounts	% Completed by deadline
2016/17	30/06/2017	30/09/2017	95%
2017/18	31/05/2018	31/07/2018	87%

2018/19	31/05/2019	31/07/2019	57%
2019/20	31/08/2020	30/11/2020	45%
2020/21	31/07/2021	30/09/2021	9%
2021/22	31/07/2022	30/09/2022	12%

2.2.3. The 2021 Regulations also include a new requirement for all local authorities to post a notice if they fail to publish their draft accounts by the deadline. The notice must state the reasons why it has not been possible to commence the period for the exercise of public rights. The draft accounts must be published as soon as reasonably practicable thereafter.

2.2.4. With effect from 2022/23, the date for local authorities to publish their draft accounts reverts to 31 May, but the audit deadline remains at 30 September for the years through to 2027/28.

2.3. **The Council's Accounts as Originally Drafted up to and including May 2021**

2.3.1. The Council's previous s.151 officer published the first draft of 2018/19 Statement of Accounts on the Council website on 10 June 2019 – 10 days after the statutory deadline of 31 May 2019.

2.3.2. Four weeks after publishing the accounts on the Council website on 10 June 2019, a second version of the statement of accounts was provided to the auditors together with a revised trial balance on 5 July 2019.

2.3.3. A lack of working papers supporting the Council's accounts combined with the resourcing issues mentioned above, meant that the audit was not able to commence until 16th July 2019.

2.3.4. When the audit commenced in July 2019 it soon became apparent that the accounts had been issued without supporting working papers in many areas and had not been subject to any quality assurance before issue. Furthermore, there were still significant delays experienced by the auditors in obtaining working papers to support the financial statements throughout summer 2019, causing the audit to be delayed further.

2.3.5. In particular, there were material errors in the opening balances for property, plant and equipment (PPE). To try to address this a third version of the statement of accounts was issued to the auditors on 6 January 2020, but this time including the PPE restatements and a third balance sheet.

2.3.6. By July 2020, the auditors had undertaken a significant amount of fieldwork which identified a number of major issues with both the evidence supporting the financial statements and the presentation of the accounts. Consequently, the auditors suspended the audit while these issues were addressed and a revised statement of accounts produced.

2.3.7. A fourth revised Statement of Accounts was issued by the previous s.151 officer on 3 March 2021 almost two years after the financial year-end.

However, the covering report noted that there was a material overstatement of income due from one of the Council's companies and that the statement of accounts presented did not include the group accounts. In other words, this version still contained material errors and was still not a complete statement of accounts in line with financial reporting requirements.

2.3.8. The previous s.151 officer presented a fifth revised Statement of Accounts on 7 May 2021. Whilst the auditors were not in a position to issue an opinion on these accounts, they did present two reports, based on the work carried out to date, to the Audit and Corporate Governance Committee in May 2021. Both reports contained extensive criticism of the Council's arrangement for preparing the accounts and related matters which encompass seventeen recommendations and four statutory recommendations.

2.3.9. In particular, the statutory recommendations report highlighted a number of key internal control deficiencies in the preparation of the five versions of the accounts presented hitherto including:

- Poor quality and incomplete financial statements presented for audit in July 2019;
- Poor quality of working papers to support the financial statements;
- Lack of audit trail to explain the link between the financial statements and the financial ledger and other supporting evidence;
- Lack of review of the accounts and working papers before submission to audit;
- Inadequate arrangements for routine reconciliation and review of debtors, creditors, and other balance sheet items;
- Inadequate arrangements for bank reconciliations;
- Inadequate maintenance of the fixed asset register resulting in material errors in capital accounting entries in 2018/19 and previous years; and
- Poor governance, oversight and financial reporting in relation the Council's group accounts and group relationships.

2.3.10. The draft audit findings report dated 9 May 2021 also stated that the issues preventing an audit opinion at that stage were:

- a business rates appeal which had not been provided for.
- impairment of a loan to Slough Children's Trust;
- outstanding work to support bank reconciliations and debtor and creditor system reconciliations.

2.4. <u>Progress Update on Accounts Preparation since May 2021</u>

2.4.1. A new leadership and Finance team was put in place to replace the previous finance team. The new Finance team, appointed in 2021, has considerable financial expertise and experience of working with or for other local authorities in the sector. The team has been responsible for reviewing the financial arrangements at the Council and overseeing the production of a revised set of accounts for 2018/19 since May 2021.

2.4.2. As can be seen from the issues reported above and the many fundamental issues uncovered by the new Finance team summarised in Appendix C, finalising the 2018/19 statement of accounts has been extremely difficult. The issues identified were of a quantum and scale rarely seen which has taken considerable time and effort to address. This has impacted timelines as reported at section 2.9 below.

2.4.3. The new Finance team have followed up the issues highlighted in the draft May 2021 audit findings report resulting in:

- the business rates appeals provision being increased by £4.5m in 2018/19;
- the loan to Slough Children’s Trust being impaired by £2.4m; and
- work has been undertaken to re-perform bank reconciliations and ensure that debtor and creditor system reconciliations at 31 March 2019.

2.4.4. In addition to these previously reported issues, the new Finance team carried out an extensive review of the accounts and underlying processes and implemented changes as set out in Appendix C. In summary there were 22 key areas reviewed and corrected, 20 prior period adjustments and 7 material in-year adjustments made to the accounts.

2.4.5. The issues highlighted set out in Appendix C are interlinked, extensive and very complex in nature. Resolving the issues has resulted in the AGS, all of the core statements, the group accounting statements and 80% of the notes being amended. A list of prior period adjustments and in-year adjustments is set out Appendix D.

2.4.6. Whilst a considerable amount of work has gone into producing a statement of accounts which is fit for purpose, the initial starting position contained several underlying legacy issues. The new Finance team has had to undertake detailed reviews of the financial systems, attempt to re-create records held within and outside the financial management systems and conclude whether the information was available or not.

2.4.7. In addition, members of the previous Finance team who were involved in preparing the initial drafts of the accounts or posting accounting transactions were no longer employed by the Council by the time the new Finance team was put in place. Therefore, it has been difficult to obtain supporting evidence or explanations for transactions posted in 2018/19 and prior periods.

2.4.8. It should be emphasised that this is not to say that there was no supporting evidence when those transactions were initially processed or even that those accounting transactions were incorrect. However the absence of a clear audit trail and poor quality working papers mean that it has not been possible for the new Finance team nor the auditors to locate the evidence. These issues have clearly increased the complexity of preparing the accounts and the work required to correct errors.

2.4.9. In addition to the errors in the accounts, the new Finance team identified significant weaknesses in financial management, processes and systems of internal control. The most significant issues relate to the statement of accounts are listed below and these are likely to be encountered during the preparation and audit of the accounts for at least the following two financial years:

- Inadequate processes and controls over journals posted by the previous finance team, i.e. lack of supporting evidence and explanations for journal entries posted in the general ledger and adjusting entries to the trial balance.
- Inadequate record keeping and audit trails, lack of good working papers and appropriate reconciliations, mapping issues within the financial statements.

2.5. Capitalisation Direction

2.5.1. The Council has been in discussion with DLUHC since June 2021 about the potential for a significant Capitalisation Direction request and have provided them with regular updates as to the arising issues.

2.5.2. A final request was made in February 2022 that was agreed with the Council's DLUHC Best Value Commissioners. In response, Kemi Badenoch MP, the then Minister of State for Equalities and Levelling Up Communities wrote to the Council on 7 March 2022, stating that she was minded to issue Capitalisation Directions for the period between 2018/19 to 2022/23.

2.5.3. The "minded to" Capitalisation Direction issued in March 2022 for the period up to 2022/23 totalled £307m, of which £62m related to issues identified as part of the Council's review of the 2018/19 accounts.

2.5.4. Table 2 below provides a comparison of the original estimate for the Capitalisation Direction against the actual request following finalisation of the 2018/19 accounts. Whilst the final amount is higher than originally estimated, the issues identified are historical in nature and were not mentioned in any reports or working papers prepared by the previous Finance team. In addition, as these issues have now been addressed, they are unlikely to re-occur in future years. The Capitalisation Direction model has been updated to reflect these changes and future years have been amended accordingly.

Table 2: Pre-2019/20 Capitalisation Direction

Issue	Estimate £000s	Actual £000s	Difference £000s
Capitalisation of Agresso Support	4,234	3,018	(1,216)
Capitalisation of Property Staff	3,448	7,205	3,757
Transformation Funding	14,056	15,504	1,448
MRP	32,871	32,871	0
Capitalisation of Overage Income	7,100	3,633	(3,467)
Inadequate provisions		2,540	2,540
Write-off unsubstantiated debtors & creditors		8,530	8,530
Revenue outturn		4,714	4,714
Total	**61,709**	**78,015**	**16,306**

2.5.5. Therefore in addition to the other adjustments identified above, the 2018/19 accounts have had to be amended retrospectively to reflect this additional Government support.

2.6. Summary of Key Changes 2018-19

2.6.1. Key changes made to the accounts are summarised below in terms of their impact on the Council's usable and unusable balances at 31 March 2019. More detail on those adjustments are provided in Appendix E. In total these adjustments have reduced usable reserves by £7.469m and unusable reserves by £166.347m since the financial statements were initially prepared in June 2019 as set out in Table 3 below.

2.6.2. This represents a 43% reduction in the Council's net worth at 31 March 2019 and the accounts as they currently stand present a much more realistic assessment of the Council's financial position at that time and reflect the additional Government support which was obtained after the accounts were originally prepared.

Table 3 Impact of the accounts changes to the reserves of the Council

	Version 1 issued 10 June 2019 £000s	Last version issued by previous Finance team 7 May 2019 £000s	June 2022 version produced by new Finance team £000s	Audited version February 2023 £000s
Usable reserves	83,144	71,238	70,176	75,675
Unusable reserves	322,055	265,613	178,861	155,708
Net Assets	**405,199**	**336,851**	**249,037**	**231,383**

2.7. External Audit Progress Update

2.7.1. The draft Audit Completion Report contains matters raised by the auditor, their recommendations on those issues and the management response provided by officers. A further update on the progress of the audit will be given verbally at the meeting.

2.7.2. Due to the scale and size of the issues discussed above, the auditors were unable gain assurance that the accounts are free from material errors and are fairly stated for them to provide an unqualified opinion. Therefore, this means the audit opinion for 2018/19 will be a modified opinion. There are three types of opinions external auditors can issue depending on the circumstances:

Qualified

2.7.3. Is issued when the audit team having obtained sufficient audit evidence, concludes that:

- misstatements, individually or in aggregate, are material (disagreement), but not pervasive to the financial statements or
- the audit team is unable to obtain sufficient appropriate audit evidence (limitation of scope) but the engagement team concludes that the possible effects on the financial statements of undetected misstatement, if any could be material but not pervasive.

Adverse Opinion

2.7.4. Is issued when the audit team, having obtained sufficient appropriate audit evidence, concludes that material misstatements, individually or in aggregate, are both material and pervasive to the finance statements. Therefore, an unqualified opinion is not justified.

Disclaimer of opinion

2.7.5. A disclaimer of opinion is only issued when the possible effects of undetected misstatements due to the lack of audit evidence (a scope limitation) could be both material and pervasive to the financial statements. This is the opinion that will be applied to Slough's 2018/19 accounts. As far as is known it is the first time this has happened to a local authority and it reflects the serious weaknesses in financial processes during 2018/19.

2.8. Implications for approving the statement of accounts

2.8.1. Whilst the shortcomings in the preparation of the accounts up to May 2021 are undoubtedly serious and have led the auditors to determine that they will have to issue a modified audit report in the form of a disclaimer opinion, Members of the Council are still obliged to approve the Statement of Accounts as required under the Accounts and Audit Regulations 2015. This effectively discharging Members’ obligations with regard to stewardship of public funds on behalf of local taxpayers.

2.8.2. The current Finance team have conducted a extensive re-write of the statement of accounts and made significant changes to the accounts as highlighted in sections 2.4 to 2.6 of this report. The pervasive issue which the auditors refer to in the disclaimer opinion relates to the inability of both the current Finance team and the auditors to locate the evidence supporting journals processed by the previous Finance team. As explained at paragraph 2.4.8 above, it does not mean that because this evidence cannot be found, the accounting entries are incorrect – just that it cannot be evidenced due to the poor quality of the audit trail and working papers.

2.8.3. In terms of the impact of the auditor’s opinion on Members’ understanding of the accounts, it does not mean that the accounts are necessarily materially misstated , but rather that the auditors have been unable to obtain sufficient, appropriate audit evidence to conclude with sufficient certainty whether or not the accounts are materially stated in a number of areas. It is this absence of sufficient evidence that has led to the auditors issuing a disclaimer opinion.

2.8.4. In relation to the statement of accounts as currently presented by the new Finance team, the impact is as follows:

- Comprehensive Income and Expenditure Statement – the line items in the Cost of Services level are uncertain, but evidence exists to support the remaining corporate items and other comprehensive income and expenditure;

- Movement in Reserves Statement – the adjustments made between usable and unusable reserves in 2018/19 have all been confirmed by the current Finance team;

- Balance Sheet – the balances on the face of the balance sheet have confirmed as follows:

    - Property, plant and equipment – ownership and existence have been checked, asset classification has been corrected and all assets are subject to revaluation over a five year period as appropriate to the asset classes;

    - Investment property – ownership and existence have been checked, asset classification has been corrected and all assets subject to independent valuation at 31 March 2019;

    - Long-term investments – ownership, existence, classification and valuation have been corrected and confirmed by the current Finance team;

- Long-term debtors – ownership, existence, classification and valuation have been corrected and agreed back by the current Finance team to loans records and contracts;
- Short-term investments – ownership, existence, classification and valuation have been agreed to Treasury records and counterparty evidence;
- Short-term debtors and creditors – extensive work has been undertaken by the current Finance team prove balances to underlying records and after year-end movements which has resulted in writing off £4.8m of debtors which could not be substantiated;
- Cash and cash equivalents – extensive work has been undertaken by the current Finance team which has agreed the balances reported;
- Short-term and long-term borrowing – ownership, existence, classification and valuation have been agreed to Treasury records and counterparty evidence;
- Short and long-term provisions – the current Finance team has undertaken extensive work to confirm liability and re-estimate provisions;
- Long-term creditors – the balance was restated as a result of the work undertaken to correct the accounting for s.106 contributions;
- Other long-term liabilities – the balance has been proved to third party evidence in respect of the pension liability and the PFI contract;
- Unusable Reserves:
    - whilst there are underlying uncertainties in the balances on the Capital Adjustment Account and the Revaluation Reserve arising from the incorrect capitalisation of property services salaries, these compensate each other;
    - the pension reserve has been restated and agreed to third party evidence in the form of the actuary's IAS19 report;
    - the Collection Fund Adjustment Account has been restated as part of the work on the Collection Fund and short-term debtors;
    - the financial instruments and pooled investments adjustment accounts have been agreed to underlying Treasury records and counterparty evidence;

    - the Accumulated Absences Adjustment Accounts has been restated; and

    - the remaining unusable reserves were unchanged.

- Cash Flow Statement – whilst the uncertainties highlighted by some of the line items in the CIES will affect lines within the cashflow statement, the statement itself reconciles in total to the cash and cash equivalents in the balance sheet;

2.8.5. Therefore, based on the extensive reworking of the statement of accounts summarised above, on balance, there is sufficient evidence to be assured that the balance sheet presents fairly the financial position of the Council as at 31 March 2019. Whilst there is some uncertainty over specific line items within the CIES, the cashflow statement and some of the supporting disclosure notes, management is satisfied that the overall General Fund balance is not materially misstated and can be used as a reliable basis for setting Council budgets going forward.

2.8.6. Furthermore the work undertaken by the new Finance team on the 2019/20 and 2020/21 statement of accounts has not highlighted any further material errors in relation to the balances brought forward from 2018/19. This provides additional assurance that debtors and creditors, in particular, were fairly stated at 31 March 2019 as such balances have a 12 month maturity.

2.8.7. On this basis, the statement of accounts is recommended to be approved by full Council.

2.9. Accounts and Audit Timeline

2.9.1. Whilst the focus has been on finalising the 2018/19 accounts, officers have been working on preparing the accounts for the years from 2019/20 to 2021/22 at the same time.

2.9.2. The 2019/20 accounts were prepared and submitted to the auditors by 30 November 2022. However, these will need to be updated to reflect any final adjustments to the 2018/19 closing balances.

2.9.3. The 2020/21 accounts are also now nearing completion and are expected to be finalised by 28 February 2023.

2.9.4. With the most complicated issues now having been resolved, it is anticipated that the preparation of the accounts for the remaining 2021/22 and 2022/23 financial years will be much easier, and officers are aiming to complete both sets of accounts by the end of June 2023.

2.10. Annual Governance Statement

2.10.1. The Council is required by the Accounts and Audit Regulations 2015 to prepare and publish an Annual Governance Statement. Preparation and publication of an Annual Governance Statement in accordance with the CIPFA/SOLACE publication *Delivering Good Governance in Local Government: Framework* (2016 edition) meets the statutory requirement for a local authority to conduct a review at least once in each financial year of its systems of internal control and to include a statement reporting on the review with the Statement of Accounts as required by the Accounts and Audit Regulations 2015.

2.10.2. In this document the Council is required to:

- acknowledge its responsibility for ensuring that there is a sound system of governance;
- summarise the key elements of the governance framework and the roles of those responsible for the development and maintenance of the governance environment;
- describe how the Council has monitored and evaluated the effectiveness of its governance arrangements in the year, and on any planned changes in the coming period;
- provide details of how the Council has responded to any issue(s) identified in last year’s governance statement;
- report on any significant governance issues identified from this review and provides a commitment to addressing them.

2.10.3. The Annual Governance Statement reports on the governance framework and the effectiveness of the systems of internal control in place at the

Council in the financial year and up to the date of approval of the statement of accounts.

2.10.4. Annual Governance Statements had already been completed for 2018/19 and 2019/20 and these were reviewed and approved by the Audit and Corporate Governance Committee in July 2019 and August 2020 respectively. These documents have had to be updated to reflect changes up to the point that the Annual Accounts for those years are approved. An addendum to the AGS for 2018/19 has been included in the restated accounts for approval.

3. Implications of the Recommendation

3.1 Financial implications

3.1.1 There is a need to improve the processes and procedures for the completion of the annual Financial Statements. A detailed action plan is set out in the Finance Action Plan separately reported to Members.

3.2 Legal implications

3.2.1 The Local Audit and Accountability Act 2014 governs the work of auditors appointed to audit local authority accounts. There are also duties under regulations made under the Act, including the Accounts and Audit Regulations 2015. Public access to accounting information is governed by the Local Audit (Public Access to Documents) Act 2017.

3.2.2 Section 3 of the 2014 Act requires authorities to keep adequate accounting records. Adequate accounting records is defined as records that are sufficient

(a) to show and explain the relevant authority's transactions,

(b) to disclose at any time, with reasonable accuracy, the financial position of the authority at that time, and

(c) to enable the authority to ensure that any statements of accounts required to be prepared by the authority comply with the requirements imposed by or under this Act.

3.2.3 The Accounts and Audit Regulations 2015 require Category 1 authorities to prepare a statement of accounts in accordance with the Regulations and proper practices. The accounts must include a narrative statement including comment by the authority on its financial performance and economy, efficiency and effectiveness in its use of resources over the financial year.

3.2.4 Under the Regulations the responsible financial officer must sign and date the statement of accounts and confirm that they are satisfied that it presents a true and fair view of:

(i) the financial position of the authority at the end of the financial year and

(ii) that the authority's income and expenditure for that financial year.

Following this there is a period for the exercise of public rights. There is a separate report on the agenda detailing the outcome of an objection by one member of the public.

3.2.4 Following the period of public rights, the responsible finance officer must re-confirm that they are satisfied that the statement of accounts presents a true and fair view of the financial position of the Council at the end of the relevant financial year and the income and expenditure. This should happen before the Council approves the accounts. The Council or delegated committee must consider the statement of accounts, approve the statement of accounts by way of resolution and ensure they are signed and dated by the person presiding at the committee or meeting at which approval is given.

3.2.5 Due to issues with historic record-keeping in particular, the Council's current responsible financial officer, who was not in post in 2018/19 has been unable to state that the statement of accounts are free from material error on an individual line by line basis, but can confirm that they are a true and fair presentation of the Council's overall financial position at 31 March 2019 to the best of his knowledge and belief and based on the records available. The accounts will therefore have to be considered taking account of that position.

3.3 Risk management implications

3.3.1 The improvement in financial reporting is a positive move for the Council and mitigates the risks on non-compliance with statutory responsibilities associated with failure to compete the annual financial statements. The AGS sets out the issues identified in the original 2018/19 AGS and an updated position as at January 2023. Many of the issues are marked as ongoing, although they are being worked on. Whilst improvements have been made, Council officers and elected members must keep these improvements under review to ensure that the issues seen in the 2018/19 accounts have been addressed in the new systems. This will be a key focus for the new permanent Executive Director of Finance and Commercial.

3.4 Environmental implications

3.4.1 There are no direct environmental implications arising from this report.

3.5 Equality implications

3.5.1 There are no direct equality implications arising from this report.

3.6 Procurement implications

3.6.1 There are no procurement implications arising from this report.

Slough Borough Council

Draft
Statement of Accounts
2018/19

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CONTENTS

SECTION – 1

ANNUAL GOVERNANCE STATEMENT

ANNUAL GOVERNANCE STATEMENT - YEAR ENDED 31 MARCH 2019

Addendum to 2018-19 Annual Governance Statement

Background

The Accounts & Audit (England) Regulations 2015 requires all local authorities to complete a number of key governance processes each financial year:

- carry out an annual governance review
- prepare and publish an annual governance statement, and
- include this statement (or a summary version) in the annual statement of accounts.

The Annual Governance Statement for 2018-19 was produced and approved by the Audit and Corporate Governance Committee in July 2019. At that time and since then the Annual Accounts for the years 2018-19, 2019-20 and 2020-21 had yet to be completed and audited. Consequently, the Annual Governance Statements (AGS) have not been published. At this point in time the 2018/19 accounts have now been completed and consequently this addendum to the previously approved AGS has been produced to reflect the current position at the Council at the time of approving the accounts. The Council is required to report significant events or developments relating to the governance system, which have occurred between the reporting date and the date on which the Statement of Accounts is signed by the responsible financial officer. This document adds to that approved by the Audit and Corporate Governance Committee in July 2019 and is designed to update for the material changes that have impacted the governance of the Council since that date and up to the date of signing the accounts for 2018-19. This is being scheduled for February 2023.

Improving the Governance process

Notwithstanding the events that have taken place there remains a need to improve the governance process. Most importantly:

- assurance statements provided by Departmental Directors have not been routinely completed and reviewed in recent years
- published Annual Governance Statements do not include all the statutory requirements and have lacked detailed improvement action plans
- previous statements have not recognised significant weaknesses in our Governance Framework.

A revised process will be put in place for the 2022-23 AGS process to ensure the statutory requirements and best practice is met in the future.

Key Issues and Events since July 2019

Since the approval of the AGS in July 2019 the Council and the environment in which it, and the rest of society, is operating has changed massively. This has included the economic impact and changes following Brexit, the increasing demands for children’s and adults services, the on-going restrictions on financial resources, the need to develop the local economy and housing provision, but, perhaps most significantly as a result of the COVID-19 Pandemic.

On top of these challenges, in early 2021, the Council found itself with unprecedented financial difficulties resulting in an application to Government for a capitalisation direction. The scale of the financial problems resulted in the Section 151 Officer issuing a s114 notice in July 2021. During the remainder of 2021 and into early 2022 the scale and depth of these issues have been subject to further analysis and have resulted in the largest ever application for support to government from a Council in the region of a base case of £478m. Without this support the Council will be unable to set a balanced budget or sustainable medium term financial plan. During 2022 the financial strategy that was agreed in 2021 has begun to reap benefits with the sale of a significant amount of assets with a value of up to £208m forecast by 31 March 2023. Whislt these sales impact the debt position in a positive manner there still remains a need to make substantial savings on an annual basis to achieve overall long term financial sustainability. This remains a challenge despite good progress in respect of identifying savings for 2023-24 and 2024-25.

ANNUAL GOVERNANCE STATEMENT - YEAR ENDED 31 MARCH 2019 (continued)

Government Intervention

On 30 June 2021 the Secretary of State announced an external assurance review of Slough Borough Council's financial position and the strength of its wider governance arrangements. The two elements of the external assurance review were published on 25 October 2021. They provided evidence that Slough Borough Council had failed in numerous ways to comply with its Best Value Duty. Also on 25 October 2021, Minister Kemi Badenoch confirmed in a Written Ministerial Statement that after due consideration, the Secretary of State was minded to use his powers under the Local Government Act 1999 to intervene at the council.

In light of the conclusions and evidence in the Governance Report and the Finance Review the Secretary of State put in place an intervention package with a particular focus on the areas of weakness identified. The Secretary of State's proposals reflect the main findings of the Report: that there have been "years of inadequate corporate governance and action" and "sustained and systematic failure across some functional processes, governance and certain services".

The Secretary of State's intervention is designed to make sure that the Authority has made sufficient improvement within the next three years to be able to comply with its best value duty on a sustainable basis. The Secretary of State is mindful of the scale of the financial challenge facing the Authority and considers it likely that financial sustainability will not be possible without more fundamental changes.

The intervention package involves putting in place Commissioners who between them will have experience to work closely with the Authority on the functions within scope of the Report's recommendations. The Secretary of State will also seek advice from the Commissioners to help determine whether financial sustainability is possible or if more fundamental changes will need to be considered. The Secretary of State proposes that his Directions to the Authority should be in place for an initial period of 3 years. The Commissioners began work at the Council on 1 December 2021 and report publicly on progress on a quarterly basis. The Commissioners received additional powers in September 2022 most notably the power to recruit senior employees. The Commissioners issued their first report in December 2022.

The 2018-19 ANNUAL GOVERNANCE STATEMENT

This Annual Governance Statement has been updated in the light of the increased public scrutiny of the Council following the outcomes of the Government's Review. Its content reflects the material issues identified and the failure to resolve historical governance and financial challenges. The five-year plan which set out the corporate objectives for the Council has since been replaced by an Improvement and Recovery Plan, whilst the underpinning objectives remain important there is a crucial requirement to ensure financial sustainability in order to ensure the Council remains viable. The AGS for 2020/21 sets out in detail the recommendations made in the Governments review, external and internal audit recommendations and reports from any other sources. These are not repeated here but are stated in broad terms below:

Governance (17 recommendations)

Culture and Leadership (3 recommendations)

Financial Governance (7 recommendations)

Service Reform (2 recommendations)

Capacity and Capability (1 recommendation)

Other Governance Matters Not Specifically Referenced in the Government Report

- Brexit
- COVID -19 Impact
- Information Governance
- Integrated Care Services

ANNUAL GOVERNANCE STATEMENT - YEAR ENDED 31 MARCH 2019 (continued)

The table below gives an updated position on the improvement actions identified in the original 2018/19 AGS.

IMPROVEMENT ACTION PLAN 2018-19 GOVERNANCE ISSUES

What the issue was?	Updated Position January 2023
Inadequate rating for the safeguarding services and safeguarding outcomes for children and young people.	**Issue Remains** – although an improved rating was received from OFTSED in January 2019 and further improvements have continued to be made circumstances remain challenging as demand continues to increase and financial capacity becomes stretched. Slough Children First has: • introduced new ways of delivering social work underpinned by its Safe, Secure and Successful model; • appointed a new Board of Directors in August 2021; • reviewed and updated its Business plan in October 2021; and • is developing a new Children's Plan to take forward to 2025. The service has seen a significant and sustained increase in demand for its services which is placing further signficant pressure on its finances.
Weaknesses in the Council's Contract management and procurement arrangements.	**Issue Remains but is being worked on** - The Council has started to improve the Council's business acumen and obtain better value for money. Procurement function and contract management functions being brought in-house. Recruitment has begun with the appointment to the Head of Commercial post in October 2022. Recruitment to the remainder of the team is currently underway. Improvements have been made to data and business cases as part of improved reporting to the Procurement Board. The Council's Procurement Strategy and Procurement Operating Procedures have been reviewed and revised. The Council's Contract Procedure Rules have been updated and simplified to make them more effective. In addition work has commenced on development of a comprehensive contracts register.
Internal audit raised concerns about the adequacy of the governance and financial arrangements relating to major partnerships.	**Issue Remains** – As a response to the Government's reports the Council has put in place a fundamental review of its key partnerships and company relationships. This reported in March 2022 and remains an ongoing piece of work. Six of the ten companies previously owned by Slough BC have been closed and the remaining four are under review with a view to optimising the value from them during 2023 and beyond.
Business Continuity arrangements are weak and in need of improvement.	**Issue Remains but work is ongoing** - An interim Emergency Planning and Business Contiuity Manager has developed the approach during 2022. Business Impact Analyses for service areas have been completed and have been followed up by detailed Business Recovery Plans for all areas to provide robust arrangements to secure business continuity following any disruptive events. The testing of these arrangements remains an area for further development.
Voids Management impacting service standards and ability to re-let properties.	**Issue Remains** - The Council entered into a new long-term contract with Osborne in December 2017 for the management and development of its housing stock and this service is now in place. The procurement specifically sought to deal with this issue and its now being managed by the new contractor although issues remain with the quality and standards currently being provided.

ANNUAL GOVERNANCE STATEMENT - YEAR ENDED 31 MARCH 2019 (continued)

What the issue was?	Updated Position January 2022
Health and Safety – weaknesses identified in the scope and completeness of health and safety compliance.	**Issue Remains but work is ongoing** - A dedicated team has been and is continuing to work through examining this portfolio for compliance on these issues to enable the Council's management team to obtain assurance in this area. A follow-up IA review in 2022 showed some improvement but still identfied areas for improvement that are currently being addresssed in response to the recommendations made.
Failure to implement IA Recommendations	**Issue Remains but work is ongoing** – significant progress has been made in implementation rates, with additional short-term resource being recruited to accelerate progress in 2022. This continues to be monitored closely. Progress has been made in closing down pre 2021/22 recommendations and responding to audit reports but further improvement is on-going.
Significant deficiencies in the Annual Accounts preparation and working papers: -Quality of Working Papers -Critical review of the draft financial statements -Mapping of debtors and creditors. -Bank reconciliations -Maintenance of the fixed asset register -Password Security -Review of source data provided to the valuers	**Issue Remains but work is ongoing** - External Audit deficiencies are being responded to in the Finance Action Plan as part of the delivery of quality financial statements for 2018-19, 2019-20 and 2020-21.
Significant Deficiencies highlighted by Internal Audit reports: -Debtors -Council Buy Backs -Contract Procedure rules -Temporary Accommodation strategy -Creditors -Conflicts of interest	**Issue Remains but work is ongoing** -Internal Audit deficiencies are being addressed through the Finance Action Plan and the project to get recommendations implemented. Progress is being made but there is still work to do to improve controls in all the areas identified by Internal Audit. Further system control weaknesses have been highlighted in subsequent years. It should be noted that the Head of Internal Audit Opinion for 2018/19 was postive and stated that the Council had an adequate framework for risk management, governance and internal control.
Continued Economic Instability and Turbulence at a national level impacting the Council's ability to balance its budget.	**Issue Remains but work is ongoing** - Failure to deliver a balanced budget remains a key risk for the Council, as recognised by the issuing of a s114 notice by the Director of Finance in July 2021. A capitalisation direction was agreed by Government in March 2022 in order to enable the council to remove its historical deficit and approve a balanced budget for 2022/23 and a MTFS for the future. Further capitalisation directions will be required in 2023/24 and future years to enable a balanced budget to be achieved.
Weaknesses in governance identified in the Local Government Peer Challenge undertaken in February 2019 and again in February 2020. These included: - Gaps in the governance framework - Lack of understanding of good governance - Lack of opportunities for members to engage in briefings and agenda setting - External audit not completed - Importance of the Audit Committee not understood - Need for a member training programme - Scrutiny is not enabled and supported to address the key issues facing the authority	**Issue Remains but work is ongoing** – these items have been highlighted in the reports undertaken by the Secretary of State following the issue of a s114 notice in July 2021. They are picked up in more detail in the analysis in the main body of the 2020/21 AGS report. However the Council has now put in place a new senior management team including a new Chief Executive who are driving forward responses to the various Government reports and Directions in a positive and holistic manner. The process is now subject to strong programme and project management allwoing the improvements that are being made to be captured and shared in a comprehensive manner.

ANNUAL GOVERNANCE STATEMENT - YEAR ENDED 31 MARCH 2019 (continued)

Other Matters

Following a review by the executive directors in May 2022 it has been identified that there are a range of other matters that should have been included in the 2018/19 Annual Governance Statement that have either been omitted or not described accurately in the version of the AGS approved by the Audit and Corporate Governance Committee. These matters are shown below and also need consideration as part of the on-going improvement agenda:

Page 6 – there is reference to a policy statement on corporate governance. The Council’s policy statement on corporate governance did not in 2018/19 reflect the CIPFA guidance from 2016 and had not been reviewed or updated since that date. It has since been considered and approved by the Audit and Corporate Governance Committee on 14 September 2021 and approved by full council on 23 September 2021.

Page 7 - Principle B - "all meetings are open to the public ...". This is factually incorrect as a number of significant decisions around companies and commercial deals were made at meetings that were held in private with reports that were wholly exempt. In addition, decisions were made by a "Strategic Acquisition Board" that included officers and members but which was not a properly constituted decision-making body. During 2018/19 this Board also started making disposal decisions as well as acquisition decisions.

Page 15/16 Principle D - transformation programme. There is reference to "governance of the programme will be reviewed as required to ensure effective oversight" – the AGS could be improved by including a clearer statement about the governance process, including the role for scrutiny, for such a significant programme.

Principle D - LGA peer review - whilst it was reasonable to refer to a future action plan, the report should have set out in more detail where the responsibility for the action plan and recommendations lay i.e. role of cabinet, scrutiny and A&CG Committee. Whilst the report went to A&CG Committee, it did not go to full council or cabinet who were responsible for some of the recommendations.

Page 18/19 Company subsidiaries – there is no mention of Development Initiatives for Slough Housing Ltd. There is reference to the Strategic Acquisition Board having "control" of the new entity Slough Asset Management Limited. This is a wholly inappropriate governance arrangement without more explanation as to what "control" meant. There is reference to terms of appointment agreements for directors, but no reference to skills audit or training for directors or arrangements for managing conflicts of interest, which would be standard assurance considerations.

Insourcing of Arvato services – there is no mention of the early termination process or how the assurance for managing he transition will be managed to ensure success. There should have been a comment about the Council’s governance processes to assure a successful transition of such critical services when a decision had been taken to terminate the contract early.

The narrative under "Council subsidiaries and other entities" is a confused collection of issues. There should be a separate section on connected entities with a clear list, then separate references to significant partnerships and possibly major contractors.

There is no reference to shared service arrangements despite the arrangement with Harrow Council for delivery of legal services being in place. Other arrangements for sharing public health services across East Berks was in place then and Reading BC continued to provide some legal services to the Council (and the Children’s Trust) under a delegation of function. There should be a clear list of all shared service/inter-authority arrangements where there is a host authority and formal partnership arrangement in place.

Page 22 - risk management - this is a significant area of weakness and the narrative is very brief bearing in mind the diagram indicating the potential risks. The diagram in the original AGS shows high needs block, termination of Arvato contract, school transport budget, procurement processes as significant risks, but no detail on how these are being managed.

ANNUAL GOVERNANCE STATEMENT - YEAR ENDED 31 MARCH 2019 (continued)

Conclusion

Slough Borough Council acknowledges its responsibility for ensuring that there is a sound system of governance. The council has developed a Local Code of Corporate Governance that defines the principles that underpin the governance of the organisation. The Code can be accessed on the Council's website at :

https://democracy.slough.gov.uk/documents/s65523/5.9%20-%20Policy%20Statement%20on%20Corporate%20Governance.pdf

or can be obtained by writing to the Council's Monitoring Officer.

The principles upon which it is based are summarised in this Statement. The Council also recognise that the system of governance hasn't operated as it should have in 2018/19 and significant weaknesses have subsequently been identified since the approval of the original 2018/19 Annual Governance Statement. The Council is committed to resolving the issues but recognises it is not a 'quick fix' and the Council is realistic that it faces continuing challenges but is determined to meet and resolve these in the best interests of its customers and all residents across the borough.

Good governance ensures that an organisation is doing the right things, in the right way and for the right people. With the significant challenges arising from the Government's Review, the Council's financial position, continued significant reductions in funding, coupled with increasing demand on critical services this has never been more important. The need to recognise governance weaknesses is an essential element of responding effectively. This governance statement along with the issues raised in the 2019-20 and 2020-21 Annual Governance Statements will provide a focus for improvement across the spectrum of Council services and operations.

The Leader and Chief Executive have been advised of the implications of the results of the review of the effectiveness of the Council's governance framework and have wholeheartedly accepted the analysis and the scale of the actions needed to improve the governance of the Council in the coming years alongside the Commissioners put in place by Government.

Signed on behalf of Slough Borough Council:

Cllr James Swindlehurst	**Stephen Brown**
Leader of Slough Borough Council	Chief Executive of Slough Borough Council
Date:	Date:

SECTION – 2

REVIEW AND STATUTORY CERTIFICATIONS

Director’s Narrative Report

1. SLOUGH AS A PLACE

Since the 1930s people from around the UK and across the world have made Slough their home, drawn by the town’s industry and location. The town is excellently served by road and rail links to London and is less than 10 miles away from Heathrow International Airport.

Slough has a growing reputation as a regional economic centre with high productivity and one of the largest trading estates in Europe. A lack of available land for development, combined with Slough’s growing population, has led to a significant demand for housing.

Educational attainment in Slough is good but the Borough has pockets of deprivation and demands on children’s and adults’ social services are growing in scale and complexity. Some families remain under pressure and the town has high rates of preventable ill health amongst both children and adults.

Overall employment levels are good, but some groups are under-represented in the labour market, and the average wage of some residents remains low.

About the town

- Population of 149,000
- One of the most ethnically diverse towns in the UK
- Third smallest local authority in England
- Rated as best place to work in the UK for two years running
- On the Elizabeth Line and Western Rail Link to Heathrow (due to open 24 May 2022)

Steven Mair, Executive Director of Finance and Corporate Operations (Section 151 Officer)

Director’s Narrative Report (continued)

2. ACHIEVEMENTS IN 2018/19

During 2018/19 the Council has:

- Reduced the attainment gap between disadvantaged children and others at Key Stage Two
- Opened a new Special Educational Needs and Disabilities (SEND) resource base
- Refurbished and expanded its pre-school nurseries and created new early years places
- Reduced the proportion of young people not in Education, Employment or Training (NEET)
- Supported over 550 people to manage their care needs via a direct payment, to help them personalise and control their support
- Completed and opened new leisure facilities and held the town’s first half marathon for over 18 years
- Improved levels of street cleanliness
- Founded a new Town Team, delivering rapid improvements to our public realm
- Planted 1 million bulbs and 200 trees across Slough, with the support of community groups
- Delivered 846 new, permanent homes and invested £18 million in affordable housing for Slough residents
- In partnership with others, the Council has introduced a mass rapid transport scheme on the A4, trialling the use of electric buses
- Invested over £2 million in improvements to our highway network
- Installed 17 cycle hire points and 22 electric vehicle charging points
- Supported the regeneration of Slough High Street

Director’s Narrative Report (continued)

3. THE CURRENT FINANCIAL POSITION

Since the original preparation of these financial statements in 2019 the Borough has experienced unprecedented financial challenges. Slough Council was one of a small number of local authorities to request exceptional financial support during the COVID-19 pandemic. The Government agreed to this in principle but on 30 June 2021 announced that an external assurance review would take place, examining both the Council’s financial position and the strength of its wider governance arrangements. These two reports were published on 25 October 2021 and led to the appointment of independent Commissioners for a period of three years, to:

- ensure that the Council responded to the criticisms in the various reports, and
- help to put the Council on a more sustainable financial footing

During 2021 the Council responded to these findings by appointing a new Finance team and recruiting additional interim support from staff with experience of dealing with similar issues at other local authorities. Work undertaken by this new team identified significant financial challenges that could only be resolved through a combination of:

- substantial ongoing financial support from central government
- scaling-back ambitious regeneration and capital investment plans
- disposing of surplus assets to save revenue costs and generate capital receipts
- efficiency savings, and
- improved budget management

After a detailed and comprehensive process of engagement with the Government, in March 2022 the Council received agreement, in principle to a Capitalisation Direction totalling £307m. This Direction will allow the Council to use capital resources to finance revenue costs, thereby reducing pressure on General Fund balances and budgets. The Council has also put plans in place to sell up to £600m of assets and has significantly curtailed ambitious capital investment plans. Since July 2021, all non-essential expenditure is subject to detailed scrutiny.

A revised corporate plan and medium-term financial strategy are being developed which will outline revised, more sustainable, ambitions for the future. These plans will be underpinned by evidence-based and more transparent decision-making. The Council is making rapid improvements in financial management and is committed to achieving value for money for residents but there are still significant challenges to overcome:

- revenue savings of £20m per annum will be required in each of the next five years
- a further Capitalisation Direction of £178m has been requested to cover new spending pressures up to 2027/28, and
- the importance of Council Tax and Business Rate growth and collection rates will continue to escalate.

Going forward, the Council will focus on delivering core services in a cost-effective manner and on successfully managing key financial risks.

Director's Narrative Report (continued)

Since the 2018/19 Statement of Accounts was initially presented to members, issues identified by both the Council's external auditors and the new Finance team have required a substantial re-draft of these financial statements. Some of these changes relate to 2018/19 transactions and balances but others relate to previous financial years. Note 39 sets out all of these adjustments in detail, but key issues arising have been summarised below:

Prior period adjustments:

- misstatement of Property, Plant and Equipment balances due to multiple inaccuracies in the Fixed Asset Register
- failure to adequately recognise all creditors and accruals at 31 March
- inadequate set aside for General Fund debt charges relating to unsupported borrowing (MRP)
- misclassification of capital receipts as revenue income
- misclassification of loans and equity investments on the Balance Sheet
- dividend income recognised in the incorrect financial year
- infrastructure assets not depreciated and de-recognised correctly
- unsubstantiated debtors/creditors migrated from the previous financial system

In-year adjustments:

- Increased provisions for Business Rate appeals, bad debts, refunds and impairments
- Incorrect capitalisation of staff costs
- Incorrect classification of investment property
- Incorrect identification and disclosure of grant income
- unsubstantiated debtors/creditors relating to the collection fund

The total impact of these adjustments has been to reduce the net value of the Council's assets in the Balance Sheet by £96m and £174m at 31 March 2018 and 31 March 2019 respectively.

As well as errors in the financial statements themselves, the new Finance team has identified significant weaknesses in financial management, financial processes and systems of internal control. The Annual Governance Statement, on pages 03 to 09 of the Statement of Accounts, has been revised and updated to reflect these shortcomings in more detail. However, the most significant issues relate to the accounts audit are:

- Inadequate processes and controls over journals posted by the old finance team , i.e. lack of supporting evidence and explanations for journal entries posted in the general ledger or adjusting entries on the trial balance.
- Inadequate record keeping and audit trails, lack of good working papers and appropriate reconciliations, mapping issues within the financial statements.

Director’s Narrative Report (continued)

Action plans are now in place to tackle these weaknesses so that the Council can manage its finances more effectively in future. Key areas covered by these action plans, and steps taken since they were introduced in 2021, are summarised below:

FINANCE ACTION PLANS 2021/22	
Area	**Actions taken to date**
Decision-making	The format of reports to members has been reviewed and all decisions now require s151 and Monitoring Officer input. This supports transparent and evidence-based decision making which does not expose the Council to undue financial risks.
Financial management	Improved financial modelling ensures that financial decisions are based on accurate and up to date information. New budget management processes ensure that actual spend against budget is accurately monitored, managed and reported.
Direct Schools Grant (DSG) deficits	Spending on High Needs Block services has exceeded grant funding for several years. New arrangements are now in place to manage demand for these services and to improve value for money.
Limited company investments	Work is ongoing to wind up or dissolve all dormant companies, and to develop appropriate exit strategies for the Council’s investments in James Elliman Homes and Slough Urban Renewal LLP.
Statement of accounts and working papers	The format of the Statement of Accounts has been amended, new closedown processes have been implemented and the quality of supporting information has been improved. Regular liaison with the Council’s local audit team now helps to identify and resolve material issues. Comprehensive technical training has been provided to all staff involved in closedown work.
Financial systems	Controls over journal postings have been improved and all feeder systems are now reconciled to ledger balances at least once a month. Suspense and holding accounts are cleared out regularly and improved processing controls are being put in place.
Fixed Asset Registers and asset valuations	A major data cleansing exercise has been completed to ensure that all entries on the fixed asset register are accurate and up-to-date with evidence of Council ownership. Training on how to use the system has been provided to relevant members of staff and assets are being re-valued in line with Code requirements.
Treasury Management	New Treasury Management policies have been put in place which fully comply with statutory and professional guidance. Bank reconciliation processes are being improved and work is underway to close bank accounts not in regular use.
Debtors and Creditors	All year-end debtor and creditor balances are being reviewed so that uncollectable debtors and out-of-date creditors can be written off. Bad debt provisions have been realistically re-assessed and year-end closedown processes have been improved to ensure that all material accruals and prepayments are identified and reflected in the accounts.
Revenue Recognition (IFRS15)	IFRS 15 requirements have now been properly implemented, for example to differentiate between revenue and capital income and to correctly identify and account for conditional grant income or funding received in advance.
Provisions and Contingencies	An exercise has been undertaken to ensure that all provisions and contingent liabilities have been identified and that these are correctly reflected in accounting records and in the Council’s future financial plans.
Leases	Work has been initiated across all spending departments to identify all leases and lease type arrangements across the Council and to replace the current spreadsheet-based records with asset management software.

Director's Narrative Report (continued)

4. FINANCIAL PERFORMANCE 2018/19

This section of the Narrative Report provides a summary of the Council's financial performance and the costs of delivering Council services.

Key performance indicators

The key indicators for financial performance are set out in the table below:

Key performance indicator	Outcome
Maintain General Fund (GF) spending within approved budget levels overall	Net overspend of only £50,000 (0.5%) on budgets in excess of £100m (see below)
Maintain Housing Revenue Account (HRA) in balance each year	The HRA balance as at 31st March 2019 is £16.3m; a planned reduction of £1.6m in the year.
Maintain adequate levels of GF working balances and reserves	The General Fund working balance at 31st March 2019 is £0.6m. In addition, earmarked reserves have been set aside to cover identified financial risks, or for particular purposes. These total £4.8m.
Deliver savings targets set out in approved budget reports each year	91.2% of the £6.4m savings programme was either successfully delivered or alternative efficiencies were found during the year.
Deliver the approved Capital Budget within available resources	74% of the approved Capital Programme was delivered, with a total of £177.4m spent during 2018/19 compared to a budget of £240m.
Maintain 95% collection rates for Council Tax and Business Rates	The in-year collection rate for both Council Tax (96%) and Business Rates (97%) exceeded 95% in 2018/19.

Non-financial performance indicators were not routinely collected and measured during 2018/19, however improved performance management arrangements are now being put in place with a clearer focus on efficiency, risk management and value for money.

Director’s Narrative Report (continued)

4. FINANCIAL PERFORMANCE 2018/19

This section of the Narrative Report provides a summary of the Council’s financial performance and the costs of delivering Council services.

General Fund balances

Key financial requirements for local authorities are to maintain General Fund spending within approved budget levels, and to maintain adequate levels of working balances and reserves. Financial statements initially prepared for the financial year ended 31 March 2019 indicated that these objectives had been achieved, reporting a net overspend of only 0.5% (£40,000) against revenue budgets and General Fund working balances of £8.2m at 31 March 2019.

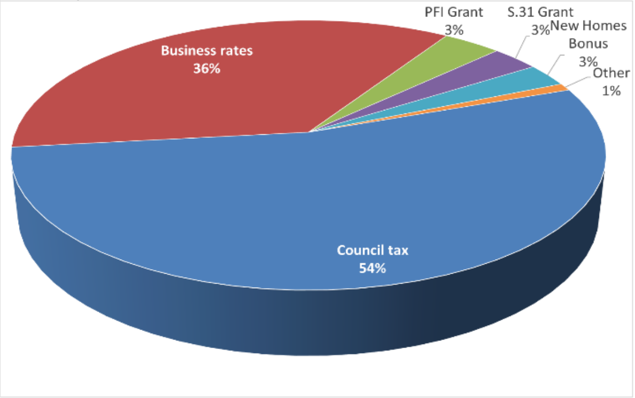
However, the errors subsequently identified and set out above have had a significant impact on the Council’s financial position, and without a Capitalisation Direction the impact of correcting these errors would have resulted in a General Fund deficit of £28m at 31 March 2017, increasing to a £64m deficit by 31 March 2019. Using part of the Government’s in principle Capitalisation Direction retrospectively has enabled the Council to reinstate General Fund balances as shown below:

	General Fund balances as originally reported (£m)	General Fund balances currently reported (with CD) (£m)	General Fund balances currently reported (without CD) (£m)
31 March 2017	8	7	(29)
31 March 2018	8	2	(48)
31 March 2019	8	1	(77)

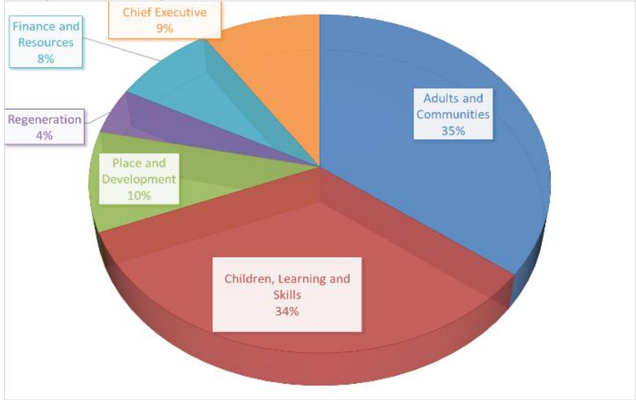
Spending on revenue services

The graphs below highlight where the Council received its revenue income from in 2018-19 and how this has been allocated to service areas. Graph 1 demonstrates the reduction in government grant funding over recent years and the reliance on local taxation to deliver core services.

Graph 1: Key income streams



Graph 2: Net expenditure on General Fund Council Services



Director’s Narrative Report (continued)

Capital expenditure and financing

Capital investment in property, plant and equipment was £99m in 2018/19. Major items of expenditure included the purchase of new Council accommodation at Observatory House and the acquisition of the Thames Valley university site for regeneration purposes as well as improvements to Council dwellings, leisure facilities and schools.

In addition, the Council spent £27m on new investment properties and advanced new loans totaling £23m to its subsidiary company, James Elliman Homes.

The Council has funded this expenditure through a combination of grant funding, section 106 contributions from developers and short-term borrowing. Resources currently available to fund future investment are limited, therefore in future years capital spending will be limited to essential items only. In future years significant asset disposals are anticipated and these capital receipts will be used to repay external borrowing.

Assets and Liabilities

A comparison of 2018/19 and previous years’ Balance Sheets is set out below:

BALANCE SHEET SUMMARY			
Directorate	**At 31 March 2019 (£m)**	**At 31 March 2018 (£m)**	**At 31 March 2017 (£m)**
Property Plant and Equipment and other long term assets	1,057	963	874
Current assets (short term investments, debtors, cash)	87	67	72
Current liabilities (creditors, borrowing and receipts in advance)	(276)	(214)	(110)
Long term liabilities (borrowing, PFI liabilities, provisions and pensions)	(636)	(508)	(500)
Net assets	**231**	**308**	**337**

Over recent years the Council has significantly increased its asset base by investing in operational land and buildings, limited companies and commercial property. These changes are matched however by significant increases in short and long-term borrowing.

The Council’s other financial liabilities relate mainly to leasing contracts (£7m), school PFI schemes (£35m) and pension liabilities (£273m). Provisions totalling £11m relate mainly to insurance claims and Business Rates appeals. No significant contingent liabilities have been identified at 31 March 2019.

Treasury Management

The overall objective of Treasury Management is to:

- ensure that the Council has sufficient money to pay staff and suppliers, and to meet its other costs and liabilities as they fall due
- borrow at a competitive rate when necessary to finance capital spending plans, and
- investment surplus funds in a way that realizes the best possible low-risk returns.

During 2018/19 the Council’s total of cash balances and short-term investments increased from £29m to £68m. However, current levels of short and long-term borrowing are amongst the highest, per head of population, of all unitary councils in the UK. This level of borrowing is unsustainable and reducing external borrowing by at least £200m over the next 2-3 years is a key component of the Council’s recovery plan. It will be achieved through a combination of asset sales, efficiency savings and managing accumulated cash balances and short-term investments down to the level of working balances held by the Council.

Director's Narrative Report (continued)

Housing Revenue Account

The Housing Revenue Account is a separate ring-fenced account showing the expenditure and income relating to the management and maintenance of the Council's social housing stock of some 6,400 dwellings The HRA balance as at 31st March 2019 was £11m, a reduction of £4.2m in the year. This planned use of balances helped to finance £11m of improvements to existing council dwellings and a further £9m of new housing acquisitions. 31 units of housing were sold under the national Right to Buy scheme in 2018/19, but 23 new dwellings were brought into the Council's housing stock.

Collection Fund

The Collection Fund is another ring-fenced account which shows the amount of Council Tax and Business Rates collected and the redistribution back to Slough Borough Council, local police and fire services, and (for Business Rates only) back to central government. The Collection Fund shows an overall deficit of £6.538m for 2018/19, which will be recovered from participating authorities in future years.

Group Accounts

Group accounts consolidate the Council's single entity financial statements with those of its wholly-owned subsidiary, James Elliman Homes, and its 50% share of Slough Urban Renewal LLP. Accumulated trading profits attributable to these entities at 31 March 2019 was £102,000, compared to £367,000 at 31 March 2018. To limit its financial exposure in this respect, the Council is developing exit strategies which should enable it to wind up these two companies over the course of the next two years, and in the meantime has significantly improved its governance and oversight arrangements.

Director’s Narrative Report (continued)

5.EXPLANATION OF ACCOUNTING STATEMENTS

The Statement of Accounts set out on pages xx to xx sets out the Council’s Income and Expenditure for the 2018/19 financial year and its financial position at 31 March 2019. It comprises core and supplementary statements, together with disclosure notes. The format and content of the financial statements is prescribed by the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2018/19, which in turn is underpinned by International Financial Reporting Standards.

The Core Statements are:

- The Movement in Reserves Statement is a summary of the changes to reserves and working balances over the course of the year. Useable reserves can be invested capital projects or service initiatives, unusable reserves must be set aside for specific legal or accounting purposes.
- The Comprehensive Income and Expenditure Statement (CIES) records the Council’s revenue income and expenditure for the year. The top half of the statement provides an analysis of income and expenditure by service area and the bottom half deals with corporate transactions and funding.
- The Balance Sheet is a snapshot of the Council’s assets, liabilities, cash balances and reserves at the year-end date.
- The Cash Flow Statement sets out the movements in cash balances during the year and whether that change is due to operating activities, new investment or financing activities (such as repayment of borrowing and other long term liabilities).

The Supplementary Financial Statements are:

- The Annual Governance Statement sets out the governance structures of the Council and its key internal controls.
- The Housing Revenue Account (HRA) identifies income and expenditure relating to the Council's landlord function as a provider of social housing
- The Collection Fund summarises the income collected from Council Tax and Business rates, and the redistribution of that money to the Council, local fire and police services, and central government.
- Group Accounts report the full extent of the transactions, assets and liabilities of the Council together with the transactions, assets and liabilities of limited companies and similar entities under Council control.

Notes to the Financial Statements provide more detail about the Council’s accounting policies and individual transactions and balances. Note 7 (the Council’s Expenditure and Funding Analysis) compares the CIES to outturn reports presented to elected members and senior management prior to the preparation of financial statements at the year end.

A Glossary of technical terms and abbreviations used in the financial statements has been provided on pages 143 to 150

Note 39 sets out the changes made to these financial statements since they were initially prepared and published, as explained in section 4.

Director's Narrative Report (continued)

Statement of Responsibilities for the Statement of Accounts

The Council's Responsibilities

The Council is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers (the section 151 officer) has the responsibility for the administration of those affairs. At Slough Borough Council this officer was during 2018/19 the Director of Finance and Resources, Neil Wilcox. Mr Wilcox was replaced during 2021 by Executive Director Finance and Commercial, Steven Mair, who has taken on responsibility for completing the 2018/19 financial statements.

- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets
- approve the statement of accounts.

The Executive Director Finance and Commercial's Responsibilities

1) As Section 151 Officer, the Executive Director Finance and Commercial is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

2) I became the Section 151 officer on 20 May 2021. The auditors had previously made a number of statutory recommendations concerning the preparation of and evidence to support the Statement of Accounts for 2018/19 which was published by my predecessor. In response I engaged a completely new Finance team who identified significant weaknesses in financial management, financial processes and systems of internal control.

3) Based on the detailed work undertaken since my appointment, the statement of accounts has been completely re-written with material transactions and balances either confirmed or restated as necessary. Whilst I cannot comment on the quality of the financial processes in operation prior to my appointment, I am satisfied that sufficient evidence has been obtained to support the overall Balance Sheet and the overall year-end position on General Fund balances and reserves. Within this overall position there may be material errors on a line by line basis.

4) In preparing the revised statement of accounts, I have:
   - selected suitable accounting policies and applied them consistently;
   - made judgements and estimates that were reasonable and prudent; and
   - complied with the Code.

Certification by the the Section 151 Officer

5) Within the context of paragraph 3) above I therefore certify that to the best of my knowledge and belief so far as is possible in the circumstances, that this statement of accounts presents a true and fair view of the overall financial position of the authority and the income and expenditure for the year ended 31 March 2019. Within this overall position there may be material errors on a line by line basis.

Steven Mair

Executive Director of Finance and Corporate Operations (Section 151 Officer)

Date

Approval of the Statement of Accounts

The Statement of Accounts was approved by the Slough Borough Council Audit and Corporate Governance Committee.

Cllr Paul Kelly

Chair of the Audit and Corporate Governance Committee

Date

INDEPENDENT AUDITOR’S REPORT

Independent Auditor’s report to the members of Slough Borough Council Opinion on the financial statements

Opinion

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SECTION – 3

CORE FINANCIAL STATEMENTS

Comprehensive Income and Expenditure Statement

The **Comprehensive Income and Expenditure Statement (CIES)** records all of the Council's revenue income and expenditure for the year. Expenditure represents a combination of statutory duties and discretionary spend focussed on local priorities and needs.

2017/18 Restated*				2018/19			
Gross Expenditure	**Gross Income**	**Net Expenditure**		**Gross Expenditure**	**Gross Income**	**Net Expenditure**	
£'000	**£'000**	**£'000**		**£'000**	**£'000**	**£'000**	*Note*
80,873	(23,693)	57,180	Adults and Communities	85,800	(26,546)	59,254	
130,110	(85,119)	44,991	Children, Learning and Skills	139,242	(83,127)	56,115	
46,262	(8,671)	37,591	Place and Development	24,506	(7,588)	16,918	
4,645	(4,107)	538	Regeneration	17,857	(10,463)	7,394	
103,102	(74,950)	28,152	Finance and Resources	88,681	(73,621)	15,060	
1,630	-	1,630	Chief Executive	16,539	(1,171)	15,368	
24,928	(36,483)	(11,555)	Housing Revenue Account	29,370	(36,052)	(6,682)	
391,550	**(233,023)**	**158,527**	**Cost of Services**	**401,995**	**(238,568)**	**163,427**	
		24,838	Other operating expenditure			41,617	*6*
		13,387	Financing and investment income and expenditure			36,444	*7*
		(121,294)	Taxation and non-specific grant income and expenditure			(103,850)	*8*
		75,458	**(Surplus)/deficit on provision of services**			**137,638**	
		(448)	(Surplus) or deficit on financial assets measured at FVOCI			-	
		-	Impairment losses of non-current assets charged to Revaluation Reserve			1,271	
		(24,744)	(Surplus) or deficit on revaluation of property, plant and equipment assets			(54,900)	*30a*
		(20,630)	Remeasurement of the net defined benefit liability			(7,875)	*32*
		(45,822)	**Other Comprehensive income and expenditure**			**(61,504)**	
		29,636	**Total Comprehensive income and expenditure**			**76,134**	

** The 2017/18 comparators were restated, see Note 39 for more details.*

Movement in Reserves Statement

The **Movement in Reserves** Statement shows the movement in year on reserve balances held by the Council.

	General Fund Balance	Earmarked Reserves	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Council Reserves	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	*Note*
Balance at 1 April 2018	**(2,450)**	**(6,318)**	**(15,192)**	**(38,691)**	**(15,107)**	**(19,269)**	**(97,027)**	**(210,474)**	**(307,501)**	
Restatement of opening balances*	-	-	-	-	-	-	-	(17)	(17)	
Restated balance 1 April 2018	**(2,450)**	**(6,318)**	**(15,192)**	**(38,691)**	**(15,107)**	**(19,269)**	**(97,027)**	**(210,491)**	**(307,518)**	
Movement in reserves during 2018/19										
(Surplus)/deficit on provision of services	120,446	-	17,193	-	-	-	137,639	-	137,639	
Other Comprehensive income and expenditure	-	-	-	-	-	-	-	(61,504)	(61,504)	
Total Comprehensive Income and Expenditure	**120,446**	**-**	**17,193**	**-**	**-**	**-**	**137,639**	**(61,504)**	**76,135**	
Adjustments between accounting basis and funding basis	(85,357)	-	(17,281)	(2,229)	2,650	14,130	(88,087)	88,087	-	*15*
Capitalisation Direction	(28,200)	-	-	-	-	-	(28,200)	28,200	-	
Increase or (decrease) before transfers to earmarked reserves	**6,889**	**-**	**(88)**	**(2,229)**	**2,650**	**14,130**	**21,352**	**54,783**	**76,135**	
Transfer to/(from) reserves	(5,899)	5,899	-	-	-	-	-	-	-	
Balance at 31 March 2019	**(1,460)**	**(419)**	**(15,280)**	**(40,920)**	**(12,457)**	**(5,139)**	**(75,675)**	**(155,708)**	**(231,383)**	

** The 2017/18 comparators were restated, see Note 39 for more details.*

Movement in Reserves Statement

The **Movement in Reserves** Statement shows the movement in year on reserve balances held by the Council.

	General Fund Balance	Earmarked Reserves	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Council Reserves	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	*Note*
Balance at 1 April 2017	**(8,123)**	**(7,156)**	**(23,710)**	**(23,675)**	**(14,025)**	**(50,680)**	**(127,369)**	**(285,802)**	**(413,171)**	
Restatement of opening balances*	36,646	-	2,646	(4,132)	-	11,854	47,014	29,020	76,034	
Capitalisation Direction	(35,933)	-	-	-	-	-	(35,933)	35,933	-	
Restated balance 1 April 2017	**(7,410)**	**(7,156)**	**(21,064)**	**(27,807)**	**(14,025)**	**(38,826)**	**(116,288)**	**(220,849)**	**(337,137)**	
Movement in reserves during 2017/18										
(Surplus)/deficit on provision of services	63,288	-	10,850	-	-	1,320	75,458	-	75,458	
Other Comprehensive income and expenditure	-	-	-	-	-	-	-	(45,822)	(45,822)	
Total Comprehensive Income and Expenditure	**63,288**	**-**	**10,850**	**-**	**-**	**1,320**	**75,458**	**(45,822)**	**29,636**	
Adjustments between accounting basis and funding basis	(43,609)	-	(4,978)	(10,884)	(1,082)	18,237	(42,316)	42,316	-	*15*
Capitalisation Direction	(13,881)	-	-	-	-	-	(13,881)	13,881	-	
Increase or (decrease) before transfers to earmarked reserves	**5,798**	**-**	**5,872**	**(10,884)**	**(1,082)**	**19,557**	**19,261**	**10,375**	**29,636**	
Transfer to/(from) reserves	(838)	838	-	-	-	-	-	-	-	
Balance at 31 March 2018	**(2,450)**	**(6,318)**	**(15,192)**	**(38,691)**	**(15,107)**	**(19,269)**	**(97,027)**	**(210,474)**	**(307,501)**	

** The 2017/18 comparators were restated, see Note 39 for more details.*

Balance Sheet

The **Balance Sheet** is fundamental to the understanding of the Council's financial position at the year end. It shows the value as at the Balance Sheet date of assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by reserves held by the Council.

01/04/2017 Restated*	31 March 2018 Restated*		31 March 2019	
£'000	£'000		£'000	Note
802,648	874,869	Property, Plant and Equipment	933,361	17
35,998	55,835	Investment Property	66,124	19
457	550	Intangible Assets	969	
26,470	17,670	Long-term Investments	25,057	23
8,628	13,893	Long-term Debtors	31,208	27
874,201	**962,817**	**Total Long-term Assets**	**1,056,719**	
24,053	18,808	Short Term Investments	48,545	23
-	1,276	Assets Held for Sale	-	
3	6	Inventories	1	
28,549	36,949	Short term debtors	18,425	27
19,800	9,900	Cash and Cash Equivalents	19,879	26
72,405	**66,939**	**Current Assets**	**86,850**	
(67,559)	(152,760)	Short-term Borrowing	(214,682)	23
(38,754)	(56,622)	Short-term Creditors	(58,850)	28
(1,508)	(2,447)	Short-term Provisions	(2,165)	29
(2,100)	(2,100)	Grants Receipts in Advance – Capital	-	14
(109,921)	**(213,929)**	**Current Liabilities**	**(275,697)**	
(11,854)	(21,636)	Long-term Creditors	(6,060)	
(4,157)	(4,157)	Deferred Capital Receipts	(4,157)	
(223)	(223)	Long-term Provisions	(9,372)	29
(170,370)	(170,341)	Long-term Borrowing	(304,216)	
(312,944)	(311,969)	Other Long-Term Liabilities	(312,684)	
(499,548)	**(508,326)**	**Long-term Liabilities**	**(636,489)**	
337,137	**307,501**	**Net Assets**	**231,383**	
(116,288)	(97,027)	Usable Reserves	(75,675)	
(220,849)	(210,474)	Unusable Reserves	(155,708)	30
(337,137)	**(307,501)**	**Total Reserves**	**(231,383)**	

** The 2017/18 comparators were restated, see Note 39 for more details.*

Certification by the Chief Financial Officer

I certify that the statement of accounts gives a true and fair view of the financial position of the authority as at 31 March 2019 and its income and expenditure for the year ended 31 March 2019.

Steven Mair

Executive Director of Finance and Corporate Operations (Section 151 Officer)

xxth xxx 2022

Cash Flow Statement

The ***Cash Flow Statement*** shows the changes in cash and cash equivalents of the Council during the reporting period.

The Statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.

The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the Council.

2017/18 Restated*		2018/19	
£'000		£'000	Note
75,458	Net (surplus) or deficit on the provision of services	137,638	
(100,307)	Adjustment to (surplus) or deficit on the provision of services for non-cash movements	(160,263)	33
31,393	Adjustment for items included in the net (surplus) or deficit on the provision of services that are investing and financing activities	25,159	33
6,544	**Net cash flows from operating activities**	**2,534**	
85,363	Investing Activities	178,140	34
(82,007)	Financing Activities	(190,654)	35
9,900	**Net (increase) or decrease in cash and cash equivalents**	**(9,980)**	
19,800	Cash and cash equivalents at the beginning of the reporting period	9,900	
9,900	**Cash and cash equivalents at the end of the reporting period**	**19,880**	26

** The 2017/18 comparators were restated, see Note 39 for more details.*

SECTION – 4

NOTES TO THE CORE FINANCIAL STATEMENTS

SECTION – 4

NOTES TO THE CORE FINANCIAL STATEMENTS

Notes to the Core Financial Statements

Note 1: Accounting Policies

1.1 General Principles

The Statement of Accounts summarises the Authority's transactions for the 2018/19 financial year and its position at the year-end 31 March 2019.

The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015 which requires accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19, supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

1.2 Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received.

- The Authority adopted IFRS15 Revenue Recognition from Contracts with Customers from 1 April 2018, such that revenue from contracts with service recipients, whether for services or the provision of goods , is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract. Revenue recognition is now based on the transfer of control over goods and services to a customer rather than the risks and rewards, which may result in changes to the pattern of revenue recognition. In local government the generation of revenues from, charges to service recipients is only a minor funding stream and contracts with customers tend to be accounted for and delivered within the year.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.
- Revenue relating to Council Tax and Business Rates is measured at the full amount receivable (net of any impairment losses) as they are non-contractual, non-exchange transactions and there can be no difference between the delivery and payment dates.

1.3 Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

Cash equivalents are investments that mature in no more than three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

Note 1: Accounting Policies (continued)

1.4 Employee Benefits

Benefits Payable During Employment

Short-term employee benefits such as wages and salaries, paid annual leave, sick leave and expenses are paid monthly and reflected as expenditure in the relevant service line in the Comprehensive Income and Expenditure Statement (CIES).

Termination Benefits

Termination benefits are payable following a decision by the Authority to terminate an officer's employment before their normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits. Costs are recognised as a charge to the respective Service line in the CIES at the earlier of when the Authority can no longer withdraw the offer of redundancy or when the Authority recognises costs of restructuring.

Where termination benefits include the enhancement of pensions benefits, regulations require the General Fund to be charged with the amount payable to the pension fund or pensioner in the year, rather than the amount calculated under accounting standards. Entries are made in the Movement in Reserves Statement (MiRS) to transfer the accounting standards based entries to the Pension Reserve and replace these with the amount payable to the pension fund.

Post-employment Benefits

Employees of the Authority are members of two separate pension schemes:

- The Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE) and
- The Berkshire Local Government Pension Scheme, administered by Royal Borough of Windsor and Maidenhead.

Both schemes provide defined benefits to members (e.g. retirement lump sums and pensions), earned as employees worked for the Authority or related parties.

However, the arrangements for the Teachers' scheme mean that liabilities for these benefits cannot ordinarily be identified specifically to the Authority. The scheme is therefore accounted for as if it was a defined contribution scheme and no liability for future payments of benefits is recognised in the Balance Sheet.

The Children Learning and Skills Directorate line in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to Teachers' Pensions in the year.

The Local Government Pension Scheme

The Local Government Pension Scheme is accounted for as a defined benefits scheme:

- The liabilities of the Berkshire pension fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method
- The assets of the Berkshire pension fund attributable to the Council are included in the Balance Sheet at their fair value:
    - quoted securities – current bid price
    - unquoted securities – professional estimate
    - unitised securities – current bid price

The change in the net pensions liability is analysed into the following components:

Note 1: Accounting Policies (continued)

Service cost comprising:

- current service cost and past service cost are recognised as charges to the CIES to the services for which the employees worked
- net interest on the net defined benefit liability is charged to the Financing and Investment Income and Expenditure line of the CIES. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

Re-measurements comprising:

- the return on plan assets (excluding amounts included in net interest on the net defined benefit liability) are charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
- actuarial gains and losses are charged to the Pensions Reserve as Other Comprehensive Income and Expenditure

The Authority's contributions to the Berkshire pension fund are charged to the General Fund by a transfer to the Pension Reserve via the MiRS in accordance with statutory requirements

Discretionary Benefits

The Authority provides discretionary post-employment benefits which arise from additional service for early retirements. These benefits are unfunded, with costs met directly from the General Fund.

1.5 Financial Instruments

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument. They are classified based on the business model for holding the instruments and their cashflow characteristics.

For the Authority's borrowings, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest). Interest charged to the CIES is the amount payable for the year according to the loan agreement.

The fair value of Public Works Loans Board (PWLB) loans is calculated using the certainty rate published by the PWLB on 31 March 2019.

For non-PWLB loans the fair value is deemed to be the standard new loan rate also published by the PWLB on 31 March 2019.

Financial Assets

The Authority has reviewed the classification of all its financial assets based on the business model for holding the assets and concluded that they are either:

- assets at amortised cost;
- fair value through other comprehensive income (FVOCI);or
- fair value through profit or loss (FVPL).

The authority's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (i.e. where the cash flows do not take the form of a basic debt instrument).

Note 1: Accounting Policies (continued)

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are initially measured at fair value and subsequently carried at amortised cost. For the Authority this means that the amount presented in the Balance Sheet is the outstanding principal receivable plus accrued interest. Interest credited to the CIES is the amount receivable for the year under the loan agreement.

Financial Assets Measured at Fair Value through Other Comprehensive Income

Financial assets are measured and carried at fair value. All gains and losses due to changes in fair value are accounted for through a reserve account (the Financial Instruments Revaluation Reserve) and the balance debited or credited to the CIES when the asset is disposed of.

Income from FVOCI assets is recognised when the right to receive the payment is unconditional. Income is reported in the Financing and Investment Income and Expenditure line in the CIES.

Financial Assets Measured at Fair Value through Profit of Loss (FVTPL)

Financial assets that are measured at FVTPL are initially measured and subsequently carried at fair value. All movements in the fair value of the instrument (both realised and unrealised) are recognised as they occur in the Surplus or Deficit on the Provision of Services.

Impairment Losses

Allowances for impairment losses have been calculated for assets at amortised costs and FVOCI, applying the expected credit losses model.

The Authority recognises expected credit losses either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the Authority.

1.6 Government Grants and Contributions

Government grants and third party contributions and donations are recognised when there is reasonable assurance that:

- The Authority will comply with the conditions attached to the payments, and
- that the grants or contributions will be received.

Where conditions attached grants or contributions have not been satisfied, monies received to date are carried in the Balance Sheet as creditors and credited to the CIES when the conditions are satisfied.

Ringfenced grants and contributions are credited to the relevant service within the CIES. Non-ringfenced grants are credited to the Taxation and Non-specific Grant Income line within the CIES.

Capital grants credited to the CIES, are transferred out of the General Fund Balance via the MiRS. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

Note 1: Accounting Policies (continued)

1.7 Interests in Companies and Other Entities

The authority has material interests in one subsidiary (James Elliman Homes Ltd) and one joint venture (Slough Urban Renewal LLP), which have been consolidated into the Council’s Group Accounts:

- on a line by line basis for the subsidiary; and
- the equity method for the joint venture, after first re-aligning accounting policies with the Authority where appropriate and eliminating intra-group transactions.

In the Authority’s single entity accounts, interests in the above companies are classified as long-term investments and measured at cost less provision for any losses.

All other interests in subsidiaries and an associate are not material to the Authority and are thus reported as financial instruments. As the business model is to hold for the long-term rather than trade such interests, they are classified as FVOCI subject to any impairment allowance.

1.8 Investment Property

Investment properties are measured initially at cost and subsequently at fair value. Investment properties are not depreciated but are revalued annually according to market conditions at the year-end.

Revaluation gains and losses on revaluation are recognised in the Financing and Investment Income and Expenditure line in the CIES. The same treatment is applied to gains and losses on disposal. However, regulations do not permit unrealised or realised gains and losses to impact the General Fund balance. Therefore, gains and losses are transferred to the Capital Adjustment Account via an entry in the MiRS.

Net rental income together with any revaluation gains and losses or impairments are recognised in the Financing and Investment Income and Expenditure line within the CIES.

1.9 Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

The Council as Lessee

Finance Leases

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at fair value measured at the lease’s inception (or the present value of the minimum lease payments, if lower).

The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Authority are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Note 1: Accounting Policies (continued)

Lease payments are apportioned between:

- the principal element which applied to write down the lease liability, and
- the interest element which is charged to the Financing and Investment Income and Expenditure line in the CIES.

Property, plant and equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the authority at the end of the lease period).

Operating Leases

Rentals paid under operating leases are charged to the CIES as an expense of the services benefitting from use of the leased assets. Charges are made on a straight-line basis over the life of the lease; even if this does not match the pattern of payments (e.g. there is a rent-free period or a premium payable at the commencement of the lease).

The Council as Lessor

Operating Leases

Where the Council grants an operating lease over an asset, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the CIES on a straight-line basis over the life of the lease, even if this does not match the pattern of payments.

1.10 Overheads and Support Services

The costs of overheads and support services are charged to service segments in accordance with the authority's arrangements for accountability and financial performance.

1.11 Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as property, plant and equipment.

Recognition

Expenditure on the acquisition, creation or enhancement of property, plant and equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Authority and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

Property, plant and equipment is recognised where the initial cost or value exceeds £10,000.

Measurement

Assets are initially measured at cost, comprising:

- the purchase price
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (ie it will not lead to a variation in the cash flows of the Authority). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Authority.

Note 1: Accounting Policies (continued)

Assets are then carried in the Balance Sheet using the following measurement bases:

Asset type	Measurement basis
Vehicles, plant and equipment, infrastructure, community assets	Depreciated historical cost
Council dwellings	Current value, determined using the basis of existing use value for social housing (EUV–SH)
Assets under construction	Cost
Surplus assets	Fair value
School buildings and other specialised assets	Depreciated replacement cost which is used as an estimate of current value
All other assets	Current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV)

Where non-property assets have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for current value.

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Surplus or Deficit on the Provision of Services where they arise from the reversal of a loss previously charged to a service.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for as follows:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is subsequently reversed, the reversal is credited to the relevant service line(s) in the CIES, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Note 1: Accounting Policies (continued)

Depreciation

Depreciation is provided for on all property, plant and equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (ie freehold land and certain community assets) and assets that are not yet available for use (i.e. assets under construction).

Deprecation is calculated on the following bases:

- Dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the valuer (housing dwellings and flats – 54 years)
- Vehicles, plant, furniture and equipment – a percentage of the value of each class of assets in the Balance Sheet, as advised by a suitably qualified officer (between 1-35 years)
- Infrastructure – straight-line allocation over 10-40 years.
- Other operational buildings – straight-line allocation over the useful life (1-60 years) as estimated by the valuer
- Car parks – straight-line allocation over the useful life (60 years) as estimated by the valuer

Where an item of property, plant and equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately. This will only be applied where the omission to recognise and depreciate a separate component may result in a material difference to the depreciation charge.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Disposals

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether property, plant and equipment or assets held for sale) is written off to the Other Operating Expenditure line in the CIES as part of the gain or loss on disposal. Gains and losses on disposal comprise the following:

- The capital receipt from the proceeds of the sale. Only receipts over £10,000 are classed as capital receipts. The capital receipt element of the gain/loss on disposal is transferred to the Capital Receipts Reserve via the MiRS;
- The carrying value of the asset disposed of or decommissioned, which is transferred to the Capital Adjustment Account via the MiRS;
- Any costs of administering the disposal.

Any revaluation gains accumulated for the asset in the Revaluation Reserve are written out to the Capital Adjustment Account.

A proportion of capital receipts relating to housing disposals is payable to the Government.

1.12 Service Concessions

Service concessions (also known as PFI and similar contracts) are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the contractor. The Authority recognises the assets used under the contracts in the Balance Sheet within Property, Plant and Equipment, because it both controls the services provided under these contracts and as ownership of the property, plant and equipment will pass to the Authority at the end of the contracts for no additional charge.

The original recognition of these assets at fair value (based on the cost to purchase the property, plant and equipment) was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment.

Note 1: Accounting Policies (continued)

Non-current assets recognised on the Balance Sheet are revalued and depreciated in the same way as property, plant and equipment owned by the Authority.

The amounts payable to the PFI operators each year are analysed into five elements:

- Fair value of services received during the year – debited to the relevant service in the CIES;
- Finance cost – an interest charge on the outstanding Balance Sheet liability, debited to the FIIE line in the CIES;
- Contingent rent – increases in the amount to be paid for the property arising during the contract, debited to the FIIE line in the CIES;
- Payment towards liability – applied to write down the Balance Sheet liability towards the PFI operator (the profile of write-downs is calculated using the same principles as for a finance lease); and
- Lifecycle replacement costs – a proportion of the amounts payable is posted to the Balance Sheet as a prepayment and then recognised as additions to Property, Plant and Equipment when the relevant works are eventually carried out.

1.13 Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are recognised where the Authority has a legal or constructive obligation arising from a past event that will probably require settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the appropriate service line in the CIES when the Authority has an obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Authority settles the obligation.

A provision for the best estimate of the amount that businesses have been overcharged up to 31st March 2019 in relation to Business Rates. The estimate has been calculated using the latest Valuation Office (VOA) ratings list of appeals and an analysis of successful appeals to date when providing the estimate of the total provision up to and including 31st March 2019.

Contingent Liabilities

No liability is recognised is an outflow of economic resources as a result of present obligations is not probable. Instead, such situations are recognised as contingent liabilities in a note to the accounts, unless the outflow of resources is remote.

Contingent Assets

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts.

Note 1: Accounting Policies (continued)

1.14 Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by transferring amounts out of the General Fund Balance in the MiRS. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then transferred back into the General Fund Balance so that there is no net charge against council tax for the expenditure.

1.15 Revenue Expenditure Funded from Capital under Statute

Legislation requires defined items of revenue expenditure charged to services within the Comprehensive Income and Expenditure Statement to be treated as capital expenditure. All such expenditure is transferred from the General Fund Balance to the Capital Adjustment Account via the MiRS and is included in the Capital Expenditure and Financing disclosure.

1.16 Schools

Under the Code, local authority maintained schools are considered to be separate entities with the balance of control lying with the Authority. The Code requires that the income, expenditure, assets and liabilities of maintained schools be accounted for within the single entity accounts of the Authority.

Schools within the Council's group fall into the following categories:

- Community – 12 schools
- Nursery – 5 schools

Academies, Voluntary Aided, Voluntary Controlled and Free Schools are outside the Council's control.

1.17 VAT

The CIES excludes amounts relating to VAT. VAT is only recognised as an expense if it is not recoverable from Her Majesty's Revenue and Customs (HMRC). VAT receivable is excluded from income.

1.18 Minimum Revenue Provision (MRP)

The Council is not required to use Council Tax to fund depreciation, revaluation and impairment losses or amortisation of non-current assets. However, it is required to make an annual contribution from revenue towards provision for the reduction in its overall borrowing requirement equal to either an amount calculated on a prudent basis or as determined by the Council in accordance with statutory guidance. MRP has been charged in line with the Council's MRP Policy.

1.19 Fair Value Measurement

The authority measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments such as equity shareholdings at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- a) in the principal market for the asset or liability, or
- b) in the absence of a principal market, in the most advantageous market for the asset or liability.

The authority measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, the authority takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

Note 1: Accounting Policies (continued)

The authority uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the authority's financial statements are categorised within the fair value hierarchy, as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 – unobservable inputs for the asset or liability.

1.20 Capital commitment

The Council has included those projects which it believes it is committed to based on its capital strategy programme, which is approved by the capital strategy board, although not all of these projects are subject to contractual agreements at year end.

Note 2: Accounting Standards that have been Issued but Not Yet Adopted

At the balance sheet date the following new standards and amendments to existing standards have been published but not yet adopted by the Code of Practice of Local Authority Accounting in the United

- **IFRS 16 Leases** will require local authorities that are lessees to recognise most leases on their balance sheets as right-of-use assets with corresponding lease liabilities (there is recognition for low-value and short-term leases). CIPFA/LASAAC have deferred implementation of IFRS16 for local government to 1 April 2021.
- ***Amendments to IAS40 Investment Property – Transfers of Investment Property*** , which restricts transfers to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use. The Council already follows this approach therefore the change in the standard would have no effect on the accounts;
- ***Annual Improvements to IFRS Standards 2014-2016 cycle*** , which make changes to IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investments in Associates and Joint Ventures. These amendments have not impact on the Council
- **IFRIC 22 Foreign Currency Transactions and Advance Consideration** does not apply to the Council as it does not engage in foreign currency transactions;
- **IFRIC 23 Uncertainty over Income Tax Treatments** does not apply to the Council because it does not have taxable profits or losses in its accounts;
- **Amendments to IFRS 9 Financial Instruments: Prepayment features with Negative Compensation**, which requires prospective remeasurement of gains and losses arising from debt restructuring exercises undertaken in previous years where they met the modification test. The Council does not hold any such instruments.

Note 3: Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 1 (Accounting Policies), the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events.

- **Future funding** – there is currently a high level of uncertainty about future levels of funding for local government. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be materially impaired as a result of a need to close facilities and substantially reduce levels of service provision.

- **School service concession** – the Council is deemed to control the services and the residual assets created under the contract for Penn Wood School, which is recognised on the Balance Sheet at £14.3m. The remaining two schools under the service concession contract, Beechwood School and Arbour Vale Special School have converted to academies and are therefore not under the control of the Council. Consequently the assets for these two schools have been derecognised from the Balance Sheet. However, contractual liability remains with the Council and is reported in the Other Long-Term Liability balance on the Balance Sheet. Under the terms of the academisation, both schools make annual contributions to the Council for their shares of the unitary charge payable.
- **Recognition of schools** – the Council has completed a school by school assessment across the different schools operated within the Borough in order to determine the individual accounting treatments. Judgements have been made to determine the arrangements in place and the accounting treatment of the Non-Current Assets. As a result, the Council recognises school assets for Community schools and Voluntary Aided Schools on the Balance Sheet. The Council does not recognise assets relating to Academies or Free Schools as the view has been adopted that these entities were deemed to be owned by the relevant Dioceses or Trust following consultation and review.

- **Interests in Council-owned companies** – the Council has a number of interests in other entities which fall within the group accounting boundary on the grounds of control and significant influence in line with the Code. However, only the interests in James Elliman Homes Ltd and Slough Urban Renewal LLP are material in aggregate and thus warrant consolidation into the Council's Group Accounts. The remaining interests are not material and have been treated as financial instruments in the Balance Sheet.

- **Business Rates Pooling** – Slough Borough Council (SBC) participated in the Berkshire-wide business rate pooling pilot for 2018/19 [and 2019/20] which allowed for 100% retention of growth. The participating authorities have set out arrangements to share the rewards and risks of this pooling arrangement. This includes clauses for a "local no detriment" policy that:
  - Prevents any single authority benefiting from gains until all authorities realise the level of resources that they would have received under 50% retention
  - Sets a safety net mechanism (97% of Baseline funding level) to cover risks associated with the pilot
  - Prioritises use of the strategic economic investment funds to manage individual authority losses before anything else.

- **Infrastructure assets** – The Council has revised the accounting for infrastructure assets compared with previous years. The Council has amended its accounting policy for depreciating infrastructure assets from a blanket 40 years to a policy reflecting the differing asset lives of the components of infrastructure. Ordinarily this would be treated as a change in estimation procedure in the year of account (i.e. 2018/19). However there were material errors in previous years' accounts arising from the failure to write out accumulated depreciation at 1 April 2007 in line with paragraph 4.1.2.12 of the Code of Practice on Local Authority Accounting in the United Kingdom. Therefore the Council has taken the view that as this is a material error, the appropriate accounting approach is to correct via a prior period adjustment rather than an in-year adjustment.

- **Provisions for business rates appeals and bad debts –**The Council made refunds for business rates appeals totalling £4.5m in 2019/20 and 2020/21 against the 2010 valuation list. The Council has used this information as after year-end evidence to support increasing the business rates appeals provision in 2018/19 by £4.5m. In addition, the Council engaged external consultancy advice to review the adequacy of the bad debt provision for business rates and council tax resulting in an increase to the provision of £4.7m, of which the Council's share is £4.1m.

Note 4: Assumptions made about the future and other sources of estimation uncertainty

Item	Uncertainties	Effect if actual results differ from assumptions
Property, plant and equipment - depreciation	Asset valuations are based on market prices and are periodically reviewed to ensure that the Council does not materially misstate the value of it non-current assets. The Council's external valuers, Wilks, Head and Eve LLP, provided valuations as at 31 March 2019 for all the Council's investment property portfolio and approximately 20% of its operational portfolio. The remaining balance of operational properties was also reviewed to ensure values reflect current values. The estimated remaining useful lives of all operational assets was reported by the Council's external valuers as part of the above valuation exercise.	A reduction in the estimated valuation would result in reduction the Revaluation Reserve and/or an impairment loss charged to the Comprehensive Income and Expenditure Statement (CIES). If the value of the Council's operational properties were to reduce by 10% this would result in a valuation loss of £88m. An increase in estimated valuations would result in increased revaluation gains to the Revaluation Reserve and/or reversals of impairments charged to the CIES in previous years. If estimated useful lives increase by one year this would reduce the depreciation charge of £22m by £0.5m. If estimated useful lives decrease by one year this would increase depreciation by £0.6m.
Fair value	The Council's external valuers use valuation techniques to determine the fair value of investment property and surplus property. This involves developing estimates and assumptions consistent with how market participants would price the property. The valuers base their assumptions on observable data as far as possible, but this is not always available, in which case, the valuers use the best information available.	Estimated fair values may differ from the actual prices that could be achieved in an arms-length transaction at the reporting date.
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. The Council has engaged Barnett Waddingham, as its consulting actuaries, to provide the Council with expert advice about the assumptions to be applied.	Variations in the key assumptions will have the following impact on the net pension liability: (a) a 1% reduction in the discount rate will increase the net liability by £103m (b) an 1% increase in life expectancy will increase the liabiity by £20m.
Valuation of council dwellings	Council dwellings are valued on a beacon methodology. This uses comparable sales evidence from the local area for the relevant property adjusted for floor area, local house price movement and regional indices.	A 10% reduction in the estimated value of HRA dwellings would be a revaluation loss of £54m. If estimated useful lives are overstated by 5% this would increase depreciation by £0.5m
Impairment allowance for doubtful debts	At 31 March 2019, the Council had an impairment allowance of £17m against gross short-term debtor balances totalling £41m. It is not certain that this impairment allowance would be sufficient as the Council cannot assess with certainty which debts will be collected or not.	If collection rates deteriorate by 5%, this would require an increase in the impairment allowance of £2m.
Provisions	The Council has made a number of provisions for the estimated cost of settling liabilities in respect of insurance claims, legal disputes and business rates appeals. The provisions are based on the Council's best estimate of the amount required to settle the obligations.	If provisions were valued at a more conservative outcome, this would increase provisions by £5m.

Note 5: Material Items of Income and Expense

For the purpose of this note the Council considers material items to be around £6m. The Council has two material items of expenditure which relate to service contracts in 2018/19:

1. £10.62m (2017/18 £10.59m) to Arvato for running the Council's IT, Customer Services and Transaction Finance functions. The expenditure was charged to Finance and Resources within the Comprehensive Income and Expenditure Statement (CIES).

2. £24.59m (2017/18 £24.41m) to Slough Children's Services Trust for children's and young people services. The expenditure was charged to Children and learning Skills within the CIES.

In March 2022 the Department for Levelling Up, Housing and Communities (DLUHC) provided an "in principle" Capitalisation Direction of the £307m to the Council under the Department's Extraordinary Financial Support programme. The Capitalisation Direction was issued in response to the S.114 Notice issued by the s.151 officer to the Council in July 2021. The s.114 Notice highlighted that the Council faced a significant unfunded financial deficit arising from financial challenges which have arisen over a number of years.

The Capitalisation Direction permits the Council to charge to capital, expenditure which would otherwise be revenue expenditure and then to finance the capitalised revenue expenditure from capital resources, namely by applying usable capital receipts and in the short-term setting aside minimum revenue provision.

The Capitalisation Direction covers the period to 31 March 2023. It has been used as follows:

	pre 1 April 2017	2017/18	2018/19	Total
	£'000	£'000	£'000	£'000
To correct incorrect capitalisation of staff costs for Agresso Support	477	1,416	1,125	3,018
To address expenditure incurred by Slough Children's Service Trust Ltd incorrectly classed as Transformation Funding	3,123	3,300	2,558	8,981
To address expenditure incurred by the Council incorrectly classed as Transformation Funding	1,009	1,517	3,997	6,523
Understatement of Minimum Revenue Provision	21,661	5,136	6,074	32,871
To correct the incorrrect treatment of Overage Income as revenue income to the General Fund	2,203	1,430	-	3,633
Additional costs in relation to the revenue outturn	4,128	-	12,690	16,818
To correct incorrect capitalisation of Property Staff	3,332	1,082	1,756	6,170
Total	**35,933**	**13,881**	**28,200**	**78,014**

Note 6: Other Operating Expenditure

2017/18 Restated*		2018/19
£'000		£'000
223	Precepts	224
1,072	Payments to the Government Housing Capital Receipts Pool	874
23,543	Gains/Losses on the Disposal of Non-Current Assets	43,050
-	Other	(2,531)
24,838	**Total**	**41,617**

** The 2017/18 comparators were restated, see Note 39 for more details.*

Note 7: Financing and Investment Income and Expenditure

2017/18 Restated*		2018/19
£'000		£'000
9,532	Interest payable and similar charges	11,735
7,656	Net interest on the net defined benefit liability (asset)	6,678
(2,609)	Interest receivable and similar income	(2,208)
(1,192)	Income and expenditure in relation to investment properties and charges in their fair value	16,908
-	Movements in fair value of financial instruments	74
-	Other investment income and expenditure	3,258
13,387	**Total**	**36,445**

Note 8: Taxation and Non-Specific Grant Income

2017/18 Restated*		2018/19
£'000		£'000
(52,328)	Council tax income	(53,343)
(31,320)	Non-domestic rates income and expenditure	(35,484)
(21,870)	Non-ringfenced government grants	(10,319)
(15,776)	Capital grants and contributions	(4,555)
-	Other tax or non-specific grant income / expenditure	(150)
(121,294)	**Total**	**(103,851)**

Note 9: Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how the Council has used available funding for the year (i.e. government grants, rents, council tax and business rates) in providing services, in comparison with those resources that the Council has consumed or earned in accordance with generally accepted accounting practices. It also shows how the Council has allocated this expenditure for decision making purposes between the Council's departments. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2017/18 Restated*					2018/19			
Net Expenditure in the Comprehensive Income and Expenditure Statement	**Capitalisation Direction**	**Adjustments between Funding and Accounting Basis**	**Net Expenditure Chargeable to the General Fund and HRA Balances**		**Net Expenditure in the Comprehensive Income and Expenditure Statement**	**Capitalisation Direction**	**Adjustments between Funding and Accounting Basis**	**Net Expenditure Chargeable to the General Fund and HRA Balances**
57,180		(12,689)	44,491	Adults and Communities	59,254		(21,338)	37,916
44,991		(22,072)	22,919	Children, Learning and Skills	56,115		(34,557)	21,558
37,591		(6,472)	31,119	Place and Development	16,918		(5,929)	10,989
538		(729)	(191)	Regeneration	7,394		(4,440)	2,954
28,152		(15,296)	12,856	Finance and Resources	15,060		(21,969)	(6,909)
1,630		(256)	1,374	Chief Executive	15,368		(4,114)	11,254
(11,555)		(4,978)	(16,533)	Housing Revenue Account	(6,682)		(17,280)	(23,962)
158,527	**-**	**(62,492)**	**96,035**	**Net Cost of Services**	**163,427**	**-**	**(109,627)**	**53,800**
(83,069)	(13,881)	13,905	(83,045)	Other Income and Expenditure	(25,789)	(28,201)	6,970	(47,020)
75,458	**(13,881)**	**(48,587)**	**12,990**	**(Surplus)/Deficit**	**137,638**	**(28,201)**	**(102,657)**	**6,780**
			(28,474)	General Fund and HRA balance brought forward**				(17,642)
			(2,158)	Plus Transfers to / from Earmarked Reserves**				(5,899)
			(17,642)	**General Fund and HRA balances carried forward****				**(16,761)**

** The 2017/18 comparators were restated, see Note 39 for more details.*

*** For analysis of split between General Fund and by HRA, see Movement in Reserves Statement.*

Note 9a: Expenditure and Funding Analysis (continued)

2017/18 Restated*					2018/19			
Adjustments for Capital Purposes	Net Change for Pension Adjustments	Other Adjustments	Total Adjustments		Adjustments for Capital Purposes	Net Change for Pension Adjustments	Other Adjustments	Total Adjustments
£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
(8,178)	(4,511)	-	(12,689)	Adults and Communities	(18,532)	(2,463)	(343)	(21,338)
(14,329)	(7,743)	-	(22,072)	Children, Learning and Skills	(30,075)	(3,935)	(547)	(34,557)
(4,122)	(2,350)	-	(6,472)	Place and Development	(5,293)	(558)	(78)	(5,929)
(470)	(259)	-	(729)	Regeneration	(3,857)	(512)	(71)	(4,440)
(9,803)	(5,493)	-	(15,296)	Finance and Resources	(19,154)	(2,471)	(344)	(21,969)
(165)	(91)	-	(256)	Chief Executive	(3,572)	(476)	(66)	(4,114)
(4,644)	(436)	102	(4,978)	Housing Revenue Account	(17,025)	(357)	102	(17,280)
(41,711)	**(20,883)**	**102**	**(62,492)**	**Net Cost of Services**	**(97,508)**	**(10,772)**	**(1,347)**	**(109,627)**
13,201	-	704	13,905	Other income and expenditure from the Funding Analysis	12,192	-	(5,222)	6,970
(28,510)	**(20,883)**	**806**	**(48,587)**	**Difference between (Surplus)/Deficit and the CIES Statement (Surplus)/Deficit on Provision of Services**	**(85,316)**	**(10,772)**	**(6,569)**	**(102,657)**

** The 2017/18 comparators were restated, see Note 39 for more details.*

Note 9b: Expenditure and Funding Analysis (continued)

Adjustments for Capital Purposes

This column adds in depreciation and impairment and revaluation gains and losses in the services line, and for:

- **Other operating expenditure** – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
- **Financing and investment income and expenditure** – the statutory charges for capital financing i.e. Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.
- **Taxation and non-specific grant income and expenditure** – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non-specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

Net Change for the Pensions Adjustments

This column adjusts for the net change for the removal of pension contributions and the addition of IAS 19 *Employee Benefits* pension related expenditure and income:

- **For services** this represents the removal of the employer pension contributions made by the authority as allowed by statute and the replacement with current service costs and past service costs.
- For **Financing and investment income and expenditure –** the net interest on the defined benefit liability is charged to the CIES.

Other Statutory Adjustments

Other statutory adjustments between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute:

Note 9b: Expenditure and Funding Analysis (continued)

- For **Financing and investment income and expenditure** the other statutory adjustments column recognises adjustments to the General Fund for the timing differences for premiums and discounts
- The charge under **Taxation and non-specific grant income and expenditure** represents the difference between what is chargeable under statutory regulations for council tax and NDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future surpluses or deficits on the Collection Fund.

Other Non-statutory Adjustments

Other non-statutory adjustments represent amounts debited/credited to service segments which need to be adjusted against the ‘Other income and expenditure from the Expenditure and Funding Analysis’ line to comply with the presentational requirements in the Comprehensive Income and Expenditure Statement:

- For **financing and investment income and expenditure** the other non-statutory adjustments column recognises adjustments to service segments, e.g. for interest income and expenditure and changes in the fair values of investment properties.
- For **taxation and non-specific grant income and expenditure** the other non-statutory adjustments column recognises adjustments to service segments, e.g. for unringfenced government grants.

Note 9c: Expenditure and Funding Analysis (continued)

Expenditure and income analysed by nature

2017/18 Restated*		2018/19
£'000		£'000
	Expenditure	
95,805	Employee Benefit Expenses	102,624
240,706	Other Service Expenses	246,797
51,238	Depreciation, Amortisation, Impairment	50,727
17,188	Interest Payments	18,413
223	Precepts and Levies	224
1,072	Payments to the Housing Capital Receipts Pool	874
23,543	Losses on disposals	43,050
429,775	**Total expenditure**	**462,709**
	Income	
(74,319)	Fees, charges and other service income	(67,496)
(3,801)	Interest and investment income	(2,208)
(83,648)	Income from council tax, non-domestic rates	(88,827)
(192,549)	Government grants and contributions	(166,540)
-	Other income	-
-	Gains on Disposals	-
(354,317)	**Total income**	**(325,071)**
75,458	**(Surplus) or Deficit on the Provision of Services**	**137,638**

** The 2017/18 comparators were restated, see Note 39 for more details.*

Note 10: Partnership Arrangements

The Council has entered into two pooled budget arrangements, the Better Care Fund and Berkshire Community Equipment Store.

Better Care Fund (BCF)

The Council began hosting the Better Care Fund from the 1st April 2015. This is part of a national initiative to pool health and social care funding of services to achieve better health and care for the local community. The Better Care Fund is a partnership between NHS England, the Ministry of Housing, Communities and Local Government, the Department of Health and Social Care and the Local Government Association

The Better Care fund is a pooled budget agreement and operates according to an agreement made under section 75 of the National Health Act 2006 between Slough Borough Council and East Berkshire Clinical Commissioning Group.

In 2018/19 the fund comprised 32 schemes (as in 2017/18) grouped under thefollowing headings:

- Proactive Care
- Single Point of Access & Integrated Care
- Strengthening Community Capacity
- Enablers, Governance & Social Care Protection

In 2018/19 Slough Borough Council funding included £2.842m of improved better care fund (BCF) grant (£2.182m in 2017/18). In accordance with the section 75 agreement, NHS funded services that are commissioned directly by the clinical commissioning group, do not require transactions to be via the Council. Consequently, the actual transfer of funding from the CCG to the Council as a result of the fund is £5.852m.

Berkshire Community Equipment Store

The Berkshire Community Equipment Store (BCES) is provided jointly by six Berkshire local authorities and the NHS in Berkshire. for the effective procurement and provision of a joint store of health and social care equipment within the region in conjunction with the South Central Ambulance NHS Trust. In 2015/16 West Berkshire Council took over as the lead Council and the accountable body (previously Slough Borough Council in 2014/15). Slough Borough Council are charged for the amount of equipment that they use.

2017/18			2018/19	
BCF	BCES		BCF	BCES
£'000	£'000		£'000	£'000
(3,494)	(305)	Authority Funding	(4,232)	(431)
(8,407)	(7,001)	Partner Funding	(8,567)	(8,946)
(11,901)	**(7,306)**	**Total Funding**	**(12,799)**	**(9,377)**
3,494	415	Authority Expenditure	4,232	431
7,756	7,141	Partner Expenditure	8,203	8,946
11,250	**7,556**	**Total Expenditure**	**12,435**	**9,377**
(651)	**250**	**Net (Surplus)/Deficit on the Pooled Budget**	**(364)**	-
(191)	**10**	**Authority Share of the Net (Surplus) / Deficit**	**(364)**	**-**

Note 11: Members' Allowances

The Council paid allowances to its members in 2018/19 of £0.490 million (£0.482 million in 2017/18).

Note 11a: Exit packages and termination benefits

The number of exit packages with total cost per band and total cost of the compulsory and other redundancies are set out in the table below.

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19
£0 - £20,000	2	**10**	4	**3**	6	**13**	84	**125**
£20,001 - £40,000	1	**5**	1	**3**	2	**8**	58	**215**
£40,001 - £60,000	-	**-**	2	**-**	2	**-**	102	**-**
£60,001 - £80,000	-	**2**	-	**-**	-	**2**	-	**129**
£80,001 - £100,000	-	**-**	1	**-**	1	**-**	99	**-**
£100,001 - £150,000	-	**-**	-	**1**	-	**1**	-	**101**
£150,001 - £200,000	-	**1**	-	**-**	-	**1**	-	**160**
£350,001 and over	1	**-**	-	**-**	1	**-**	466	**-**
Total	**4**	**18**	**8**	**7**	**12**	**25**	**809**	**730**

Note 11b: Officers' Remuneration

The remuneration of senior employees, defined as those who are members of Management Board, or those holding statutory posts is as follows:

2018/19	Salary including fees and allowances	Taxable Expenses	Total Remuneration excluding Pension costs	Employers Pension Contributions	Total Remuneration including Pension	
	£'000	£'000	£'000	£'000	£'000	*Note*
Post holder information						
Chief Executive - J Wagg	68	-	68	9	78	*1*
Interim Chief Executive - N Pallace	214	-	214	-	214	*2*
Director of Children,Learning and Skills Services	131	-	131	18	149	*4*
Interim Director of Place and Development - M England	154	-	154	-	154	*4*
Director of Finance and Resources (S151 Officer)	118	-	118	15	134	*4*
Director of Adults and Communities	131	-	131	17	148	*4*
Director of Regeneration	118	-	118	16	134	*4*
Director of Public Health	32	-	32	-	32	*6*

Note 11b: Officers' Remuneration (continued)

2017/18	Salary including fees and allowances	Compensation for loss of office	Total Remuneration excluding Pension costs	Employers Pension Contributions	Total Remuneration including Pension contributions	
	£	£	£	£	£	Note
Post holder information						
Interim Chief Executive - N Palace	30	-	30	-	30	2
Interim Chief Executive - R Parkin	113	142	255	340	595	3
Director of Children,Learning and Skills Services	61	-	61	8	69	4
Interim Director of Place and Development - M England	87	-	87	-	87	4
Director of Finance and Resources (S151 Officer)	55	-	55	7	63	4
Director of Adults and Communities	63	-	63	8	71	4
Director of Regeneration	55	-	55	7	63	4
Strategic Director of Regeneration, Hsg & Resources	75	-	75	-	75	5
Assistant Director Finance and Audit (S151 Officer)	42	-	42	6	48	5
Interim Director of Childrens Services	57	-	57	8	65	5
Assistant Director-Adult Social Care	56	-	56	8	64	5
Director of Public Health	35	-	35	-	35	6

Notes

1. 2018/19 Not full year. Start date 01/10/2018
2. 2018/19 and 2017/18 Not full years costs
3. Postholder left 19/12/17. The pension contribution amount above includes a capital payment as compensation for loss of office
4. 2017/2018 Posts created as a result of the senior management restructure implemented 02/10/2017
5. Not full year costs for 2017/18. Posts deleted as a result of the senior management restructure implemented 02/10/2017
6. The Director of Public Health costs were shared between the Berkshire Authorities. The total cost of the post in 2018/19 was £160k (£189k in 2017/18) with Slough Council's share being £32k

Note 11b: Officers' Remuneration (continued)

The Council's other employees receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) were paid the following amounts:

Remuneration band	2017/18			2018/19		
	Number of employees			Number of employees		
	Schools	Non Schools	Total	Schools	Non Schools	Total
£50,000 - £55,000	16	19	35	23	15	38
£55,000 - £60,000	16	10	26	14	20	34
£60,000 - £65,000	10	11	21	8	4	12
£65,000 - £70,000	8	5	13	6	10	16
£70,000 - £75,000	-	2	2	3	4	7
£75,000 - £80,000	4	3	7	3	6	9
£80,000 - £85,000	2	-	2	1	1	2
£85,000 - £90,000	2	-	2	2	1	3
£90,000 - £95,000	2	1	3	-	1	1
£95,000 - £100,000	2	-	2	4	1	5
£100,000 - £105,000	-	-	-	1	-	1
£105,000 - £110,000	-	-	-	-	1	1
£110,000 - £115,000	-	-	-	-	-	-
£115,000 - £120,000	-	1	1	-	-	-
£120,000 - £125,000	-	-	-	-	-	-
£125,000 - £130,000	-	-	-	-	-	-
£130,001 - £135,000	-	-	-	-	-	-
£135,001 - £140,000	1	-	1	-	-	-
£140,001 - £145,000	-	1	1	-	-	-
Total	**63**	**53**	**116**	**65**	**64**	**129**

The figures do not include staff employed by academies.

Note 12: External Audit Fees

The Council’s external auditors for the audit of the Statement of Account in 2018/19 are Grant Thornton LLP (BDO LLP in 2017/18). The Council’s external auditors for the certification of grant claims are Grant Thornton LLP (BDO LLP in 2017/18). The Authority has incurred the following expenditure for services provided by the external auditors for the relevant year:

2017/18		2018/19
£'000		£'000
128	Fees payable to external auditors with regard to external audit services carried out by the appointed auditor for the year	516
35	Fees payable to external auditors for the certification of grant claims and returns for the year	108
-	Fees payable in respect of other services provided by external auditors during the year	13
163		**637**

** The 2018/19 fee noted above is an estimate provided by Grant Thornton. Due to ongoing work, the final fee is subject to change.*

Note 13: Dedicated Schools Grant (DSG)

The Council's expenditure on schools is funded primarily by grant monies provided by the Department for Education, the Dedicated Schools Grant (DSG). An element of DSG is recouped by the Department to fund academy schools in the council's area. DSG is ringfenced and can only be applied to meet expenditure properly included in the Schools Budget, as defined in the Schools and Early Years Finance (England) Regulations 2017. Schools Budget includes elements for a range of educational services provided on an authority-wide basis and the Individual Schools Budget, which is divided into a budget share for each maintained school, funding for early years providers, and high-needs payments to providers.

2017/18				2018/19		
Central expenditure	Individual Schools budget (ISB)	Total	Schools budget funded by Dedicated Schools Grant	Central expenditure	Individual Schools budget (ISB)	Total
£'000	£'000	£'000		£'000	£'000	£'000
		160,419	Final DSG before Academy recoupment			165,744
		(92,468)	Academy figure recouped			(97,835)
		67,951	**Total DSG after recoupment**			**67,909**
		2,387	Brought forward DSG			(5,388)
		-	Less carry forward agreed in advance			-
31,378	**38,960**	**70,338**	**Agreed Initial budgeted distribution**	**27,686**	**34,835**	**62,521**
(329)	-	(329)	In year adjustments	(368)	-	(368)
31,049	**38,960**	**70,009**	**Final Budgeted Distribution**	**27,318**	**34,835**	**62,153**
(36,437)		(36,437)	less Actual central expenditure	(34,651)	-	(34,651)
-	(38,960)	(38,960)	less Actual ISB deployed to schools	-	(34,700)	(34,700)
-	-	-	plus local authority contributions for the year	-	-	-
(5,388)	**-**	**(5,388)**	**Carry Forward**	**(7,333)**	**135**	**(7,198)**

Note 14: Grant Income

The authority credited the following grants and contributions to the Comprehensive Income and Expenditure Statement

2017/18 Restated*		2018/19
£'000		£'000
	Credited to Taxation and non-specific grant income	
	Non-ringfenced government grants	
(13,181)	Revenue Support Grant	-
(3,678)	PFI Grant	(3,678)
(989)	Section 31 Grant	(3,020)
(3,195)	New Homes Bonus Grant	(2,749)
(827)	Other grants	(872)
(21,870)	**Total of Non-ringfenced government grants**	**(10,319)**
(15,776)	Capital grant and contributions	(3,346)
(37,646)	**Total credited to Taxation and non-specific grant income**	**(13,665)**
	Credited to services	
(62,460)	Dedicated Schools Grant	(67,541)
(69,301)	DWP Subsidy	(63,852)
(7,763)	Public Health Grant	(7,563)
(2,360)	Pupil Premium	(1,926)
(1,899)	YPLA Post 16 Funding	(1,714)
(1,018)	Schools grant	(1,312)
(648)	Children Services Grant	(795)
(603)	DWP Subsidy - Administration	(549)
(500)	Access Fund Grant (DFT)	(499)
(299)	Flexible Homelessness Grant	(476)
(1,082)	Skills Funding Agency	(463)
(6,970)	Other grants	(6,185)
(154,903)	**Total of Government Grant credited to Net Cost of Services**	**(152,875)**
(192,549)	**Total of grants and contributions to the Comprehensive Income and Expenditure Statement**	**(166,540)**

** The 2017/18 comparators were restated, see Note 39 for more details.*

Note 15: Adjustments Between Accounting Basis and Funding Basis Under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Council in the year in accordance with proper accounting practice to arrive at the resources that are specified by statutory provisions as being available to the authority to meet future capital and revenue expenditure.

2018/19	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
Adjustments to the Revenue Resources						
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:						
Pensions costs (transferred to (or from) the Pensions Reserve)	(10,415)	(357)	-	-	-	10,772
Financial instruments (transferred to the Financial Instruments Adjustments Account)	165	102	-	-	-	(267)
Council tax and NDR (transfers to or from Collection Fund Adjustment Account)	(5,367)		-	-	-	5,367
Holiday pay (transferred to the Accumulated Absences Reserve)	297		-	-	-	(297)
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account):	(80,483)	(31,344)	-	-	(7,730)	119,557
Adjustments between Revenue and Capital Resources:						
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	3,710	5,073	(8,783)	-	-	-
Administrative costs of non-current asset disposals (funded by a contribution from the Capital Receipts Reserves	(371)	(30)	401	-	-	-
Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	(874)		874	-	-	-
Posting of HRA resources from revenue to the Major Repairs Reserve		8,776		(8,776)	-	-
Capital receipts applied to repayment of debt				-	-	-
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	8,173			-	-	(8,173)
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	1,554	500	-	-	-	(2,054)
Adjustments to Capital Resources:						
Use of the Capital Receipts Reserve to finance capital expenditure	-	-	10,192	-	-	(10,192)
Use of the Major Repairs Reserve to finance capital expenditure	-	-	-	12,069	-	(12,069)
Application of capital grants to finance capital expenditure	-	-	-	-	13,133	(13,133)
Cash payments in relation to deferred capital receipts	-		(5,554)	-	-	5,554
Other adjustments	(1,746)	(1)	641	(643)	8,727	(6,978)
Total Adjustments	**(85,357)**	**(17,281)**	**(2,229)**	**2,650**	**14,130**	**88,087**

Note 15: Adjustments Between Accounting Basis and Funding Basis Under Regulations (continued)

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Council in the year in accordance with proper accounting practice to arrive at the resources that are specified by statutory provisions as being available to the authority to meet future capital and revenue expenditure.

2017/18 Restated*	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
Adjustments to the Revenue Resources						
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:						
Pensions costs (transferred to (or from) the Pensions Reserve)	(20,448)	(436)	-	-	-	20,884
Financial instruments (transferred to the Financial Instruments Adjustments Account)	170	102	-	-	-	(272)
Council tax and NDR (transfers to or from Collection Fund Adjustment Account)	534	-	-	-	-	(534)
Holiday pay (transferred to the Accumulated Absences Reserve)			-	-	-	-
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account):	(37,330)	(29,399)	-	-	(13,782)	80,511
Adjustments between Revenue and Capital Resources:						
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	6,642	8,095	(14,737)	-	-	-
Administrative costs of non-current asset disposals (funded by a contribution from the Capital Receipts Reserves	(308)	(48)	356	-	-	-
Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	(1,072)		1,072	-	-	-
Posting of HRA resources from revenue to the Major Repairs Reserve	-	11,708		(11,708)	-	-
Capital receipts applied to repayment of debt	-			-	-	-
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	6,503			-	-	(6,503)
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	1,700	5,000		-	-	(6,700)
Adjustments to Capital Resources:						
Use of the Capital Receipts Reserve to finance capital expenditure	-	-	5,625	-	-	(5,625)
Use of the Major Repairs Reserve to finance capital expenditure	-	-	-	10,626	-	(10,626)
Application of capital grants to finance capital expenditure	-	-	-	-	32,019	(32,019)
Cash payments in relation to deferred capital receipts	-		(3,200)	-	-	3,200
Total Adjustments	**(43,609)**	**(4,978)**	**(10,884)**	**(1,082)**	**18,237**	**42,316**

Note 16: Transfers to/from Earmarked Reserves

This note sets out the amounts set aside from the General Fund and HRA balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund and HRA expenditure.

Movement in Earmarked reserves	1st April 2017	Transfers Out	Transfers In	Balance at 31st March 2018 Restated*	Transfers Out	Transfers In	Balance at 31st March 2019
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Capital Fund	(352)	-	352	**-**	(527)	506	(21)
Building Control	(24)		**-**	**(24)**	(98)	**-**	(122)
Specific Grants (Revenue)	(167)		-	**(167)**	-	-	(167)
MTFS Reserve	(4,266)	(1,901)	1,421	**(4,746)**	(456)	1,335	(3,867)
Housing Renewals Reserve	(89)		-	**(89)**	(2)	-	(91)
General Fund earmarked reserves	**(4,898)**	**(1,901)**	**1,773**	**(5,026)**	**(1,083)**	**1,841**	**(4,268)**
Dedicated Schools Grant	-		3,226	**3,226**		3,970	7,196
Schools - Other	(2,258)	(3,405)	1,145	**(4,518)**	(3,568)	4,739	(3,347)
Schools total	**(2,258)**	**(3,405)**	**4,371**	**(1,292)**	**(3,568)**	**8,709**	**3,849**
Total Earmarked reserves	**(7,156)**	**(5,306)**	**6,144**	**(6,318)**	**(4,651)**	**10,550**	**(419)**

Name	**Purpose**
Capital Fund	To provide funding for the capital programme.
Building Control	To hold any (surpluses)/deficits arising from the separate rolling trading account as required under statutory requirements.
Specific Grants	To hold revenue grant income received for which there are no conditions but which are earmarked for specific projects.
MTFS Reserve	To assist with the future sustainability of the Council.
Dedicated Schools Grant	To hold the ring-fenced Dedicated Schools Grant balance which is currently in deficit.
Schools resefves	To hold unused balances of budgets delegated to individual schools, which are not available to the Council for general use.

Note 17: Property, Plant and Equipment

Values as at 31 March 2019

The tables on the following pages show a breakdown of the opening and closing values of PPE assets and summarise the transactions during the year, for each class of asset.

Movements in 2018/19	Operational assets					Non-operational assets		Total
	Council dwellings	Other land and buildings	Vehicles, plant and equipment	Infrastructure assets	Community assets	Surplus assets	Assets under construction	Property, plant and equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation								
At 1 April 2018	**499,657**	**193,955**	**63,700**	**105,462**	**9,419**	**17,008**	**49,230**	**938,431**
Adjustments to cost/value & depreciation/impairment	(8,768)	(3,256)	(15)	**-**	**-**	(12)	**-**	(12,051)
Additions	12,798	56,759	1,132	6,345	54	496	19,498	97,082
Revaluation increases/(decreases) recognised in the revaluation reserve	47,474	18,924	(1,808)	-	-	(10,030)	189	54,749
Revaluation increases/(decreases) recognised in the surplus/(deficit) on the provision of services	(11,805)	(16,619)	(3,495)	-	-	(6,651)	(1,280)	(39,850)
Derecognition – disposals	(2,862)	(24,345)	(5,276)	-	-	(570)	(173)	(33,226)
Other transfers/movements	3,572	8,288	408	482	-	16,919	(28,274)	1,395
At 31 March 2019	**540,066**	**233,706**	**54,646**	**112,289**	**9,473**	**17,160**	**39,190**	**1,006,530**
Accumulated depreciation and impairment								
At 1 April 2018	**(6,459)**	**(1,991)**	**(14,366)**	**(40,543)**	**(26)**	**(174)**	**(3)**	**(63,562)**
Adjustments to cost/value & depreciation/impairment	8,768	3,256	15	**-**	**-**	12	**-**	12,051
Depreciation charge	(8,696)	(3,142)	(3,764)	(6,614)	-	(16)	-	(22,232)
Depreciation written out to the revaluation reserve	-	-	-	-	-	-	-	-
Depreciation written out to the surplus/(deficit) on the provision of services	-	-	-	-	-	-	-	-
Derecognition – disposal	108	352	109	-	-	2	-	571
Other transfers/movements	6	(1)	-	-	-	(2)	-	3
At 31 March 2019	**(6,273)**	**(1,526)**	**(18,006)**	**(47,157)**	**(26)**	**(178)**	**(3)**	**(73,169)**
Net book value at 31 March 2018	**493,198**	**191,964**	**49,334**	**64,919**	**9,393**	**16,834**	**49,227**	**874,869**
Net book value at 31 March 2019	**533,793**	**232,180**	**36,640**	**65,132**	**9,447**	**16,982**	**39,187**	**933,361**

Note 17: Property, Plant and Equipment (continued)

Values as at 31 March 2018

The tables on the following pages show a breakdown of the opening and closing values of PPE assets and summarise the transactions during the year, for each class of asset.

Movements in 2017/18	Operational assets					Non-operational assets		Total
	Council dwellings	Other land and buildings	Vehicles, plant and equipment	Infrastructure assets	Community assets	Surplus assets	Assets under construction	Property, plant and equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation								
At 1 April 2017	**486,946**	**190,681**	**54,580**	**118,933**	**8,200**	**27,421**	**29,128**	**915,889**
Prior period adjustment	(2,072)	(6,362)	(15,600)	(25,769)	-	(4,989)	(771)	(55,563)
Restated at 1 April 2017	**484,874**	**184,319**	**38,980**	**93,164**	**8,200**	**22,432**	**28,357**	**860,326**
Adjustments to cost/value & depreciation/impairment	(9,007)	(5,496)	(1,591)	-	-	(131)	-	(16,225)
Additions	8,390	36,490	6,567	12,298	308	1,335	50,850	116,238
Revaluation increases/(decreases) recognised in the revaluation reserve	19,165	3,886	411	-	-	1,322	(40)	24,744
Revaluation increases/(decreases) recognised in the surplus/(deficit) on the provision of services	(9,829)	(17,325)	3,553	-	-	(113)	(212)	(23,926)
Derecognition – disposals	(6,773)	(5,463)	(648)	-	-	(4,913)	(3,029)	(20,826)
Other transfers/movements	12,837	(2,456)	16,428	-	911	(2,924)	(26,696)	(1,900)
At 31 March 2018	**499,657**	**193,955**	**63,700**	**105,462**	**9,419**	**17,008**	**49,230**	**938,431**
Accumulated depreciation and impairment								
At 1 April 2017	**(6,400)**	**(3,271)**	**(29,031)**	**(21,618)**	**(16)**	**(558)**	**-**	**(60,894)**
Prior period adjustment	4	317	15,600	(12,714)	**-**	9	**-**	3,216
Restated at 1 April 2017	**(6,396)**	**(2,954)**	**(13,431)**	**(34,332)**	**(16)**	**(549)**	**-**	**(57,678)**
Adjustments to cost/value & depreciation/impairment	9,007	5,496	1,591	-	-	131	-	16,225
Depreciation charge	(9,185)	(4,675)	(3,098)	(6,211)	-	(77)	-	(23,246)
Depreciation written out to the revaluation reserve	-	-	-	-	-	-	-	-
Depreciation written out to the surplus/(deficit) on the provision of services	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Derecognition – disposal	121	199	506	-	-	308	-	1,134
Other transfers/movements	(6)	(57)	66	-	(10)	13	(3)	3
At 31 March 2018	**(6,459)**	**(1,991)**	**(14,366)**	**(40,543)**	**(26)**	**(174)**	**(3)**	**(63,562)**
Net book value at 31 March 2017	**478,478**	**181,365**	**25,549**	**58,832**	**8,184**	**21,883**	**28,357**	**802,648**
Net book value at 31 March 2018	**493,198**	**191,964**	**49,334**	**64,919**	**9,393**	**16,834**	**49,227**	**874,869**

Note 17: Property, Plant and Equipment (continued)

Revaluations

The Council undertakes a rolling programme that ensures that all relevant property, plant and equipment required to be measured at current value is measured at least every five years. The valuations for 2018/19 have been undertaken by external valuers 'Wilkes Head and Eve'.

Valuations of land and buildings have been carried out in accordance with the methodologies and bases of estimation, as set out in the professional standards of the Royal Institute of Chartered Surveyors. Currently we do not re-value vehicles, plant, furniture or equipment assets as these tend to be of a finite (short term) life.

Specialised properties are assumed to have no active market but the land element could potentially be sold at its market value. It is assumed the building costs would be in line with the published indices.

The following table shows the progress of the Council's rolling programme for the revaluation of council dwellings, land and buildings as at 31st March 2019:

	2018/19 **£'000**
Council Dwellings	533,793
Land and Buildings	232,180
Surplus	16,982
Assets subject to valuation	**782,955**
Infrastructure	65,132
Community	9,447
Vehicles, Plant and Equipment	36,640
Assets under Construction	39,187
Assets not subject to valuation	**150,406**
Total value of assets	**933,361**

Note 17: Property, Plant and Equipment (continued)

Assets that are Revalued – by Category

	Council dwellings	Other land and buildings	Surplus assets	Total
	£'000	£'000	£'000	£'000
Carried at historical cost Valued at current value as at:	2,746	44,834	-	47,580
31/03/2019	535,670	184,899	16,425	736,994
31/03/2018	-	1,533	1,115	2,648
31/03/2017	-	2,682	-	2,682
31/03/2016	-	-	-	-
31/03/2015	-	1,405	-	1,405
31/03/2014	-	-	-	-
Total Cost or valuation	**538,416**	**235,353**	**17,540**	**791,309**

- Council dwellings - the assumption is that the Beacon assets are typical of their asset class and that all properties will continue to be let for social housing purposes.
- Surplus assets - Are valued and assumed that they are comparable to similar assets in the local market with planning permission. This is a level 2 valuation under the Fair Value Hierarchy.
- For other property, plant and equipment it is assumed that local market conditions provide an accurate guide as to the appropriate valuations.

Note 18: Capital Commitments

At 31st March 2019, the Council has committed to projects for the construction or enhancement of Property, Plant and Equipment in 2019-20 and beyond. The budgeted cost of these commitments is expected to cost £250.405m (31st March 2018 £271.963m).

The major commitments at 31st March 2019 (these represent the approved budgets rather than actual contractual commitments) are:

	Commitments in 2019-20	Commitments in Future Years	Total Commitments
	£'000	£'000	£'000
SEN Resources Expansion	3,955	1,750	5,705
Special School Expansion- Primary,Secondary & Post 16	10,877	0	10,877
Secondary Expansion Programme	13,178	5,850	19,028
James Elliman Homes	10,700	32,800	43,500
IT Infrastructure Refresh	3,345	1,050	4,395
Hub Development	5,100	10,000	15,100
New Corporate Headquarters	7,591	0	7,591
Capital Works following stock condition	3,799	7,200	10,999
Strategic Acquisitions	26,303	0	26,303
TVU development	9,031	0	9,031
Hotel development	17,271	10,000	27,271
Nova House Capital Loan	6,045	0	6,045
Affordable Housing	24,384	11,017	35,401
Fire Risk Assessment Works	5,000	0	5,000
Stoke Road LEP Scheme	4,349	6,540	10,889
MRT Phase 2 LEP Scheme	13,270	0	13,270
Total	**164,198**	**86,207**	**250,405**

Note 19: Investment Property

Investment properties are measured initially at cost and subsequently at fair value. Investment properties are not depreciated but a revalued annually according to market conditions at the year-end.

The following table summaries the movement in the fair value of investment properties over the year.

2017/18 Restated*		2018/19
£'000		£'000
38,141	**Balance at 1 April**	**55,835**
(2,407)	Restatement of opening balance	-
35,734	**Restated balance at 1 April**	**55,835**
22,240	Additions	17,143
187	Enhancement	10,168
(4,693)	Disposals	-
612	Transfers (to)/from PPE	(113)
1,755	Gains/(losses) in fair value	(16,908)
55,835	**Balance at 31 March**	**66,125**

** The 2017/18 comparators were restated, see Note 39 for more details.*

2017/18	As originally stated	Restatement	Restated
	£'000	£'000	£'000
Balance at 1 April	**38,141**	**-**	**38,141**
Additions	33,485	(11,245)	22,240
Other movement	-	-	-
Enhancement	186	1	187
Disposals	(3,800)	(893)	(4,693)
Gains/(losses) in fair value	(356)	2,111	1,755
Transfers (to)/from PPE	-	612	612
Balance at 31 March	**67,656**	**(9,414)**	**58,242**

The following items have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement

2017/18		2018/19
£'000		£'000
(1,307)	Rental income from investment property	-
717	Direct operating expenses arising from investment property	-
(590)	**Total**	**-**

Note 20: Leases

The Authority has acquired has entered into a number of deemed finance leases in order to acquire Buildings, Information Technology, vehicles and Equipment.

Council as lessee

Finance leases

The assets acquired under these leases are carried as Property, Plant and Equipment in the Balance Sheet at the following net amounts:

2017/18		2018/19
£'000		£'000
7,443	Other Land and Buildings	5,362
364	Vehicles, Plant, Furniture, Equipment and Other	287
7,807		**5,649**

The Council is committed to making minimum payments under these leases comprising settlement of the long-term liability for the interest in the property acquired by the Council and finance costs that will be payable by the Council in future years while the liability remains outstanding. The minimum lease payments are made up of the following amounts:

2017/18		2018/19
£'000		£'000
	Finance lease liabilities (net present value of minimum lease payments):	
998	- current (not later than one year)	1,009
6,604	- non-current (later than one year)	6,017
411	Finance costs payable in future years	321
8,013		**7,347**

No contingent rentals were recognised as an expense in the Comprehensive Income and Expenditure Account, during the year, and no future sub lease income is expected to be received, as all assets are used exclusively by the Council.

2017/18			2018/19	
Minimum lease payments	Finance lease liabilities		Minimum lease payments	Finance lease liabilities
£'000	£'000		£'000	£'000
1,090	998	Not later than 1 year	1,090	1,009
3,066	3,217	Later than 1 year and not later than 5 years	2,771	2,592
3,857	3,593	Later than 5 years	3,486	3,419
8,013	**7,808**		**7,347**	**7,020**

Note 20: Leases (continued)

Operating Leases

The Council enters into operating lease agreements to acquire the use of plants, vehicles and equipment. The future minimum lease payments are made up of the following amounts:

2017/18		2018/19
£'000		£'000
757	Not later than 1 year	578
1,026	Later than 1 year and not later than 5 years	578
1,228	Later than 5 years	1,099
3,011		**2,255**

Council as lessor

Operating Leases

The future minimum lease payments receivable under non-cancellable leases in future years are:

2017/18		2018/19
£'000		£'000
3,399	- current (not later than one year)	3,123
11,886	- non-current (later than one year)	11,534
29,333	Finance costs payable in future years	26,455
44,618		**41,112**

Note 21: Service Concession Arrangements

Service concession arrangement and Private Finance Initiative (PFI), are an outsourcing method between a public sector body (Slough Borough Council), and a private sector organisation to often design and build a facility which can then be used to deliver public services.

A PFI arrangement in essence transfers responsibility, but not accountability to theprivate sector organisation. For Slough all of the PFI contracts relate to buildings

Each PFI scheme is unique and is designed and build to facilitate the specific needs of the council. A detailed contract is entered into which will set out the specification of the service to be provided, how long the agreement is for and will usually have very specific clauses in that specify exactly who received services provided and will furthermore give the Council the ability to restrict who the operator provides services to.

Under a PFI contract the operator is obliged to hand over the facility at the end of the contract in a specified condition at no additional cost to the Council

Schools PFI Scheme

The final business case for the Council’s PFI project was approved by Department for Education & Schools in August 2006. The PFI contract was signed on 3rd August 2006 for the provision and replacement of three schools, which was a long term commitment for the provision of accommodation and facilities management for a period of 28 years. 35% of the payment to the contractor over the life of the contract (“the unitary charge”) is adjusted annually in line with the Retail Price Index. The monthly payment is subject to scrutiny and adjustment for the level and quality of service provided. During 2006/07, the Council entered into a Private Finance Initiative contract for the design, build and operation of three schools Penn Wood, Beechwood and Arbour Vale. The contract is for a period of 28years.

- Penn Wood became operational on 26th February 2007
- Beechwood and Arbour Value schools both became operational from 3rd September 2007

Under International Financial Reporting Standards (IFRS) the PFI assets recognised as Property Plant and Equipment on the Balance Sheet and are subject to revaluation every five years (as part of the normal valuation cycle of non-current assets. The assets are subject to depreciation and impairment as normal assets.

The initial cost under the contract for the design and build element is recognised on the Balance Sheet. This is being written down over the life of the contract as payments are made under the contract. The Council is committed to make total payments of circa £229.3m over the life of the contract. The monthly payments to the contractor are often refered to as a Unitary payment which incorporates the three distinctive elements of the scheme (Capital repayment, Interest and Service charge). The capital cost is set against the liability for the purchase cost, the interest element is charged against interest payable in the accounts, and the service elements is charged to 'Children's Learning and Skills' expenditure in the Comprehensive Income and Expenditure account.

Movement in PFI Assets

PFI Schools		PFI Schools
£'000		£'000
34,637	**Opening balance**	**41,090**
-	Adjustments to cost/value & depreciation/impairment	-
182	Additions	4
-	Revaluation increases/(decreases) recognised in the revaluation reserve	3,279
(714)	Depreciation charge	(234)
6,985	Derecognition - disposals	(32,148)
41,090		**11,991**

Note 21: Service Concession Arrangements (continued)

Beechwood / Arbour Vale

In 2016/17 Beechwood School transferred to an Academy and Arbour Vale transferred in 2018/19.

Under International Financial Reporting Standards (IFRS) the PFI assets are recognised as Property Plant and Equipment on the Balance Sheet and are subject to revaluation every five years (as part of the normal valuation cycle of non-current assets). The assets are subject to depreciation and impairment as normal assets.

However as these two schools have converted to Academies the Council lost control and is not entitled to recognise the Schools as assets on the Councils Balance Sheet, they have therefore been de-recognised as assets in the Council's accounts (removed from).

The full element of the liability to the operator is still shown in the books of the Council, as the Council is ultimately responsible for the payment of the Complete Unitary Charge

Both schools are now making contributions to the Council to cover their elements of the Unitary Charge (net of all associated PFI credits the Council received)

Payments

The Council makes payments to the PFI operators which cover the charge for services provided, repayment of the liability in respect of each contract and interest on those liabilities. Payments remaining to be made under the three contracts at the year-end are set out below.

2017/18					2018/19			
Service cost	**Repayment of liability**	**Interest**	**Total**		**Service cost**	**Repayment of liability**	**Interest**	**Total**
£'000	**£'000**	**£'000**	**£'000**		**£'000**	**£'000**	**£'000**	**£'000**
(2,264)	(1,262)	(2,794)	(6,320)	within 1 year	(2,316)	(1,379)	(2,696)	(6,391)
(12,085)	(4,603)	(10,175)	(26,863)	within 2-5 years	(12,730)	(4,809)	(9,818)	(27,357)
(16,307)	(8,441)	(10,347)	(35,095)	within 6-10 years	(16,896)	(9,080)	(9,691)	(35,667)
(16,597)	(13,141)	(6,499)	(36,237)	within 11-15 years	(17,043)	(14,233)	(5,478)	(36,754)
(8,463)	(8,516)	(1,118)	(18,097)	within 16-20 years	(5,063)	(5,200)	(456)	(10,719)
(55,716)	**(35,963)**	**(30,933)**	**(122,612)**	**Closing balance**	**(54,048)**	**(34,701)**	**(28,139)**	**(116,888)**

Note 21: Service Concession Arrangements (continued)

Movement on the value of the liabilities

Although the payments made to each contractor are described as unitary payments, they have been calculated to compensate each contractor for the fair value of the services they provide, the capital expenditure incurred and interest payable whilst the capital expenditure remains to be reimbursed. The liability outstanding to be paid to the contractors for capital expenditure is set out below.

2017/18		2018/19
£'000		£'000
(35,816)	**Balance at 1 April**	**(35,963)**
847	Repayment	1,262
(994)	Other movements	-
(35,963)	**Balance at 31 March**	**(34,701)**

Note 22: Capital Expenditure and Financing

The capital financing requirement (CFR) is a Prudential Code indicator which shows the underlying need for the Council to borrow to fund its non current assets. The requirement is increased by capital expenditure financed from borrowing and decreased by revenue or capital resources put aside for the repayment of debt. An explanation of the movement in the year ended 31 March 2019 is shown in the table below.

Total expenditure incurred on improvement, enhancement and acquisition of non-current assets in 2018/19 was £166.252m (£168.580m in 2017/18). This is made up of £150.103m of capital expenditure and £16.149m of REFCUS expenditure. The financing sources used are shown below and include amounts used to finance REFCUS expenditure.

2017/18 Restated*		2018/19
£'000		£'000
356,313	**Opening capital financing requirement**	**484,213**
18,530	Restatement of opening balance*	-
374,843	**Restated opening capital financing requirement**	**484,213**
	Capital investment	
117,273	Property, plant and equipment	97,082
22,427	Investment Properties	27,311
188	Intangible Assets	419
14,654	Revenue expenditure funded from capital under statute	9,676
6,724	Loans to James Elliman Homes Ltd	23,200
13,881	Capitalisation Direction	28,201
175,147	**Total capital investment**	**185,889**
	Sources of finance	
(5,625)	- Capital receipts	(10,192)
(36,323)	- Government grants and other contributions	(18,686)
(10,626)	- Major repairs reserve	(12,069)
	Sums set aside from revenue	
(6,700)	- Direct revenue financing	(2,054)
(6,503)	- Minimum revenue provision	(8,173)
(65,777)	**Total sources of finance**	**(51,174)**
484,213	**Closing capital financing requirement**	**618,928**
	Explanation of movements in year:	
(6,503)	Minimum revenue provision	(8,173)
13,881	Capitalisation Direction	28,201
101,992	Increase/decrease in underlying need to borrow	114,687
109,370	**Increase/(decrease) in CFR for the year**	**134,715**

** The opening balance was restated to reflect changes to the balance sheet at 1 April 2017, and the expenditure on property, plant and equipment was oncreased by £16.138m to reflect the creditor for the purchase of the Thames Valley University site, which had been omitted from te 2017/18 accounts. For more details see Note 39 Prior Period Adjustments*

Note 23: Financial Instruments

Following the adoption of IFRS 9 Financial Instruments with effect from 1 April 2018, financial assets have been reclassified into the new classifications based on IFRS 9

	Balance at 1 April 2018						New classifications at 1 April 2018		
	Carrying amount brought forward	Correction to exclude equity and loans to James Elliman Homes Ltd	Correction to exclude loan notes to SUR	Correction to reclassify trade debtors	Restatement	Restated balance brought forward	Amortised cost	Fair value through other comprehensive income	Fair value through profit and loss
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
		Note 1	Note 2		Note 3				
Previous classification									
Long-term									
Loans and receivables									
Investments									
Debtors	12,196	(4,034)			471	8,633	8,633		
Cash and cash equivalents									
Available for sale assets									
Investments	18,895	(2,689)				16,206			16,206
Short-term									
Loans and receivables									
Investments	16,113	(47)	(10,986)			5,080	5,080		
Debtors	19,422			(10,762)		8,660	8,660		
Cash and cash equivalents	9,900					9,900	9,900		
Available for sale assets									
Investments	2,695					2,695			2,695
Original amounts at 1 April 2018	**79,221**	**(6,770)**	**(10,986)**	**(10,762)**	**471**	**51,174**			
Reclassified amounts at 1 April 2018							**32,273**	**-**	**18,901**

There were no gains or losses arising from remeasurement as a result of reclassification.

Notes

The opening balances at 1 April 2018 have been restated for the following reasons:

1. the equity in and loans to James Elliman Homes Ltd have been excluded from the financial instrument disclosures as the Council's interests in the company are consolidated in the Group Accounts.
2. the loan notes to SUR LLP have been excluded from the financial instrument disclosures as the Council's interests in SUR LLP are consolidated in the Group Accounts.
3. the balance of long-term debtors was restated as part of the Prior Period Adjustment in relation to overage.

Note 23: Financial Instruments (continued)

Analysed by Category

2017/18				2018/19		
Non-Current	Current	Total		Non-Current	Current	Total
£'000	£'000	£'000		£'000	£'000	£'000
			Financial Assets			
			Loans and receivables			
-	5,080	5,080	Investments	-	-	-
8,633	8,660	17,293	Finance lease	-	-	-
-	9,900	9,900	Cash and cash equivalents	-	-	-
			Available for Sale assets			
16,206	2,695	18,901	Investments	-	-	-
24,839	**26,335**	**51,174**		**-**	**-**	**-**
			Amortised cost			
-	-	-	Investments	-	44,019	44,019
-	-	-	Trade Debtors	7,277	10,633	17,910
-	-	-	Cash and cash equivalents	-	19,879	19,879
24,839	**26,335**	**51,174**		**7,277**	**74,531**	**81,808**
			Fair Value Through Profit and Loss			
-	-	-	Investments	19,684	163	19,847
49,678	**52,670**	**102,348**	**Total financial assets**	**26,961**	**74,694**	**101,655**
			Financial Liabilities			
			Amortised cost			
(170,341)	(152,760)	(323,101)	Loans outstanding	(304,216)	(214,682)	(518,898)
(34,701)	(1,262)	(35,963)	PFI contracts	(33,322)	(1,379)	(34,701)
(6,810)	(998)	(7,808)	Finance leases	(6,011)	(1,009)	(7,020)
(21,636)	(48,936)	(70,572)	Trade creditors	(6,060)	(39,197)	(45,257)
(233,488)	**(203,956)**	**(437,444)**	**Total financial liabilities**	**(349,609)**	**(256,267)**	**(605,876)**

Classification of financial assets

The classification of financial assets in 2017/18 follows the IAS39 classification, while the classification in 2018/19 follows the IFRS9 classification which the Code adopted prospectively with effect from 1 April 2018

Note 23: Financial Instruments (continued)

Out of scope assets

In addition to the above financial instruments, the Council has:

a. an equity interest in James Elliman Homes Ltd;
b. advanced loans to James Elliman Homes Ltd; and
c. advanced loan notes to SUR LLP

These have been excluded from the financial instrument disclosures as they are scoped out of the Code's financial instrument reporting requirements, because the Council consolidates both James Elliman Homes Ltd and SUR LLP into its group accounts.

The sums involved are:

2017/18	Long-term debtors	2018/19
£'000		£'000
13,893	Long-term debtors balance per the Balance Sheet	31,209
	LESS out of scope assets	
(5,260)	Loan to James Elliman Homes Ltd	(23,932)
8,633	**Remaining long-term debtors classified as financial instruments:**	**7,277**
8,633	Loans and receivables in 2017/18	-
-	Assets at amortised cost in 2018/19	7,277
8,633		**7,277**

2017/18	Short-term investments	2018/19
£'000		£'000
18,808	Short-term investments balance per the Balance Sheet	48,545
	LESS out of scope assets	
(10,986)	Loan to SUR	(4,363)
(47)	Interest accrual on loan to James Elliman Homes Ltd	
7,775	**Remaining short-term investments classified as financial instruments:**	**44,182**
5,080	Loans and receivables in 2017/18	-
2,695	Available for sale assets in 2017/18	-
-	Assets at amortised cost in 2018/19	44,019
-	Fair value through profit and loss in 2018/19	163
7,775		**44,182**

Note 23: Financial Instruments (continued)

2017/18 £'000	Long-term investments	2018/19 £'000
17,670	Long-term investments balance per the Balance Sheet	25,056
	LESS out of scope assets	
(1,464)	Equity in James Elliman Homes Ltd	(5,372)
16,206	**Remaining long-term investments classified as financial instruments:**	**19,684**
16,206	Available for sale assets in 2017/18	-
-	Fair value through profit and loss in 2018/19	19,684
16,206		**19,684**

Income, Expense, Gains and Losses

2017/18				2018/19		
Financial Liabilities	Financial Assets			Financial Liabilities	Financial Assets	
Liabilities at amortised cost	Loans and Receivables	Available for Sale		Liabilities at amortised cost	Loans and Receivables	Fair value through profit and loss
£'000	£'000	£'000		£'000	£'000	£'000
			Expense:			
9,532	-	-	Interest expense	11,735	-	-
-	-	-	Loss on financial assets at FVTPL	-	-	46
9,532	**-**	**-**	**Net expense in (Surplus)/Deficit on the Provision of Services**	**11,735**	**-**	**46**
			Revenue:			
-	(1,166)	-	Interest income	-	(1,089)	-
-	-	-	(Gain) on financial assets at FVTPL	-	-	(24)
-	-	(607)	Distributions from Available for Sale assets	-	-	-
-	-	-	Distributions from FVTPL assets	-	-	(701)
-	**(1,166)**	**(607)**	**Total income in (Surplus)/Deficit on the Provision of Services**	**-**	**(1,089)**	**(725)**
			Unrealised (gains) and losses			
-	-	(488)	Gains on revaluation	-	-	-
-	**-**	**(488)**	**(Surplus)/Deficit arising from revaluation of financial assets in Other Comprehensive Income and Expenditure**	**-**	**-**	**-**

Note 23: Financial Instruments (continued)

Fair value through Other Comprehensive Income instruments

The Council has two wholly owned subsidiaries which are not consolidated into the Group Accounts, namely Ground Rent Estates 5 Ltd and Development Initiative for Slough Housing Ltd.

Because the business model is to hold the companies for the long-term rather than to trade, they are classed as fair value through other comprehensive income.

However the carrying values of the two companies are negligible at £11,000 combined. Therefore no further disclosure is made.

Out of scope assets

In addition to the above financial instruments, the Council has:

a. an equity interest in James Elliman Homes Ltd; and

b. advanced loans to James Elliman Homes Ltd; and

c. advanced loan notes to SUR LLP

Both of which generate interest receivable to the Council.

These have been excluded from the financial instrument disclosures above as they are scoped out of the Code's financial instrument reporting requirements, because the Council consolidates both James Elliman Homes Ltd and SUR LLP into its group accounts, but is disclosed below:

2017/18		2018/19
£'000		**£'000**
(2,609)	Interest income per Note 12	(2,126)
	LESS income from out of scope assets:	
105	Interest on Loan to James Elliman Homes Ltd	(423)
731	Interest on Loans to Slough Urban Renewal LLP	759
(1,773)	**Income from financial instruments analysed:**	**(1,790)**
(1,166)	Interest income	(1,089)
(607)	Distributions from Available for Sale Assets in 2017/18	-
-	Distributions from Fair Value through Profit and Loss Assets in 2018/19	(701)
(1,773)		**(1,790)**

Note 23: Financial Instruments (continued)

Material soft loans made by the Authority

Loan to James Elliman Homes Ltd

The loan to James Elliman Homes Ltd to acquire and redevelop housing in the borough is deemed to be a material soft loan.

Interest is charged at 3%.

	2017/18	2018-19
	£	£
Opening balance	**-**	**5,259,896**
Nominal value of new loans granted in the year	6,723,610	23,200,000
Fair value adjustment on initial recognition	(1,558,066)	(4,892,202)
Loans repaid	(63,875)	(486,051)
Impairment losses	-	-
Increase in discounted amount	158,226	850,408
Other changes	-	-
Closing balance	**5,259,895**	**23,932,051**
Nominal value of loans	6,723,610	29,923,610

Valuation assumptions

The interest rate at which the fair value of the soft loan has been made is arrived at by taking the PWLB rate prevailing at the date of each loan drawdown and adding an allowance for credit risk based on advice from the Council's treasury advisors.

Note 24: Nature and Extent of Risks Arising from Financial Instruments

General procedures for managing risk

The Council's overall risk management procedures focus on the unpredictability of financial markets and seeks to minimise potential adverse risks on the resources available to fund services. Risk management is carried out by a central treasury team, under policies approved by the Council in the annual treasury management strategy and the annual investemnt strategy. The Council provides written principles for overall risk management, as well as policies covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash.

Credit Risk

Credit risk is the possibility that other parties might fail to pay amounts due to the Council.

Credit risk arises from deposits placed with banks and other institution, as well as credit exposures to Council customers. This risk is minimised through the annual investment strategy available on the Council website.

Key controls are:

a. Investments are only placed with commercial entities with a minmimum long-term credit rating of A-, and with other local authorities without credit ratings. Recognising that credit ratings are imperfect predictions of default, the Council has regard to ther measures including credit default swap and equity prices when selecting commercial organisations for investment.

b. placing a limit on the amount of money which can be invested with a single counterparty; and

c. placing an overall limit of £40m which can be invested for more than one year.

The table below summarise the credit exposures of the Council's treasury investment portfolio by credit rating:

2017/18		Fitch Rating	2018/19	
Non-current	Current		Non-current	Current
£'000	£'000		£'000	£'000
-	4,754	AAA MMF	-	7,262
-	-	AA-	-	10,031
-	5,060	Unrated local authorities	-	44,019
16,206	2,695	Unrated pooled funds	19,684	163
8,633	8,660	Unrated debtors	7,277	10,633
-	326	Unrated investments	-	-
-	4,840	Unrated cash and cash equivalents	-	2,586
24,839	**26,335**		**26,961**	**74,694**

Loss allowances on treasury investments have been calculated by reference to historic default data published by credit rating agencies. The estimated loss is negligible as the majority of investments mature within 12 months. There has been no history of default on the pooled funds, therefore no loss allowance is deemed necessary.

Note 24: Nature and Extent of Risks Arising from Financial Instruments (continued)

Liquidity risk

Liquidity risk is the risk that the Council will have insufficient funds in its bank account to make the payments necessary to meet its financial obligations.

The Council operates a cashflow forecasting system which seeks to ensure that cash is available as needed. If unexpected movements happen, the Council has ready access to borrowing at favourable rates from the Public Worlks Loans Board, the and other local authorities, and at higher rates from banks and building societies. There is no significant risk that the Council will be unable to raise finance to meet its commitments under financial instruments.

The Council is however exposed to the risk that it will need to refinance a significant proportion of its borrowing at a time of high interest rates, as it has a substantial amount of money borrowed temporarily from other local authorities. This risk also extends to market lender option borrower option loans (LOBOs) where the lender can exrcise its option to vary the rate of interest payable, thereby triggering the Council's option to either accept the new rate or re-finance from elsewhere. The LOBOs have remaining terms of up to 47 years and interest rates of 3.75% to 3.99%.

Risk is managed by maintaining a spread of fixed rate loans and ensuring that no more than 30% of the Council's fixed term borrowing matures in any one financial year.

2017/18		2018/19
£'000		£'000
152,760	less than one year	214,682
-	between 1 and 2 years	5,083
14,000	between 3 and 5 years	29,250
29,000	between 6 and 10 years	54,417
25,500	between 11 and 15 years	50,916
28,000	between 16 and 20 years	57,792
60,841	between 21 and 25 years	70,008
-	between 26 and 30 years	3,750
13,000	more than 30 years	33,000
323,101	**Total**	**518,898**

Interest rate risk

Interest rate risk is the possibility that financial loss might arise as a result of changes in interest rates.

The Council is exposed to to interest movements on its borrowings and investments. Movements on interest rates have a complex effect on the Council depending on how variable and fixed interest rates move across differing financial instruments. For instance, a rise in interest rates would have the following effects:

Borrowings at variable rates	The interest expense charged to the Comprehensive Income and Expenditure Statement will rise
Borrowings at fixed rates	The fair value of the borrowing will fall (no impact on revenue balances)
Investments at variable rates	The interest income credited to the Comprehensive Income and Expenditure Statement will rise
Investments at fixed rates	The fair value of the assets will fall (no impact on revenue balances)

Note 24: Nature and Extent of Risks Arising from Financial Instruments (continued)

Investments measured at amortised cost and loans borrowed are not carried at fair value on the Balance Sheet, so changes in their fair value will have no impact on the Comprehensive Income and Expenditure Statement.

The Treasury Management Strategy aims to itigate these risks by setting upper limts of 50% on external debt than can be subject to variable interest rates. At 31 March 2019 96% of the debt portfolio was held in fixed rate instruments and 4% in variable rate LOBOs.

If interest rates had been 1% higher (with all other variables held constant), the financial effect would be:

2017/18		2018/19
£'000		£'000
100	Increase in interest payable on variable rate borrowings	50
(209)	Increase in interest receivable on receivable rate investments	(258)
(109)	**Impact on surplus/deficit on the provision of services**	**(208)**

2017/18	Impact on other comprehensive income and expenditure	2018/19
£'000		£'000
-	Decrease in fair value of fixed rate investment assets	-
20,904	Decrease in fair value of fixed rate borrowings liabilities	37,263

Price risk

The Council holds some financial instruments in pooled property funds of which the capital value may fluctuate as a result of market conditions. While fluctuations in the capital value are a charge to the Comprehensive Income and Expenditure Statement, all such movements are transferred to the Pooled Instruments Adjustment Account in reliance on the statutory override provided by Regulation 30K of The Local Authorities (Capital FInance and Accounting) (England) Regulations 2003, as amended. Consequently any temporary fluctuations in price have no impact on the Council's finances.

Market risk

The Council recognises an allowance for expected credit losses on financial assets measured at amortised cost, lease receivables and trade debtors. The amount of expected credit losses is update at each reporting date to reflect chnages in credit risk since initial recognition of the respective financial instruments.

Trade receivables

For trade receivables the Council applies a simplified approach permitted under IFRS9 and recognises a loss allowance equal to to lifetime expected losses. The expected credit losses on these financial assets are estimated using a provision matrix based on historical credit loss experience, adjusted for general economic conditions and an assessment of both current and forecast diection of conditions at the reporting date. A loss allowance for expected credit losses is not recognised on a financial asset where the counterpartry is central governmnet or a local authority for which relevant statutory provisions prevent default.

In measuring the expected credit losses, significant trade receivable balances are assessed individually for impairment where specific information regarding recoverability of the debt is available. Trade receivables not assessed individually have been assessed on a collective basis based on shared risk characteristics and days past due.

Note 24: Nature and Extent of Risks Arising from Financial Instruments (continued)

At 31 March 2019	Not past due 0-29 Days	30-59 days	60 - 89 Days	90 - 119 Days	120 - 365 Days	More than one year	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Debtors individually assessed	-	-	-	-	-	-	-
Expected credit loss (individually assessed)	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Debtors collectively assessed	3,409	97	58	22	325	774	4,685
Loss rate	0%	5%	25%	25%	50%	100%	
Expected credit loss (collectively assessed)	**-**	**5**	**15**	**6**	**163**	**774**	**961**
Total Lifetime Expected Credit Losses	**-**	**5**	**15**	**6**	**163**	**774**	**961**

At 31 March 2018	Not past due 0-29 Days	30-59 days	60 - 89 Days	90 - 119 Days	120 - 365 Days	More than one year	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Debtors individually assessed	-	-	-	-	-	-	-
Expected credit loss (individually assessed)	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Debtors collectively assessed	6,891	173	62	120	399	395	8,040
Loss rate	0%	5%	25%	25%	50%	100%	
Expected credit loss (collectively assessed)	**-**	**9**	**16**	**30**	**200**	**395**	**649**
Total Lifetime Expected Credit Losses	**-**	**9**	**16**	**30**	**200**	**395**	**649**

The closing balance of the trade receivables loss allowance at 31 March 2019 reconciles with trade receivables loss allowance opening balance as follows:

2017/18		2018/19
£'000		£'000
511	Loss allowance at 31 March calculated under IAS 39	649
-	Amounts adjusted through opening reserves	-
511	**Opening loss allowance at 1 April**	**649**
138	Loss allowance recognised during the year	312
-	Receivables written off during the year	-
-	Loss allowance unused and reversed during the year	-
649	**Loss allowance at 31 March**	**961**

Other receivables measured at amortised cost (Long-term debtors)

For long-term debtor balances, recognition of 12-month expected crdit losses or lifetime expected credit losses is dependent on whether there has been a significant increase in credit risk of these items since initial recognition.

At 31 March 2019 the gross carrying amount of long-term debtors measured at amortised cost was £7.277m (£8.633m at 31 March 2018)

Note 24: Nature and Extent of Risks Arising from Financial Instruments (continued)

The balance due from Slough Children's Services Trust of £5.983m at 31 March 2019 (£4.182m at 31 March 2018) has been impaired by £2.4m following agreement in February 2021 with the Department fo Education for a new loan to the Trust.

The closing balance of the loss allowance for other other receivables at 31 March 2019 reconciles with the opening balance as follows:

2017/18		2018/19
£'000		£'000
-	Loss allowance at 31 March calculated under IAS 39	-
-	Amounts adjusted through opening reserves	-
-	**Opening loss allowance at 1 April**	**-**
-	Loss allowance recognised during the year	2,400
-	Receivables written off during the year	-
-	Loss allowance unused and reversed during the year	-
-	**Loss allowance at 31 March**	**2,400**

Non-IFRS9 financial assets that are either past due or impaired

An analysis of the age of non-IFRS9 financial assets, comprising Council Tax, business rates and housing rents that were either past due at the balance sheet date or imapired is set out in the following table

2017/18					2018/19			
Council Tax	Business Rates	Housing Rents	Total		Council tax	Business Rates	Housing Rents	Total
£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
1,946	2,179	532	4,657	Past due less than 12 months	2,227	2,560	577	5,364
10,904	1,556	1,743	14,203	Past due more than 12months	11,482	1,701	1,979	15,162
12,850	**3,735**	**2,275**	**18,860**		**13,709**	**4,261**	**2,556**	**20,526**

A summary of the loss allowance at the balance sheet date analysed by class of debtor is shown below - all have been assessed on a collective basis.

2017/18		2018/19
£'000		£'000
(5,735)	Council Tax	(10,426)
(2,004)	Business Rates	(3,122)
(1,808)	Housing Rents	(2,032)
(8,761)	Housing Benefits Overpayments	(11,220)
(18,308)		**(26,800)**

Note 25: Fair value of assets and liabilities

The following tables combine information about:

(a) classes of financial instruments and non-financial assets based on their nature and characteristics;
(b) the carrying amounts of financial instruments and non-financial assets;
(c) fair values of financial instruments and non-financial assets; and
(d) fair value hierarchy levels of financial instruments and non-financial assets for which fair value is disclosed.

Fair value hierarchy levels 1 to 3 are based on the degree to which the fair value is observable:

Level 1 - measurement based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 - measurement is based on inputs other than quoted prices included in Level 3 that are observable for the asset lor liability, either directly or indirectly
Level 3 - measurement is based on unobservable inputs for the asset or liability.

The basis of valuation of each class of financial instrument and non-financial asset is set out below. There has been no change in the valuation techniques used during the year. All items have been valued using fair value techniques based on the characteristics of the financial instrument or non-financial asset, with the overall objective of maximising the use of market-based information.

Description of asset or liability	Valuation hierarchy	Basis of Valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Cash and cash equivalents, trade debtors, trade creditor and cash-based investments (long and short-term)	Level 1	Carrying value is deemed to be fair value, because of the short-term nature of the instruments	Not Required	Not required
Non-current debtors	Level 2	Discounted cashflows for the instrument using an equivalent market rate	Council accounting records	Not required
Finance leases and PFI liabilities	Level 2	The fair values have been estimated by discounting the contractual cashflows (excluding service charge elements) at the appropriate AA-rated corporate bond yield.	Observable inputs are the bond yields. Unobservable inputs are the remaining cashflows.	Not required
Loans outstanding	Level 2	The fair values have been estimated by discounting the remaining cashflows of the borrowing using the appropriate rate for local authority loans	Observable inputs are the PWLB rates. Unobservable inputs are the remaining cashflows.	Not required
Investments in pooled funds	Level 2	Forward pricing	NAV-based pricing set on a forward pricing basis	Not required
Investment property	Level 2	Investment method of valuation.	Assumed void periods Estimated Rental Value (ERV) Capitalisation Rate (Equivalent Yield)	Not required

Note 25: Fair value of assets and liabilities (continued)

2018/19	Carrying value				Fair value			
	Financial and non-financial assets		Financial liabilities	Total	Level			Total
	Fair value through profit and loss	Assets at amortised cost	Liabilities at amortised cost		1	2	3	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Financial assets								
Loans and receivables								
Investments	-	44,019	-	44,019	44,019	-	-	44,019
Debtors	-	19,837	-	19,837	8,660	7,045	-	15,705
Cash and cash equivalents	-	19,879	-	19,879	19,879	-	-	19,879
Fair value through profit and loss	-	-	-	-	-	-	-	-
Investments	19,847	-	-	19,847	-	19,847	-	19,847
Total financial assets	**19,847**	**83,735**	**-**	**103,582**	**72,558**	**26,892**	**-**	**99,450**
Non-financial assets								
Investment property	69,246	-	-	69,246	-	69,246	-	69,246
Surplus assets	17,540	-	-	17,540	-	17,540	-	17,540
Assets held for Sale	-	-	-	-	-	-	-	-
Total Financial and non-financial assets	**106,633**	**83,735**	**-**	**190,368**	**72,558**	**113,678**	**-**	**186,236**
Financial Liabilities								
Liabilities at amortised cost								
Loans outstanding	-	-	(518,898)	(518,898)	(214,682)	(353,189)	-	(567,871)
PFI contracts	-	-	(34,701)	(34,701)	-	(53,559)	-	(53,559)
Finance leases	-	-	(7,020)	(7,020)	-	(6,342)	-	(6,342)
Trade creditors	-	-	(35,953)	(35,953)	(35,953)		-	(35,953)
Total financial liabilities	**-**	**-**	**(596,572)**	**(596,572)**	**(250,635)**	**(413,090)**	**-**	**(663,725)**

Note 25: Fair value of assets and liabilities (continued)

2017/18	Carrying value					Fair value			
	Financial and non-financial assets			Financial liabilities	Total	Level			Total
	Fair value through profit and loss	Available for Sale	Loans and Receivables	Liabilities at amortised cost		1	2	3	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Financial assets									
Loans and receivables									
Investments	-	-	5,080	-	5,080	-	5,080	-	5,080
Debtors	-	-	17,293	-	17,293	8,660	8,169	-	16,829
Cash and cash equivalents	-	-	9,900	-	9,900	9,900	-	-	9,900
Fair value through profit and loss	-	-	-	-	-	-	-	-	-
Investments	-	18,901	-	-	18,901	-	18,901	-	18,901
Total financial assets	**-**	**18,901**	**32,273**	**-**	**51,174**	**18,560**	**32,150**	**-**	**50,710**
Non-financial assets									
Investment property	58,242	-	-	-	58,242	-	58,242	-	58,242
Surplus assets	16,834	-	-	-	16,834	-	16,834	-	16,834
Assets held for Sale	1,276	-	-	-	1,276	-	1,276	-	1,276
Total Financial and non-financial assets	**76,352**	**18,901**	**32,273**	**-**	**127,526**	**18,560**	**108,502**	**-**	**127,062**
Financial Liabilities									
Liabilities at amortised cost									
Loans outstanding	-	-	-	(323,861)	(323,861)	(153,520)	(205,566)	-	(359,086)
PFI contracts	-	-	-	(35,963)	(35,963)	-	(54,309)	-	(54,309)
Finance leases	-	-	-	(7,808)	(7,808)	-	(5,691)	-	(5,691)
Trade creditors	-	-	-	(70,572)	(70,572)	(70,572)	-	-	(70,572)
Total financial liabilities	**-**	**-**	**-**	**(438,204)**	**(438,204)**	**(224,092)**	**(265,566)**	**-**	**(489,658)**

Note 26: Cash and Cash Equivalents

2017/18		2018/19
£'000		£'000
5,146	Cash and bank balances	2,587
4,754	Short-term deposits	17,292
9,900	**Total**	**19,879**

Note 27: Debtors

These balances represent the amount of money owed to the Council at year end. Debtors include individuals, central government departments, other local authorities, NHS and other bodies. An analysis is given below.

2017/18*	Short-term debtors	2018/19
£'000		£'000
2,167	Prepayments	1,469
19,791	Central Government bodies	-
2,863	Trade debtors	9,150
3,755	VAT	5,059
6,303	Council Tax	10,929
1,517	NNDR receivable	4,671
3,477	Housing Benefit receivable	12,393
227	Other debtors	2,979
(3,151)	Impairment Allowance for Doubtful Debts	(28,225)
36,949	**Total**	**18,425**

** The 2017/18 comparators were restated, see Note 39 for more details.*

2017/18*	Long-term debtors	2018/19
£'000		£'000
9,508	Loans to third parties	26,916
4,157	Overage	4,157
47	Deferred liabilities	47
181	Other	89
13,893	**Total**	**31,209**

** The 2017/18 comparators were restated, see Note 39 for more details.*

Note 28: Creditors

These are amounts owed by the Council for work done, goods received, or services rendered which have not been paid by 31 March 2019.

2017/18 Restated*		2018/19
£'000		£'000
(5,118)	Trade creditors	(5,341)
(1,325)	PAYE & NI	(1,180)
-	Central Government Bodies	(3,379)
(29,516)	Other Creditor	(41,146)
(1,252)	PFI Finance Lease Liability	(1,379)
(4,847)	Receipts in Advance	(5,675)
(10,628)	Payroll Creditor	(177)
(3,936)	Collection Fund Account Balance – Council Tax	(573)
(56,622)	**Total**	**(58,850)**

** The 2017/18 comparators were restated, see Note 39 for more details.*

Note 29: Provisions

The Council makes provision in compliance with IAS37 where there is an obligation as a result of a past event, when it is probable that the Council will incur expenditure and where a reasonable estimate can be made of the amount involved. Provisions are split into short term (less than one year) and long term (more than one year). In addition to the provisions shown below, there are provisions for bad debts which have been netted off against the debtors figure on the balance sheet.

Short-term provisions	Insurance claims	Business rates appeals	Other	Total
	£'000	£'000	£'000	£'000
Balance at 1 April 2018	(716)	(1,506)	(225)	(2,447)
Amounts used	-	4,173	225	4,398
Additional provisions	-	(4,116)	-	(4,116)
Balance at 31 March 2019	**(716)**	**(1,449)**	**-**	**(2,165)**

Long-term provisions	Water rates	Business rates appeals	Other	Total
	£'000	£'000	£'000	£'000
Balance at 31 March 2018	-	-	(223)	(223)
Amounts used	-	-	-	-
Additional provisions	(2,630)	(6,519)	-	(9,149)
Balance at 31 March 2019	**(2,630)**	**(6,519)**	**(223)**	**(9,372)**

Note 29: Provisions (continued)

Insurance claims

The provision covers claims which have been lodged and for which there is reasonable probability that the Council is liable and for which a reaonable estimate can be made of theamount required to settle

Business rates appeals

Following the localisation of business rates from 1 April 2013, the Council has set aside a provision for any potential liabilities arising from appeals by business ratepayers against rateable valuations. The amount set aside reflects the Council's 94% share of the liability.

Water rates

A provision has been set up for the possible repayment of water rate to tenants following the case of Jones v London Borough of Southwark in the High Court in 2016. The provision is a charge against the HRA as the water rates were originally collected with housing rents and reported in the HRA.

Other

Other provision include contractual claims that arise in respect of disputes arising in the ordinary course of business.

Note 30: Unusable Reserves

2017/18 Restated*		2018/19
£'000		£'000
(284,567)	Revaluation Reserve	(311,349)
(1,209)	Available for Sale Financial Instruments Reserve	-
-	Pooled Investment Funds Adjustment Account	(1,135)
(188,319)	Capital Adjustment Account	(120,162)
1,362	Financial Instruments Adjustment Account	1,095
270,460	Pension Reserve	273,357
(9,791)	Deferred Capital Receipts Reserve	(4,237)
577	Collection Fund Adjustment Account	5,944
1,014	Accumulated Absences Account	717
(210,473)	**Balance 31 March**	**(155,770)**

Note 30a: Revaluation Reserve

The reserve is credited with gains on the revaluation of assets. Revaluation gains which are subsequently reversed through impairment or disposal of the asset are debited from the reserve. The depreciation adjustment ensures that only the depreciation on the historic cost of assets impacts on the capital adjustment account.

The balance on the reserve reflects the difference between the value of the Council's assets at depreciated historical cost and their current value.

2017/18 Restated*		2018/19
£'000		£'000
(277,336)	**Balance at 1 April**	**(284,567)**
9,675	Restatement	-
(267,661)	**Restated balance at 1 April**	**(284,567)**
(54,598)	Upward revaluation of assets	(97,497)
29,854	Downward revaluation of assets and impairment losses not charged to the Surplus or Deficit on the Provision of Services	43,868
(24,744)	**Surplus or deficit on revaluation of non-current assets not charged to the Surplus or Deficit on the Provision of Services**	**(53,629)**
4,890	Difference between fair value depreciation and historical cost depreciation	5,209
2,948	Accumulated gains on assets sold or scrapped	21,638
7,838	**Amount written off to the Capital Adjustment Account**	**26,847**
(284,567)	**Balance 31 March**	**(311,349)**

Note 30b: Available for Sale Financial Instruments Reserve

This reserve is (credited)/debited with (gains)/losses arising from the the change in fair value of available for sale financial assets.

2017/18		2018/19
£'000		£'000
(761)	**Balance 1 April**	**(1,209)**
-	Opening balance adjustments on adoption of IFRS9	1,209
(761)	**Restated balance at 1 April**	**-**
(518)	Upward revaluation of investments	-
70	Downward revaluation of investments not charged to the Surplus or Deficit on the Provision of Services	-
(1,209)	**Balance 31 March**	**-**

Note 30c: Pooled Investment Funds Adjustment Account

This reserve is (credited)/debited with (gains)/losses arising from the revaluation of financial instruments held at fair value through other comprehensive income (FVOCI).

2017/18		2018/19
£'000		£'000
-	**Balance 1 April**	**-**
-	Opening balance adjustments on adoption of IFRS9	(1,209)
-	**Restated balance at 1 April**	**(1,209)**
-	Upward revaluation of investments	(44)
-	Downward revaluation of investments	118
-	**Total Changes in revaluation and impairment**	**74**
-	**Balance 31 March**	**(1,135)**

Note 30d: Capital Adjustment Account

The capital adjustment account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the revaluation reserve to convert fair value figures to a historical cost basis). The account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement.

The account also contains accumulated gains and losses on investment properties and revaluation gains accumulated on property, plant and equipment before 1 April 2007, the date that the revaluation reserve was created to hold such gains.

2017/18 Restated*		2018/19
£'000		£'000
(268,679)	**Balance at 1 April**	**(188,319)**
55,278	Restatement	(15)
(213,401)	**Restated balance at 1 April**	**(188,334)**
23,247	Charges for depreciation and impairment of non- current assets	22,232
16,711	Revaluation losses on non-current assets	31,691
95	Amortisation of intangible assets	-
14,654	Revenue expenditure funded from capital under statute	9,676
13,881	Capitalisation Direction	28,201
-	Revaluation and impairment of capital financial assets	546
31,600	Current value of asset disposals	38,553
100,188	**Reversal of Items relating to capital expenditure debited or credited to the CIES**	**130,899**
(7,838)	Adjusting amounts written out of the Revaluation Reserve	(25,173)
92,350	**Net written out amount of the cost of non- current assets consumed in the year**	**105,726**
(5,625)	Capital receipts	(10,192)
(10,626)	Major repairs reserve	(12,069)
(36,323)	Capital grants and contributions	(18,686)
(6,503)	Minimum revenue provision	(8,173)
(6,700)	Direct revenue financing	(2,054)
(65,777)	**Capital financing applied in year:**	**(51,174)**
(1,491)	Increase/(decrease) in value of investment properties	16,307
-	Other movements	(2,687)
(188,319)	**Balance at 31 March**	**(120,162)**

Note 30e: Financial Instruments Adjustment Account

The financial instruments adjustment account absorbs the timing differences arising from the different arrangements for accounting for income and expenditure relating to certain financial instruments and for bearing losses or benefitting from gains per statutory provisions.

2017/18		2018/19
£'000		£'000
1,634	**Balance at 1 April**	**1,362**
-	Opening balance adjustments on adoption of IFRS9	-
1,634	**Restated balance at 1 April**	**1,362**
(272)	Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements Premiums incurred in the year and charged to the CIES	(267)
1,362	**Balance 31 March**	**1,095**

Note 30f: Pensions Reserve

The pensions reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the pensions reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2017/18		2018/19
£'000		£'000
270,205	**Balance at 1 April**	**270,460**
(16,229)	Actuarial gains/(losses) on pensions assets & liabilities	(7,875)
25,380	Reversal of items relating to retirement benefits debited or credited to the (Surplus)/deficit on provision of services in the Comprehensive Income & Expenditure Statement	20,417
(8,896)	Employer's pensions contributions & direct payments to pensioners payable in the year	(9,645)
270,460	**Balance at 31 March**	**273,357**

Note 30g: Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of noncurrent assets but for which cash settlement has yet to take place. Under statutory arrangements, the authority does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.

2017/18		2018/19
£'000		£'000
(12,991)	**Balance at 1 April**	**(9,791)**
-	Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the CIES	-
3,200	Transfer to the Capital Receipts Reserve upon receipt of cash	5,554
(9,791)	**Balance at 31 March**	**(4,237)**

Note 30h: Collection Fund Adjustment Account

The Collection Fund adjustment account manages the differences arising from the recognition of Council Tax and NNDR income in the Comprehensive Income and Expenditure Statement as it falls due from Council Tax payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

2017/18 Restated*		2018/19
£'000		£'000
1,111	**Balance at 1 April**	**577**
(534)	Amount by which council tax and non-domestic rates income credited to the CIES is different from council tax income calculated for the year in accordance with statutory requirements	3,709
-	Other movements	1,658
577	**Balance at 31 March**	**5,944**

Note 30i: Accumulated Absences Account

2017/18		2018/19
£'000		£'000
1,014	**Balance at 1 April**	**1,014**
-	Settlement or cancellation of accrual made at the end of preceding year	(1,014)
-	Amounts accrued at the end of the current year	717
1,014	**Balance at 31 March**	**717**

Note 31: Pension Schemes Accounted for as Defined Contribution Schemes

Teachers

Teachers employed by the Council are members of the Teachers' Pension Scheme, administered by the Department for Education (DfE). The scheme provides teachers with specified benefits upon their retirement, and the Council contribute towards the costs by making a contribution based on a percentage of the members Salaries.

The scheme is a defined benefit scheme, although the scheme is unfunded the Teachers Pension Authority (TPA) uses a notional fund as the basis for calculating the employer's contribution rate paid by all Local Education Authorities (LEA's).

The Council is not able to identify its share of the underlying financial position and performance of the scheme with sufficient reliability for accounting purposes. For the purpose of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

In 2018/19, the Council paid £2.7m to Teachers Pensions, in respect of teachers retirement benefits, representing 16.48% of Pensionable pay (The figure for 2017/18 was £2.8m which was 16.48% of Pensionable pay). There were no contributions remaining payable at the year end.

Note 32: Defined Benefit Pension Schemes

Participation in pension schemes

As part of the terms and conditions of employment of its officers and other employees, the Council makes contributions towards the cost of post employment benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments and therefore they need to be disclosed at the time the employee earns their future entitlement.

The Authority participates in two post-employment scheme:

1. The Local Government Pension Scheme, administered locally by Royal Borough of Windsor and Maidenhead Council - this is a funded defined benefit final salary scheme, meaning the Authority and employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities with investment assets.

   Arrangements for the award of discretionary post-retirement benefits upon early retirement - this is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due.

2. The Berkshire pension scheme is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of the pensions committee of Royal Borough of Windsor and Maidenhead Council. Policy is determined in accordance with the Public Service Pensions Act 2013.

   The principal risks to the authority of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (i.e. large-scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund and Housing Revenue Account the amounts required by statute as described in the accounting policies note. We recognise the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions.

Note 32: Defined Benefit Pension Schemes (continued)

Transactions relating to post-employment benefits

The Authority recognises the cost of retirement benefits in the reported cost of service when they are earned by employees, rather than when the benefits are eventually paid as pensions. The statutory IAS19 adjustments calculated by the pension scheme actuary which the authority are required to make to its accounts have included an allowance for a Court of Appeal judgement in relation to cases (McCloud and Sargeant) regarding age discrimination, the impact of this on individual pension schemes is not certain but has been estimated by the actuary.

However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the General Fund and Housing Revenue Account via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year.

2017/18		2018/19
LGPS		LGPS
£'000		£'000
	Comprehensive Income and Expenditure Statement	
	Cost of services:	
14,155	Current service cost	15,388
702	Past service cost	3,266
2,728	Losses/(gains) on curtailments and settlements	(5,078)
	Other operating expenditure:	
-	Pension Administration expenses	163
	Financing and investment income and expenditure:	
7,656	Interest cost	6,678
25,241	**Total post employment benefit charged to the (surplus)/deficit on provision of services**	**20,417**
	Other Post employment benefit charged to the Comprehensive Income and Expenditure Statement	
	Remeasurement of the net defined benefit liability comprising:	
(1,083)	- Return on plan assets, excluding the amount included in the net interest expense	(3,220)
(19,681)	- Actuarial gains/(losses) arising from changes in financial assumptions	24,282
-	- Actuarial gains(losses) arising from changes in demographic assumptions	(28,937)
134	- Other movements in the liability / (asset)	-
(20,630)	**Total Post employment benefit charged to Other Comprehensive Income and Expenditure**	**(7,875)**
4,611	**Total Post employment benefit charged to the Comprehensive Income and Expenditure Statement**	**12,542**

Note 32: Defined Benefit Pension Schemes (continued)

Pensions Assets and Liabilities recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the Council's obligations in respect of its defined benefit plans is as follows:

2017/18		2018/19
LGPS		LGPS
£'000		£'000
(496,297)	Present value of the defined obligation	(511,755)
225,837	Fair value of plan assets	238,398
(270,460)	**Net (liability) / asset arising from the defined benefit obligation**	**(273,357)**

Movement in the Value of Scheme Assets

2017/18		2018/19
LGPS		LGPS
£'000		£'000
224,452	**Opening fair value of scheme assets**	**230,377**
6,300	Interest income	5,960
	Remeasurement gains/losses:	
1,083	- The return on plan assets, excluding the amount included in the net interest expense	3,220
-	- Other gains/(losses)	-
8,896	Contributions from employer	9,645
2,468	Contributions from employees into the scheme	2,851
(12,822)	Benefits / transfers paid	(13,650)
230,377	**Closing value of scheme assets**	**238,403**

Note 32: Defined Benefit Pension Schemes (continued)

Movements in the Fair Value of Scheme Liabilities

2017/18 LGPS £'000		2018/19 LGPS £'000
(494,657)	**Opening balance at 1 April**	**(496,297)**
(14,155)	Current service cost	(15,551)
(13,956)	Interest cost	(12,638)
(2,468)	Contributions from scheme participants	(2,851)
	Remeasurement gains/losses:	
-	- Actuarial gains(losses) arising from changes in demographic assumptions	28,937
19,681	- Actuarial gains/(losses) arising from changes in financial assumptions	(28,817)
(134)	- Other gains/(losses)	-
(702)	Past service cost	(3,266)
12,822	Benefits/transfers paid	13,650
(2,728)	Liabilities extinguished on settlements	5,078
(496,297)	**Balance as at 31 March**	**(511,755)**

Note 32: Defined Benefit Pension Schemes (continued)

LGPS - Pension Scheme - Assets comprised of:

Fair value of scheme assets

2017/18				2018/19		
Quoted	Unquoted	Total		Quoted	Unquoted	Total
£'000	£'000	£'000		£'000	£'000	£'000
34,531	**-**	**34,531**	**Cash and cash equivalents**	**19,971**	**-**	**19,971**
94,515	-	94,515	Overseas	96,314	-	96,314
17,874	-	17,874	UK	2,528	-	2,528
112,389	**-**	**112,389**	**Subtotal Equities**	**98,842**	**-**	**98,842**
-	-	-	Government Gilts	-	-	-
11,726	-	11,726	Overseas Unit Trusts	-	-	-
-	-	-	Overseas Private Equity	-	-	-
-	23,490	23,490	Private Fixed Interest	-	25,785	25,785
-	-	-	Unit Trusts	12,134	-	12,134
11,726	**23,490**	**35,216**	**Subtotal Bonds**	**12,134**	**25,785**	**37,919**
-	-	-	UK	-	25,279	25,279
-	-	-	Overseas	-	4,297	4,297
-	**-**	**-**	**Subtotal Private Equity**	**-**	**29,576**	**29,576**
-	12,091	12,091	Infrastructure	-	23,762	23,762
25,206	4,947	30,153	Property	28,313	7,078	35,391
10,183	-	10,183	Target returns	-	-	-
2,438	1,707	4,145	Commodities	-	2,022	2,022
37,827	**18,745**	**56,572**	**Subtotal other investment funds**	**28,313**	**32,862**	**61,175**
-	(4,180)	(4,180)	Longevity insurance	-	5,308	5,308
-	-	-	Futures	-	-	-
-	**(4,180)**	**(4,180)**	**Subtotal Derivatives**	**-**	**5,308**	**5,308**
196,473	**38,055**	**234,528**	**Total Assets**	**159,260**	**93,531**	**252,791**

Note 32: Defined Benefit Pension Schemes (continued)

The principal assumptions used by the actuary have been:

2017/18		2018/19
LGPS		LGPS
%		%
3.3	Rate of inflation	2.5
3.8	Rate of increase in salaries	4.0
2.3	Rate of increase in pensions	2.5
2.6	Rate for discounting scheme liabilities	2.5

2017/18		Mortality assumptions	2018/19	
Males	Females		Males	Females
23.1	25.2	Longevity at retirement for current pensioners	23.2	25.3
25.3	27.5	Longevity at retirement for future pensioners	25.4	27.6

Impact of assumptions on the obligation:

Assumption	Increase by 1% £'000	Decrease by 1% £'000
Longevity	20,195	(19,446)
Rate of inflation	-	-
Rate of increase in salaries	6,290	(6,153)
Rate of increase in pensions	96,590	(94,792)
Rate for discounting scheme liabilities	(100,853)	102,889

Impact on the Council's Cash flows

The objectives of the scheme are to keep employer’s contributions at as constant a rate as possible. The Council has agreed a strategy with the scheme’s actuary to achieve a funding level of 100% over the next 2 years. Funding levels are monitored on an annual basis. The next triennial valuation s due to be completed on 31 March 2020.

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The Authority anticipates to pay £8,955k expected contributions to the scheme in2019/20.

The weighted average duration of the defined benefit obligation for scheme members is 20 years (20 years 2018/19).

Note 33: Cash Flow Statement - Operating Activities

2017/18 Restated*		2018/19
£'000		£'000
75,458	**Net (surplus) or deficit on the provision of services**	**137,638**
	Adjustments for non-cash movements:	
(23,246)	Depreciation	(22,198)
(8,176)	Impairments and downward revaluation	(38,691)
(95)	Amortisation	-
(4,588)	Net increase/decrease in creditors, debtors and inventories	(29,549)
(20,884)	Pensions liability	(10,772)
(31,600)	Carrying amount of non-current assets sold	(48,376)
(11,718)	Other non-cash items	(10,677)
(100,307)	**Subtotal**	**(160,263)**
	Adjustments for items that are investing or financing activities:	
-	Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)	12,573
13,307	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	8,783
18,086	Any other items for which the cash effects are investing or financing cash flows	3,803
31,393	**Subtotal**	**25,159**
6,544	**Net cash flows from operating activities**	**2,534**

** The 2017/18 comparators were restated, see Note 39 for more details.*

The cash flows for operating activities include the following items:

2017/18		2018/19
£'000		£'000
(2,058)	Interest received	(4,876)
8,963	Interest paid	8,416
6,905	**Total**	**3,540**

Note 34: Cash Flow Statement - Investing Activities

2017/18 Restated*		2018/19
£'000		£'000
125,725	Purchase of property, plant and equipment, investment property and intangible assets	131,050
330,466	Purchase of short-term and long-term investments	73,218
-	Other payments for investing activities	-
(15,343)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(14,337)
(339,252)	Proceeds from short-term and long-term investments	(12,573)
(16,233)	Other receipts from investing activities	782
85,363	**Net cash flows from investing activities**	**178,140**

** The 2017/18 comparators were restated, see Note 38 for more details.*

Note 35: Cash Flow Statement - Financing Activities

2017/18 Restated*		2018/19
£'000		£'000
(203,000)	Cash receipts of short-term and long-term borrowings	(534,500)
	Other receipts from financing activities	-
-	Council Tax and NNDR adjustments	-
2,260	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	2,376
117,829	Repayments of short-term and long-term borrowing	339,542
904	Other payments from financing activities	1,928
(82,007)	**Net cash flows from financing activities**	**(190,654)**

** The 2017/18 comparators were restated, see Note 38 for more details.*

Note 36: Related Party Transactions

The Council is required to disclose material transactions with related parties - bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council.

Central government

Central government has significant influence over the general operations of the Council - it is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes th terms of many of the transactions that the Council has with other parties (e.g. Council tax bills, housing benefits).

Members

Members of the Council have direct control over the Council's financial and operating policies. The total of Members Allowances is reported at Note 11.

The following Members held positions of control or significant influence in related parties to the Council during 2018/19:

Councillors Mann, Nazir and Swindlehurst were directors of Development Initiative for Slough Housing Ltd

Entities controlled or significantly influenced by the Council

2018/19								
Entity name	**Structure**	**Officers on the Board**	**Shareholding**	**Loan**	**Expenditure**	**Income**	**Income outstanding to SBC**	**Balance outstanding from SBC**
			£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Development Initiative for Slough Housing (DISH)	Wholly owned subsidiary		-	-	400	400	-	725
James Elliman Homes (JEH)	Wholly owned subsidiary	Neale Cooper Mike England Stephen Gibson Colin Moone	5,992	23,932	-	(550)	29,924	151
Slough Urban Renewal	Joint Venture	Joe Carter Neale Cooper Stephen Gibson	N/A	(5,554)	20,662	(3,939)	.	453
Ground Rent Estates 5 Ltd	Wholly owned subsidiary	Joe Carter Neale Cooper Mike England Stephen Gibson Nigel Pallace	455,001	-	955	-	955	-
Slough Children First Ltd	Company limited by guarantee - controlled by Department for Education	Lisa Jane Lyons Paul M G Mcdonald Eleni C Ioannides	N/A	2,983	25,941	-	-	-

Note 36: Related Party Transactions (continued)

2017/18								
Entity name	Structure	Officers on the Board	Shareholding	Loan	Expenditure	Income	Income outstanding to SBC	Balance outstanding from SBC
			£'000	£'000	£'000	£'000	£'000	£'000
Development Initiative for Slough Housing (DISH)	Wholly owned subsidiary		-	-	386	386	-	676
James Elliman Homes (JEH)	Wholly owned subsidiary	Neale Cooper Mike England Stephen Gibson Colin Moone John O Thomas	1,464	5,260	-	(64)	6,724	79
Slough Urban Renewal	Joint Venture	SBL	N/A	(3,200)	44,597	(6,028)	5,203	8,300
Ground Rent Estates 5 Ltd	Wholly owned subsidiary	Neale Cooper John P Thomas Mike England Stephen Gibson Colin Moone	455,001	-	512	-	512	-
Slough Children First Ltd	Company limited by guarantee - controlled by Department for Education	Matthew John Marsden John Derek Petit Elizabeth Jane Railton	N/A	2,983	25,514	-	-	-

Other entities

Other management entities were paid the following sums for services provided for the following interim chief officers:

2017/18		2018/19
£'000		£'000
87	Interim Director of Place and Development	154
30	Interim Chief Executive	195

Note 37: Contingent Liabilities

Lender Offer Borrower Offer (LOBO) Loans

The Council has £13m of Lender Option Borrower Option Loans (LOBOs), taken out between 2002 to 2006 with terms between 52 and 60 years. Information on the Council's borrowings, including LOBO loans can be found in Note 23

A number of local authorities have received objections from local electors as to the lawfulness of local authorities obtaining borrowing through LOBO loans. Whilst the LOBO loans currently held by the Council have not currently been found to be unlawful, there is ongoing analysis of LOBO loans generally by local authorities affected, their auditors and specialist lawyers.

The law in relating to this matter is complex and there is uncertainty as to what consequences might be on a local authority that have borrowed via LOBO loans, if they were to be found to be unlawful.

In the event of a LOBO loan being found to be unlawful, restitutionary remedies may result in the outstanding balances on these loans having to be repaid in full to the lender and may also result in additional costs, resulting from losses incurred by the lender.

Thames Water

The Council collects water charges from its tenants on behalf of Thames Water and was paid a commission. The high court has found that a similar contract between London Borough of Southwalk and Thames Water, is a contract for the resale of water under which the recovery of commission is limited by law. The decision is being appealed. The potential liability if the appeal is lost is estimated to equate to around £1.6m.

Note 38: Events After the Balance Sheet Date

Authorised for issue date

The Statement of Accounts was originally authorised for issue by the then section 151 officer, Neil Wilcox on 31 May 2019.

During 2021/22, the Statement of Accounts has been completely re-drafted to address issues:

1. raised by the external auditors regarding the original draft accounts, and
2. subsequent work to address issues highlighted by the Section 114 Notice and the Capitalisation Direction (see below).

The revised Statement of Accounts was authorised for issue by the Section 151 officer, Steven Mair, on 31 May 2022.

Covid-19 Pandemic

On 23 March 2020, the Prime Minister announced that to limit the spread of the coronavirus (Covid-19) he would be asking people to stay at home and where possible work from home and only essential journays should be made. Effectively this meant that a lot of businesses became unable to carry on operating and many employees were "furloughed" on 80% of their salary paid by central government.

The "lockdown" was finally lifted in stages in mid-2021 in the UK. The Covid-19 pandemic has undoubtedly had a significant impact the UK and global economy.

As the condition did not exist at 31 March 2019, it is therefore a non-adjusting event for which a limited estimate of its financial effect on the Council can be made as at 31 March 2019. It is noted that the future financial impact for 2019/20 and subsequent year has been greater, and that consequently there will be further implications and consierations for the Council's Balance Sheet in relation to asset values, pension fund liabilities and revenue income at the future year-ends.

Note 38: Events After the Balance Sheet Date (continued)

Any implications for valuation movements would be recognised within the Comprehensive Income and Expenditure Statement in the year when they occurred, in accordance with proper accounting practice. They would then be adjusted for within the Movement in Reserves Statement to negate any impact on the General Fund in line with regulatory requirements.

Income shortfalls have been mitigated by a range of Covid-19 grant support measures issued by central government throughout 2020/21 and 2021/22.

Section 114 Notice and Capitalisation Direction

On 2 July 2021, the Council's Section 151 officer, Steven Mair, issued a section 114 Notice to the Council, which highlighted that the Council faced a significant unfunded financial deficit arising from financial challenges which have arisen over a number of years, and required the Council to take action to address these issues as a matter of urgency.

The s.114 Notice has led to intervention from the Secretary of State for Levelling UP, Housing and Communities who issued an "in principle" Capitalisation Direction in March 2022.

The Capitalisation Direction permits the Council to charge to capital, expenditure which would otherwise be revenue expenditure and then to finance the capitalised revenue expenditure from capital resources, namely by applying usable capital receipts and in the short-term setting aside minimum revenue provision.

Whilst the Capitalisation Direction was issued in March 2022 it covers transactions and balances for the years preceding 1 April 2017 to 31 March 2023. Therefore at the balance sheet date of 31 March 2019, the Capitalisation Direction is an adjusting event. The items which have been adjusted under the Capitalisation Direction are set out in Note 5 to these accounts.

Valuation of pension liabilities

The McCloud and Sargeant cases are two national legal cases which impact on the transitional provisions of the 2014 Local Government Pension Scheme on age discrimination grounds. In December 2018 the Court of Appela ruled against the Government on the two cases. The Government attempted to appeal the two cases on 27 June 2019, but the appeal was refused by the Supreme Court requiring remedy to the two underlying public service pension schemes - the judical and firefighters pension schemes respectively. Subsequently, on 13 July 2019 the Chief Secretary to the Treasury announced that the remdies would apply to all public service pension schemes, which will result in an increase in benefits.

In addition, the Royal Berkshire Pension Fund, of which Slough Borough Council is a member, revalued a convertible bond which had a material impact on the valuation of the net assets of the pension fund.

In light of the above, the IAS 19 valuation of the Council's pension liabilities disclosed at Note 32 has been updated to reflect the estimated impact of the proposed remedy and the revised valuation of the net assets of the pension fund. The combined effect has been to reduce the net overall pension liabilities by £15m from £288m (as originally reported at 31 March 2019) to £273m.

This has no impact on the General Fund, because all IAS 19 charges are transferred to the Pension Reserve and replaced by the employers contributions payable to the pension fund in line with statutory requirements.

Note 39: Prior Period Adjustment

During the preparation of the 2018/19 Statement of Accounts the Council identified the following issues requiring restatement of prior periods:

1. A detailed review of the Council's fixed asset register identified a number of properties which had been disposed of but were still on the fixed asset register and that valuations for a number of properties had been misstated because of discrepancies in the gross internal areas used by the valuers as part of the valuation. The combination of the two issues has resulted in a reduction of the net book value of assets of £7.9m at 1 April 2017 and £1.45m at 31 March 2018, and a reduction of £11m in depreciation in 2017/18.

2. Review of the fixed asset register highlighted that a number of assets classified as surplus assets should have been reclassified to Assets held for Sale. The total value of assets reclassified is £1.278m.

3. The value and the classification of the purchase of the Thames Valley University site in 2017/18 had been understated because the 2017/18 accounts had only reflected the first of three annual payments for the purchase price. A creditor of £16.1m has been recognised to reflect the full purchase price of the asset in 2017/18. The asset had been misclassified as an investment property and had been revalued downwards in 2017/18 and 2019/20 by £8 and £9m respectively. Corrections have been made to reverse the downward revaluations and to reclassify the asset to Assets under Construction.

4. The distribution of the Council's share of profits from Slough Urban Renewal LLP in 2019/20 had been accrued for in 2017/18 and 2018/19, before the distribution was declared by the company. Therefore the accrual has had to be reversed reducing income by £4.309m in 2017/18 and £3.264m in 2018/19.

5. Credit balances on debtors and debit balances on creditors had been incorrectly netted off each other in 2017/18. The balances have been grossed up by £14.89m to correct in 2017/18.

6. Income from overage agreements had been incorrectly classified as revenue income when it should have been classed as deferred capital receipts pending receipt of the cash payments. The impact was to overstate income credited to the General Fund by £2.203m and to the HRA by £2.646m in 2016/17. In addition a further £1.43m was incorrectly treated as General Fund income in 2017/18 and has been transferred to usable capital receipts to correct.

7. The Council had understated the Minimum Revenue Provision (MRP) charge in previous years by not following either the Council's own MRP policy nor the Statutory Guidance on MRP issued by the then Department for Communities and Local Government in 2018. Consequently, MRP was understated by £21.661m in the years to 31 March 2017, £5.136m in 2017/18 and £6.036m in 2018/19

8. Review of the accounting for s.106 agreements highlighted that all such income had been recognised as income and credited to the Capital Grants Unapplied Account. As s.106 income has conditions attached to the funding, it should have been classified as a long-term creditor and only recognised as income when the conditions attached to the individual s.106 agreements had been met. To correct £11.854m has been transferred from Capital Grants Unapplied to Long-Term Creditors at 1 April 2017, a further net transfer of £1.43m was made to Long-term Creditors in 2017/18 and net deployment of £3.904m from Long-term Creditors made in 2018/19.

9. The carrying value of infrastructure assets has been overstated for a number of years because accumulated depreciation had not been written out when assets were fully depreciated and all expenditure on infrastructure had been classed as single asset each year and depreciated over a standard asset life of 40 years, when the various components of infrastructure have asset lives ranging from 10 to 40 years. Recalculating depreciation of the revised asset lives has resulted in a reduction in the net book value of the assets of £38.343m at 1 April 2017 and an increase in depreciation charges of £3.196m in 2017/18 and £3.340m in 2018/19.

10. Loans advanced to James Elliman Homes in 2017/18 had been misclassified as Long-Term Investments and the carrying amount misstated by not accounting for the advance being a "soft loan" (i.e. advanced at below commercial rates).

11. Debtors had been misstated as follows:

    (a) a debtor balance in respect of the Council's share of the Collection Fund raised in 2014/15 had not been reversed the following year. Consequently the debtors balance was overstated by £6.301m as at 1 April 2017. The debtor has been written out to the General Fund at 1 April 2017; and

    (b) a debtor had been recognised in respect of a legal dispute with Essex CC for £1.17m, when there was insufficient evidence to recognise any income. The dispute was subsequently settled in 2020/21 for £0.3m.

Note 39: Prior Period Adjustment (continued)

12. The Council had capitalised costs totalling £4.2m relating to support for the Agresso ledger system in the years after implementation which should have been charged to revenue. The costs have been reversed to revenue.

13. The Council had operated an oncost recharge system to recover costs of officers engaged on capital projects, but this overcharged directly attributable costs to capital projects by £3.5m. The overcharge has been reversed to revenue.

14. £9.4m of revenue costs incurred by Slough Children First and classed as transformation funding did not meet the criteria to be classed as transformation and have had to be reversed to revenue.

15. £4.7m of revenue costs incurred by the Council on projects classed as transformation did not meet the criteria to be classed as transformation and have been reversed to revenue.

16. The Department for Levelling Up, Housing and Communities has awarded a Capitalisation Direction to the Council to permit the Council to capitalise a range of costs which would otherwise be a charge to the General Fund. The purpose of the Capitalisation Direction is primarily allow the Council to correct the understatement of MRP in previous years. This allows the Council to transfer to the Capital Adjustment Account the following understatements of MRP:

    (a) £21.661m to 1 April 2017;
    (b) £5.136m in 2017/18; and
    (c) £6.036m in 2018/19.

17. Beechwood School became an academy in 2016/17. The land relating to Beechwood should have been derecognised in 2016/17. A PPA is required to amend the accounts and to fully derecognise the asset from 2017/18.

18. The Town Hall Development Site (Investment Property) was included in the accounts as a duplicate asset. The duplicate asset needs to be derecognised and any associated fair value movements need to be reversed.

19. IAS19 entries relating to 2017-18 pension costs were understated on the CIES and Balance Sheet by £4.5m. The PPA makes the necessary adjustments to the CIES, LT Liabilities, and the Pensions Reserve.

20. Net £4.8m of historical balances were written-off in 2016-17. These were legacy balances arising from the migration of the old finance system to Agresso.

21. Council dwellings totalling £7.2m which were previously incorrectly derecognised were correctly recognised as a valuation movement.

The following tables set out the detailed impact on each of the primary statements.

Note 39: Prior Period Adjustment (continued)

The restatements are summarised below

Effect on the opening balance sheet at 1 April 2017

	Opening balances at 1 April 2017	Restatements										Restated balances at 1 April 2017
		Write out old assets and restate valuations	Correct misposting of overage income	Correct understatement of MRP	Restate s.106 receipts	Restate infrastructure	Incorrect capitalisation*	Apply Capitalisation Direction	Derecognise Academy	Derecognise Investment Property	Write-off historical balances	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Council dwellings	480,546	(187)					(1,881)					478,478
Other land and buildings	187,410	(2,731)					(1,164)		(2,150)			181,365
Vehicles, Plant & Equipment	25,549											25,549
Infrastructure assets	97,315					(38,483)						58,832
Community assets	8,184											8,184
Surplus Assets	26,863	(4,980)										21,883
Assets Under construction	29,128	(7)					(764)					28,357
Property, plant and equipment	**854,995**	**(7,905)**	**-**	**-**	**-**	**(38,483)**	**(3,809)**	**-**	**(2,150)**	**-**	**-**	**802,648**
Other non-current assets	**74,388**		**(692)**							**(2,143)**		**71,553**
NON CURRENT ASSETS	**929,383**	**(7,905)**	**(692)**	**-**	**-**	**(38,483)**	**(3,809)**	**-**	**(2,150)**	**(2,143)**	**-**	**874,201**
Current assets	**78,202**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(5,797)**	**72,405**
Current liabilities	**(110,877)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**956**	**(109,921)**
Long-term creditors	-	-	-	-	(11,854)	-	-	-				(11,854)
Deferred capital receipts	-	-	(4,157)	-	-	-	-	-				(4,157)
Total long-term liabilities	**(483,537)**	**-**	**(4,157)**	**-**	**(11,854)**	**-**	**-**	**-**	**-**	**-**	**-**	**(499,548)**
TOTAL NET ASSETS	**413,171**	**(7,905)**	**(4,849)**	**-**	**(11,854)**	**(38,483)**	**(3,809)**	**-**	**(2,150)**	**(2,143)**	**(4,841)**	**337,137**

**includes items 12, 13, 14 and 15 from list of prior period adjustments noted above*

Note 39: Prior Period Adjustment (continued)

	Opening balances at 1 April 2017	Restatements											Restated balances at 1 April 2017
		Write out old assets and restate valuations	Correct misposting of overage income	Correct understatement of MRP	Restate s.106 receipts	Restate infrastructure	Overstatement of debtors	Incorrect capitalisation*	Apply Capitalisation Direction	Derecognise Academy	Derecognise Investment Property	Write-off historical balances	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
General Fund	(8,123)		2,203	21,661			6,301	7,941	(35,933)			4,841	(1,109)
HRA	(23,710)		2,646										(21,064)
Capital Receipts Reserve	(23,675)							(4,132)					(27,807)
Capital Grants Unapplied	(50,680)				11,854								(38,826)
TOTAL USABLE RESERVES	**(127,369)**	**-**	**4,849**	**21,661**	**11,854**	**-**	**6,301**	**3,809**	**(35,933)**	**-**	**-**	**4,841**	**(109,987)**
Revaluation Reserve	(277,336)	7,525								2,150			(267,661)
Capital Adjustment Account	(268,678)	380		(21,661)		38,483			35,933		2,143		(213,400)
TOTAL UNUSABLE RESERVES	**(285,802)**	**7,905**	**-**	**(21,661)**	**-**	**38,483**	**-**	**-**	**35,933**	**2,150**	**2,143**	**-**	**(220,849)**
TOTAL RESERVES	**(413,171)**	**7,905**	**4,849**	**-**	**11,854**	**38,483**	**6,301**	**3,809**	**-**	**2,150**	**2,143**	**4,841**	**(330,836)**

Note 39: Prior Period Adjustment (continued)

Effect on the Comprehensive Income and Expenditure Statement for 2017/18

	Net Amounts as originally stated	Write out old assets and restate valuations	Over accrual of income from SUR LLP	Misposting of overage income	Restate s.106 receipts	Restate infrastructure	Overstatement of debtors	Incorrect capitalisation of IT staff costs	Incorrect capitalisation of property staff costs	Derecognise Academy	Derecognise Investment Property	IAS19 Adjustment	Council Dwellings Adjustment	Restated net amounts
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Adults and Communities	56,400						780							57,180
Children, Learning and Skills	56,175	(11,184)												44,991
Place and Development	32,012			266		3,196			2,117					37,591
Regeneration	538													538
Finance and Resources	22,197							1,416				4,539		28,152
Chief Executive	1,630													1,630
Housing Revenue Account	(4,340)												(7,215)	(11,555)
Cost of services	**164,612**	**(11,184)**	**-**	**266**	**-**	**3,196**	**780**	**1,416**	**2,117**	**-**	**-**	**4,539**	**(7,215)**	**158,527**
Other operating expenditure	14,245	4,808		(1,430)									7,215	24,838
Financing & investment I&E	10,035	(1,221)	4,309								264			13,387
Taxation & non-specific grant	(122,614)				1,320									(121,294)
(Surplus)/deficit on provision of service	**66,278**	**(7,597)**	**4,309**	**(1,164)**	**1,320**	**3,196**	**780**	**1,416**	**2,117**	**-**	**264**	**4,539**	**-**	**75,458**
(Surplus)/deficit on reval of assets	(36,338)	7,221								4,373				(24,744)
(Surplus)/deficit on reval of AFS assets	(448)													(448)
Remeasurement of pension liability	(20,630)													(20,630)
Other comprehensive I&E	**(57,416)**	**7,221**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**4,373**	**-**	**-**	**-**	**(45,822)**
Total Comprehensive I&E	**8,862**	**(376)**	**4,309**	**(1,164)**	**1,320**	**3,196**	**780**	**1,416**	**2,117**	**4,373**	**264**	**4,539**	**-**	**29,636**

Note 39: Prior Period Adjustment (continued)

Effect on the Movement in Reserves Statement - Usable Reserves

	Net Amounts as originally stated	Restatement of opening balances	Write out old assets and restate valuations	Over accrual of income from SUR LLP	Misposting of overage income	Correct understatement of MRP	Restate infrastructure	Overstatement of debtors	Incorrect capitalisation of IT staff costs	Incorrect capitalisation of property staff costs	Apply Capitalisation Direction	Derecognise Investment Property	IAS19 Adjustment	Restated net amounts
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2017	(127,369)													(127,369)
Restatement of opening balance		11,081												11,081
Restated balance at 1 April 2017	**(127,369)**	**11,081**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**			**(116,288)**
Movement in Reserves in 2017/18														
(Surplus)/Deficit on Provision of Services	66,278		(7,597)	4,309	156		3,196	780	1,416	2,117		264	4,539	75,458
Other Comprehensive Income and Expend														-
Total Comprehensive Income and Expe	**66,278**	**-**	**(7,597)**	**4,309**	**156**	**-**	**3,196**	**780**	**1,416**	**2,117**	**-**	**264**	**4,539**	**75,458**
Adjustments between accounting basis and funding basis under regulations	(47,050)		7,597			5,136	(3,196)					(264)	(4,539)	(42,316)
Capitalisation Direction											(13,881)			(13,881)
Net (increase)/decrease before transfers to/from reserves	**19,228**	**-**	**-**	**4,309**	**156**	**5,136**	**-**	**780**	**1,416**	**2,117**	**(13,881)**	**-**	**-**	**19,261**
Increase/decrease in the year	19,228	-	-	4,309	156	5,136	-	780	1,416	2,117	(13,881)	-	-	19,261
Balance at 31 March 2018	**(108,141)**	**11,081**	**-**	**4,309**	**156**	**5,136**	**-**	**780**	**1,416**	**2,117**	**(13,881)**	**-**	**-**	**(97,027)**

Note 39: Prior Period Adjustment (continued)

Effect on the Movement in Reserves Statement - Unusable Reserves

	Net Amounts as originally stated	Restatement of opening balances	Write out old assets and restate valuations	Restatement of TVU site	Over accrual of income from SUR LLP	Misposting of overage income	Correct understatement of MRP	Restate infrastructure	Derecognise Academy	Derecognise Investment Property	IAS19 Adjustment	Apply Capitalisation Direction	Restated net amounts
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2017	(285,802)												(285,802)
Restatement of opening balance		64,953											64,953
Restated balance at 1 April 2017	**(285,802)**	**64,953**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(220,849)**
Movement in Reserves in 2017/18													
(Surplus)/Deficit on Provision of Services													-
Other Comprehensive Income and Expenditure	(57,416)			7,221					4,373				(45,822)
Total Comprehensive Income and Expenditure	**(57,416)**	**-**	**-**	**7,221**	**-**	**-**	**-**	**-**	**4,373**	**-**	**-**	**-**	**(45,822)**
Adjustments between accounting basis and funding basis under regulations	47,050		(7,597)				(5,136)	3,196		264	4,539		42,316
Capitalisation Direction												13,881	13,881
Net (increase)/decrease before transfers to/from reserves	**(10,366)**	**-**	**(7,597)**	**7,221**	**-**	**-**	**(5,136)**	**3,196**	**4,373**	**264**	**4,539**	**13,881**	**10,375**
Increase/decrease in the year	(10,366)	-	(7,597)	7,221	-	-	(5,136)	3,196	4,373	264	4,539	13,881	10,375
Balance at 31 March 2018	**(296,168)**	**64,953**	**(7,597)**	**7,221**	**-**	**-**	**(5,136)**	**3,196**	**4,373**	**264**	**4,539**	**13,881**	**(210,474)**

Note 39: Prior Period Adjustment (continued)

Effect on the Movement in Reserves Statement - Total Reserves

	Net Amounts as originally stated	Write out old assets and restate valuations	Restatement of TVU site	Over accrual of income from SUR LLP	Misposting of overage income	Restate infrastructure	Overstatement of debtors	Incorrect capitalisation of IT staff costs	Incorrect capitalisation of property staff costs	Derecognise Academy	Derecognise Investment Property	IAS19 Adjustment	Restated net amounts
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2017	(413,171)												(413,171)
Restatement of opening balance													76,034
Restated balance at 1 April 2017	**(413,171)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**			**-**	**(337,137)**
Movement in Reserves in 2017/18													
(Surplus)/Deficit on Provision of Services	66,278	(7,597)		4,309	156	3,196	780	1,416	2,117		264	4,539	75,458
Other Comprehensive Income and Expenditure	(57,416)		7,221							4,373			(45,822)
Total Comprehensive Income and Expenditure	**8,862**	**(7,597)**	**7,221**	**4,309**	**156**	**3,196**	**780**	**1,416**	**2,117**	**4,373**	**264**	**4,539**	**29,636**
Adjustments between accounting basis and funding basis under regulations													-
Capitalisation Direction													-
Net (increase)/decrease before transfers to/from reserves	**8,862**	**(7,597)**	**7,221**	**4,309**	**156**	**3,196**	**780**	**1,416**	**2,117**	**4,373**	**264**	**4,539**	**29,636**
Increase/decrease in the year	8,862	(7,597)	7,221	4,309	156	3,196	780	1,416	2,117	4,373	264	4,539	29,636
Balance at 31 March 2018	**(404,309)**	**(7,597)**	**7,221**	**4,309**	**156**	**3,196**	**780**	**1,416**	**2,117**	**4,373**	**264**	**4,539**	**(307,501)**

Note 39: Prior Period Adjustment (continued)

Effect on the balance sheet at 31 March 2018

	Net Amounts as originally stated	Restatement of opening balances	PPE corrections	Over accrual of income from SUR LLP	Gross up debtors and creditors	Misposting of overage income	Correct understatement of MRP	Restate s.106 receipts	Restate infrastructure	Mis-classification of loan	Overstatement of debtors	Incorrect capitalisation*	Apply Capitalisation Direction	Restated net amounts (cont'd >)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Council dwellings	495,548	(2,068)	317									(599)		493,198
Other land and buildings	219,949	(6,045)	(15,448)									(2,119)		196,337
Vehicles, Plant & Equipment	30,566		18,768											49,334
Infrastructure assets	106,598	(38,483)							(3,196)					64,919
Community assets	8,464		929											9,393
Surplus Assets	23,636	(4,980)	(1,822)											16,834
Assets Under construction	28,905	(771)	21,908									(815)		49,227
Property plant and equipment	**913,666**	**(52,347)**	**24,652**	**-**	**-**	**-**	**-**	**-**	**(3,196)**	**-**	**-**	**(3,533)**	**-**	**879,242**
Investment Property	67,656	(2,143)	(9,414)											56,099
Intangible Assets	550													550
Long-Term Investments	22,930									(5,260)				17,670
Long-term Debtors	8,161	(692)				1,164				5,260				13,893
NON CURRENT ASSETS	**1,012,963**	**(55,182)**	**15,238**	**-**	**-**	**1,164**	**-**	**-**	**(3,196)**	**-**	**-**	**(3,533)**	**-**	**967,454**

Note 39: Prior Period Adjustment (continued)

Effect on the balance sheet at 31 March 2018

	Restated net amounts (cont'd <)	Derecognise Academy	Derecognise Investment Property	IAS19 Adjustment	Restated net amounts
	£'000	£'000	£'000	£'000	£'000
Council dwellings	493,198				493,198
Other land and buildings	196,337	(4,373)			191,964
Vehicles, Plant & Equipment	49,334				49,334
Infrastructure assets	64,919				64,919
Community assets	9,393				9,393
Surplus Assets	16,834				16,834
Assets Under construction	49,227				49,227
Property plant and equipment	**879,242**	**(4,373)**	**-**	**-**	**874,869**
Investment Property	56,099		(264)		55,835
Intangible Assets	550				550
Long-Term Investments	17,670				17,670
Long-term Debtors	13,893				13,893
NON CURRENT ASSETS	**967,454**	**(4,373)**	**(264)**	**-**	**962,817**

Note 39: Prior Period Adjustment (continued)

Effect on the balance sheet at 31 March 2018

	Net Amounts as originally stated	Restatement of opening balances	PPE corrections	Over accrual of income from SUR LLP	Gross up debtors and creditors	Misposting of overage income	Correct understatement of MRP	Restate s.106 receipts	Restate infrastructure	Mis-classification of loan	Overstatement of debtors	Incorrect capitalisation*	Apply Capitalisation Direction	Restated net amounts (cont'd >)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Short-term investments	18,808													18,808
Assets held for sale	-		1,276											1,276
Inventories	6													6
Short-term debtors	32,945	(5,797)		(4,309)	14,890						(780)			36,949
Cash and cash equivalents	9,900													9,900
Current assets	**61,659**	**(5,797)**	**1,276**	**(4,309)**	**14,890**	**-**	**-**	**-**	**-**	**-**	**(780)**	**-**	**-**	**66,939**
Short-term borrowing	(152,760)													(152,760)
Short-term creditors	(34,619)	956	(8,069)		(14,890)									(56,622)
Provisions	(2,447)													(2,447)
Grants Received in Advance - Capital	(2,100)													(2,100)
Current liabilities	**(191,926)**	**956**	**(8,069)**	**-**	**(14,890)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(213,929)**
Long-term creditors	(393)	(11,854)	(8,069)					(1,320)						(21,636)
Deferred capital receipts	-	(4,157)												(4,157)
Provisions	(223)													(223)
Long-term borrowing	(170,341)													(170,341)
Other Long-term Liabilities	(307,430)													(307,430)
Long-term liabilities	**(478,387)**	**(16,011)**	**(8,069)**	**-**	**-**	**-**	**-**	**(1,320)**	**-**	**-**	**-**	**-**	**-**	**(503,787)**
TOTAL NET ASSETS	**404,309**	**(76,034)**	**376**	**(4,309)**	**-**	**1,164**	**-**	**(1,320)**	**(3,196)**	**-**	**(780)**	**(3,533)**	**-**	**316,677**

Note 39: Prior Period Adjustment (continued)

Effect on the balance sheet at 31 March 2018

	Restated net amounts (cont'd <)	Derecognise Academy	Derecognise Investment Property	IAS19 Adjustment	Write-off historical balances	Restated net amounts
	£'000	£'000	£'000	£'000	£'000	£'000
Short-term investments	18,808					18,808
Assets held for sale	1,276					1,276
Inventories	6					6
Short-term debtors	36,949					36,949
Cash and cash equivalents	9,900					9,900
Current assets	**66,939**	**-**	**-**	**-**	**-**	**66,939**
Short-term borrowing	(152,760)					(152,760)
Short-term creditors	(56,622)					(56,622)
Provisions	(2,447)					(2,447)
Grants Received in Advance - Capital	(2,100)					(2,100)
Current liabilities	**(213,929)**	**-**	**-**	**-**	**-**	**(213,929)**
Long-term creditors	(21,636)					(21,636)
Deferred capital receipts	(4,157)					(4,157)
Provisions	(223)					(223)
Long-term borrowing	(170,341)					(170,341)
Other Long-term Liabilities	(307,430)			(4,539)		(311,969)
Long-term liabilities	**(503,787)**	**-**	**-**	**(4,539)**	**-**	**(508,326)**
TOTAL NET ASSETS	**316,677**	**(4,373)**	**(264)**	**(4,539)**	**962,817**	**307,501**

Note 39: Prior Period Adjustment (continued)

Effect on the balance sheet at 31 March 2018

	Net Amounts as originally stated	Restatement of opening balances	PPE corrections	Over accrual of income from SUR LLP	Gross up debtors and creditors	Misposting of overage income	Correct understatement of MRP	Restate s.106 receipts	Restate infrastructure	Mis-classification of loan	Overstatement of debtors	Incorrect capitalisation*	Apply Capitalisation Direction	Restated net amounts (cont'd >)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
General Fund	(8,123)	713		4,309		266	5,136				780	8,350	(13,881)	(2,450)
Earmarked GF Reserves	(6,318)													(6,318)
HRA	(17,838)	2,646												(15,192)
Capital Receipts Reserve	(28,312)	(4,132)				(1,430)						(4,817)		(38,691)
Major Repairs Reserve	(15,107)													(15,107)
Capital Grants Unapplied Account	(32,443)	11,854						1,320						(19,269)
TOTAL USABLE RESERVES	**(108,141)**	**11,081**	**-**	**4,309**	**-**	**(1,164)**	**5,136**	**1,320**	**-**	**-**	**780**	**3,533**	**(13,881)**	**(97,027)**
Revaluation Reserve	(306,010)	9,675	7,395											(288,940)
Capital Adjustment Account	(248,031)	55,278	(7,771)				(5,136)		3,196				13,881	(188,583)
Available for Sale Reserve	(1,209)													(1,209)
Financial Instruments Adjustment Account	1,362													1,362
Pension Reserve	265,920													265,920
Deferred Capital Receipts Reserve	(9,791)													(9,791)
Collection Fund Adjustment Account	577													577
Accumulated Absences Adjustment Account	1,014													1,014
TOTAL UNUSABLE RESERVES	**(296,168)**	**64,953**	**(376)**	**-**	**-**	**-**	**(5,136)**	**-**	**3,196**	**-**	**-**	**-**	**13,881**	**(219,650)**
TOTAL RESERVES	**(404,309)**	**76,034**	**(376)**	**4,309**	**-**	**(1,164)**	**-**	**1,320**	**3,196**	**-**	**780**	**3,533**	**-**	**(316,677)**

Note 39: Prior Period Adjustment (continued)

Effect on the balance sheet at 31 March 2018

	Restated net amounts (cont'd >)	Derecognise Academy	Derecognise Investment Property	IAS19 Adjustment	Write-off historical balances	Restated net amounts
	£'000	£'000	£'000	£'000	£'000	£'000
General Fund	(2,450)					(2,450)
Earmarked GF Reserves	(6,318)					(6,318)
HRA	(15,192)					(15,192)
Capital Receipts Reserve	(38,691)					(38,691)
Major Repairs Reserve	(15,107)					(15,107)
Capital Grants Unapplied Account	(19,269)					(19,269)
TOTAL USABLE RESERVES	**(97,027)**	**-**	**-**	**-**	**-**	**(97,027)**
Revaluation Reserve	(288,940)	4,373				(284,567)
Capital Adjustment Account	(188,583)		264			(188,319)
Available for Sale Reserve	(1,209)					(1,209)
Financial Instruments Adjustment Account	1,362					1,362
Pension Reserve	265,920			4,539		270,459
Deferred Capital Receipts Reserve	(9,791)					(9,791)
Collection Fund Adjustment Account	577					577
Accumulated Absences Adjustment Account	1,014					1,014
TOTAL UNUSABLE RESERVES	**(219,650)**	**4,373**	**264**	**4,539**	**-**	**(210,474)**
TOTAL RESERVES	**(316,677)**	**4,373**	**264**	**4,539**	**-**	**(307,501)**

SECTION – 5

SUPPLEMENTARY FINANCIAL STATEMENTS

Housing Revenue Account (HRA) - Income and Expenditure Statement

The HRA Income and Expenditure Statement shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and government grants. Authorities charge rents to cover expenditure in accordance with the legislative framework; this may be different from the accounting cost. The increase or decrease in the year, on the basis upon which rents are raised, is shown in the Movement on the Housing Revenue Account Statement.

2017/18 Original	2017/18 Restated*		2018/19	
£'000	£'000		£'000	*Note*
		Expenditure		
10,160	10,160	Repairs and maintenance	8,782	
9,793	9,793	Supervision and management	9,471	
378	378	Rents, rates, taxes and other charges	223	
11,812	11,812	Depreciation and impairment of non current assets	18,135	6
		Transfer to/from Provision	2,630	
32,143	**32,143**	**Total expenditure**	**39,241**	
		Income		
(32,351)	(32,351)	Dwelling rents	(32,060)	
(1,421)	(1,421)	Non-dwelling rents	(1,346)	
(2,559)	(2,559)	Charges for service and facilities	(2,382)	
(152)	(152)	Contributions towards expenditure	(264)	
(36,483)	**(36,483)**	**Total income**	**(36,052)**	
(4,340)	**(4,340)**	**Net cost or (income) of HRA services as included in the whole authority Comprehensive Income and Expenditure Statement**	**3,189**	
262	262	HRA services share of Corporate and Democratic Core	274	
(4,078)	**(4,078)**	**Net cost of HRA Services**	**3,463**	
		HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement		
4,406	9,539	(Gain) or loss on sale of HRA non current assets	8,137	
5,073	5,073	Interest payable and similar charges	5,489	
(84)	(84)	HRA interest and investment income	(71)	
400	400	Net interest on the defined benefit net liability	175	
5,717	**10,850**	**(Surplus) or deficit for the year on HRA Services**	**17,193**	

** see Prior Period Adjustment at Note 1 for an explanation of the restatement of the 2017/18 figures*

Statement on The Movement on The Housing Revenue Account

The objective of this statement is to reconcile the outturn from the HRA Income and Expenditure Statement to the surplus or deficit on the HRA Balance calculated in accordance with statutory requirements.

2017/18 Original	2017/18 Restated*	Expenditure	2018/19
£'000	£'000		£'000
(23,711)	**(21,064)**	**Balance on the HRA as at 1 April**	**(15,192)**
5,717	10,850	(Surplus)/deficit for the year on the HRA Income and Expenditure Statement	17,193
		Adjustments between accounting basis and funding basis:	
102	101	Amount by which finance costs chargeable in accordance with the Code are different from finance costs chargeable in year under statutory requirements	102
(11,812)	(11,812)	Depreciation and impairments	(18,135)
(4,406)	(9,539)	(Gains)/losses on sale of HRA non-current assets	(8,137)
(436)	(436)	Net charges for pensions	(357)
		Transfers to/(from) the Capital Receipts Reserve	(30)
5,000	5,000	Capital expenditure charged to HRA balance	500
		Accumulated absences adjustment	
11,708	11,708	Transfers to/(from) the Major Repairs Reserve	8,776
5,873	**5,872**	**Net (increase)/decrease before transfers to/(from) reserves**	**(88)**
		Transfers to/(from) earmarked reserves	
5,873	**5,872**	**(Increase)/decrease in year on the HRA balance**	**(88)**
(17,838)	**(15,192)**	**HRA Balance at 31 March**	**(15,280)**

** see Prior Period Adjustment at Note 1 for an explanation of the restatement of the 2017/18 figures*

Housing Revenue Account Notes

Note 1: Prior Period Adjustment

The HRA Income and Expenditure Statement has been restated for 2017/18 to reflect the decreased value of assets disposed of in the year. This increased the loss on disposal reported in the HRA Income and Expenditure Statement by £5.133m from £4.406m to £9.539m.

This is matched by an increase in the loss transferred out of the HRA Balance in the Statement of Movement on the HRA Balance.

Note 2: Housing Stock

As at 31 March 2019, the Council was responsible for managing a housing stock of 6,084 dwellings comprising:

2017/18	Type of accommodation	2018/19
No.		No.
2,749	Houses	2,776
2,822	Flats	2,784
529	Bungalows	522
6	Shared ownership	4
(14)	Awaiting demolition	-
6,092	**Total**	**6,086**

The change in stock can be summarised as follows:

2017/18	Type of accommodation	2018/19
No.		No.
6,094	Stock at 1 April	6,092
(66)	Sold	(23)
78	New Build/Acquisitions	15
(12)	Awaiting demolition	-
(2)	Demolished	-
6,092	**Stock at 31 March**	**6,084**

Note 2: Housing Stock (continued)

The total balance sheet value of the Council's HRA assets at 1 April 2018 was £535m (restated) and at 31 March 2019 was £557m, analysed as follows:

2017/18 Original	2017/18 Restated*	Expenditure	2018/19
£'000	£'000		£'000
		Operational assets	
495,546	495,684	Council dwellings	538,416
7,451	8,139	Other land and buildings	6,858
-	715	Community assets	812
12,012	7,729	Assets under construction	7,595
515,009	**512,267**		**553,681**
		Non-operational assets	
2,260	2,320	Investment property	2,058
20,473	15,548	Surplus assets	3,866
22,733	**17,868**		**5,924**
537,742	**530,135**	**Total asset value**	**559,605**

Note 3: Vacant Possession Value

Dwellings are initially valued at open market value assuming vacant possession. The vacant possession value of the HRA tenanted dwellings was £1,632m (£1,454m at 31 March 2018). This is the existing use value (EUV). The difference between the vacant possession value the Balance Sheet value of the dwellings within the HRA reflects that tenancies are held on a secure basis without vacant possession.

The Balance Sheet value of the dwellings is determined by applying the Government prescribed discount factor (the vacant possession discount factor) to the vacant possession value of the stock. The discount factor is 33%. The resultant valuation is the EXisting Use Value - Social Housing (EUV-SH)

The difference of £1,094m between the EUV of £1,632m and the EUV-SH of £538m represents the economic costof providing housing at less than open market

Note 4: Capital Expenditure and financing

During 2018/19, the Council incurred £19.9m capital expenditure on land, houses and other properties within the HRA (2017/18: £19.7m). The detail of expenditure and the methods of financing are detailed below:

2017/18 £'000		2018/19 £'000
	Capital expenditure	
9,056	Operational assets	10,074
10,650	Non-operational assets	9,800
19,706		**19,874**
	Sources of funding	
(3,470)	Capital receipts	(2,707)
(10,626)	Major repairs reserve	(16,359)
(610)	Government grants and contributions	(309)
(5,000)	Direct revenue financing	(499)
(19,706)		**(19,874)**

Note 5: Capital receipts

Capital receipts from disposals of land, houses and other property within the HRA were as follows:

2017/18 £'000		2018/19 £'000
(52)	Land	(60)
(6,123)	Council dwellings	(4,596)
(1,920)	Other property	(417)
(8,095)		**(5,073)**

Note 6: Depreciation and impairment

2017/18				2018/19		
Depreciation	Impairment / Reversals	Total		Depreciation	Impairment / Reversals	Total
£'000	£'000	£'000		£'000	£'000	£'000
9,185	2,614	11,799	Council dwellings	8,699	1,103	9,802
81	114	195	Other land and buildings	72	891	963
		-	Community assets	1		1
45	114	159	Surplus assets	3	6,691	6,694
	212	212	Assets under construction		451	451
9,311	**3,054**	**12,365**		**8,775**	**9,136**	**17,911**

Note 7: Rent Arrears

2017/18		2018/19
	Rent arrears comprise:	
1,297	Current tenant arrears	1,537
978	Former tenant arrears	1,019
2,275		**2,556**
(1,808)	Less: Bad debts provisions	(2,032)
467		**524**

Collection Fund Statement

The Collection Fund shows the transactions of the Council in its capacity as the billing authority in relation to the collection from taxpayers and the distribution to local authorities and the Government of council tax and non-domestic rates. There is no requirement for a separate Collection Fund balance sheet since the assets and liabilities arising from collecting non-domestic rates and council tax belong to the major preceptors, the billing authority and the Government.

The Council's share of council tax and non-domestic rates income is included in the Comprehensive Income and Expenditure Statement (CIES) on an accruals basis in line with the Code. However, the amount to be recognised in the General Fund is determined by regulation. Therefore, there is an adjustment for the difference between the accrued income and the statutory credit made through the Movement in Reserves Statement and to the Collection Fund Adjustment Account.

2017/18				2018/19			
Business Rates	**Council Tax**	**Total**		**Business Rates**	**Council Tax**	**Total**	
£'000	**£'000**	**£'000**		**£'000**	**£'000**	**£'000**	*Note*
			Income				
-	(62,328)	(62,328)	Council Tax receivable	-	(67,258)	(67,258)	
(103,885)	-	(103,885)	Business Rates receivable	(105,655)	-	(105,655)	
(103,885)	**(62,328)**	**(166,213)**	**Total income**	**(105,655)**	**(67,258)**	**(172,913)**	
			Expenditure				
			Apportionment of prior year surplus/deficit				
(361)	-	(361)	Central Government	(3,116)	-	(3,116)	
(354)	84	(270)	Slough Borough Council	(3,054)	-	(3,054)	
(7)	4	(3)	Berkshire Fire Authority	(62)	-	(62)	
-	12	12	Thames Valley police	-	-	-	
			Precepts				
50,985	-	50,985	Central Government	5,125	-	5,125	
49,965	52,675	102,640	Slough Borough Council	96,350	55,768	152,118	
1,020	2,573	3,593	Berkshire Fire Authority	1,025	2,685	3,710	
-	7,011	7,011	Thames Valley police	-	7,605	7,605	
			Charges to Collection Fund				
802	480	1,282	Increase/(decrease) in allowance for impairment	1,959	4,116	6,075	
1,461	-	1,461	Increase/(decrease) in allowance for appeals	4,528	-	4,528	
1,576	-	1,576	Transitional Protection Payments Payable	2,317	-	2,317	
208	-	208	Charge to General Fund for allowable collection costs for non-domestic rates	205	-	205	
105,295	**62,839**	**168,134**	**Total expenditure**	**105,277**	**70,174**	**175,451**	
1,410	511	1,921	(Surplus)/Deficit arising during the year	(378)	2,916	2,538	
1,906	210	2,116	(Surplus)/Deficit brought forward	3,316	721	4,037	
3,316	**721**	**4,037**	**(Surplus)/Deficit carried forward**	**2,938**	**3,637**	**6,575**	

Notes to the Collection Fund

Note 1: Council tax income

The Council's tax base for 2018/19 - i.e. the number of chargeable dwellings in each valuation band (adjusted for dwellings where discounts apply), converted to an equivalent number of Band D dwellings - calculated as follows:

Band	Valuation band limits	Estimated number of dwellings after effect of discounts	Ratio	Band D equivalent dwellings	Council Tax charge per band (£)
A	Upto and including - 40,000	531	6 / 9	796	1
B	40,001 - 52,000	4,168	7 / 9	5,359	1
C	52,001 - 68,000	14,911	8 / 9	16,775	1
D	68,001 - 88,000	11,421	9 / 9	11,421	1
E	88,001 - 120,000	6,301	11 / 9	5,155	2
F	120,001 - 160,000	3,401	13 / 9	2,354	2
G	160,001 - 320,000	889	15 / 9	534	2
H	More than - 320,001	16	18 / 9	8	3
Total		**41,638**		**42,402**	
Less adjustment for collection rates and anticipated changes in valuations and exemptions during the year				-	
Council Tax Base				**42,402**	

The Council's tax base for 2017/18 - i.e. the number of chargeable dwellings in each valuation band (adjusted for dwellings where discounts apply), converted to an equivalent number of Band D dwellings - calculated as follows:

Band	Valuation band limits	Estimated number of dwellings after effect of discounts	Ratio	Band D equivalent dwellings	Council Tax charge per band (£)
A	Upto and including - 40,000	1,098	6 / 9	732	1
B	40,001 - 52,000	6,711	7 / 9	5,220	1
C	52,001 - 68,000	18,681	8 / 9	16,606	1
D	68,001 - 88,000	11,307	9 / 9	11,307	1
E	88,001 - 120,000	4,161	11 / 9	5,086	2
F	120,001 - 160,000	1,624	13 / 9	2,347	2
G	160,001 - 320,000	323	15 / 9	538	2
H	More than - 320,001	4	18 / 9	8	3
Total		**43,909**		**41,844**	
Less adjustment for collection rates and anticipated changes in valuations and exemptions during the year				(670)	
Council Tax Base				**41,174**	

Note 2: Business Rates income

Non-Domestic Rates are organised on a local basis. The Government specifies an amount and subject to the effects of transitional arrangements, local businesses pay rates calculated by multiplying their rateable value by that amount. In 2018/19 the amount was 49.30p (47.90p = 2017/18). The small business rate multiplier was 48.0p for 2018/19 (46.60p 2017/18). The Council is responsible for collecting rates due from the ratepayers in its area and distributing the amount collected between itself, central government and major preceptors in proportions specified by central government. This is shown in the Collection Fund Statement and analysed at Note 13. The total rateable value @ 31 March 2019 was £242,436,288 (31 March 2018 = £244,947,038).

SECTION – 6

GROUP ACCOUNTS

Group Comprehensive Income and Expenditure Statement

2017/18 Restated*				2018/19			
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure	
£'000	£'000	£'000		£'000	£'000	£'000	Note
80,873	(23,693)	57,180	Adults and Communities	85,800	(26,546)	59,254	
130,110	(85,119)	44,991	Children, Learning and Skills	139,242	(83,127)	56,115	
46,480	(8,934)	37,546	Place and Development	25,770	(8,222)	17,548	
4,645	(4,107)	538	Regeneration	17,857	(10,463)	7,394	
103,102	(74,950)	28,152	Finance and Resources	88,680	(73,621)	15,059	
1,630	-	1,630	Chief Executive	16,539	(1,171)	15,368	
32,143	(43,698)	(11,555)	Housing Revenue Account	29,370	(36,052)	(6,682)	
398,983	**(240,501)**	**158,482**	**Cost of Services**	**403,258**	**(239,202)**	**164,056**	
		24,838	Other operating expenditure			41,617	
		13,493	Financing and investment income and expenditure			37,001	
		-	Tax due for the year (current and deferred tax)			-	
		(121,294)	Taxation and non-specific grant income and expenditure			(103,850)	
		75,519	**(Surplus)/deficit on provision of services**			**138,824**	
		(588)	Share of the (surplus)/deficit on the provision of services by joint venture			(784)	
		-	Tax expenses of joint venture			-	
		74,931	**Group (Surplus)/deficit on provision of services**			**138,040**	
		(448)	(Surplus) or deficit on financial assets measured at FVOCI			-	
		(24,584)	(Surplus) or deficit on revaluation of property, plant and equipment assets			(55,040)	
		(20,630)	Remeasurement of the net defined benefit liability			(7,875)	
		(45,662)	**Other Comprehensive income and expenditure**			**(62,915)**	
		29,269	**Total Comprehensive income and expenditure**			**75,125**	

** The 2017/18 comparators were restated, see Note 6 for more details.*

Group Movement in Reserves Statement

	General Fund	General Fund Earmarked Reserves	Housing Revenue Account (HRA)	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Council Usable Reserves	Share of Usable Reserves from JVs and Subsidiaries	Total Group Usable Reserves	Council Unusable Reserves	Share of Unusable Reserves from JVs and Subsidiaries	Total Group Unusable Reserves	Total Group Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2017	**(8,123)**	**(7,156)**	**(23,710)**	**(23,675)**	**(14,025)**	**(50,680)**	**(127,369)**	**-**	**(127,369)**	**(285,802)**	**-**	**(285,802)**	**(413,171)**
Restatement of opening balances	713	-	2,646	(4,132)	-	11,854	11,081	-	11,081	64,953	-	64,953	76,034
Restated opening balances	**(7,410)**	**(7,156)**	**(21,064)**	**(27,807)**	**(14,025)**	**(38,826)**	**(116,288)**	**-**	**(116,288)**	**(220,849)**	**-**	**(220,849)**	**(337,137)**
Movement in Reserves in 2017/18													
(Surplus)/Deficit on Provision of Services	63,288	-	10,850	-	-	1,320	75,458	61	75,519	-	-	-	75,519
Other Comprehensive Income and Expenditure	-	-		-		-	-	(588)	(588)	(45,822)	160	(45,662)	(46,250)
Total Comprehensive Income and Expenditure	**63,288**	**-**	**10,850**	**-**	**-**	**1,320**	**75,458**	**(527)**	**74,931**	**(45,822)**	**160**	**(45,662)**	**29,269**
Adjustments between accounting and funding basis	(43,609)		(4,978)	(10,884)	(1,082)	18,237	(42,316)	-	(42,316)	42,316	-	42,316	-
Capitalisation Direction	(13,881)						(13,881)	-	(13,881)	13,881	-	13,881	-
Net (increase)/decrease before transfers to/from reserves	**5,798**	**-**	**5,872**	**(10,884)**	**(1,082)**	**19,557**	**19,261**	**(527)**	**18,734**	**10,375**	**160**	**10,535**	**29,269**
Transfer to/(from) - reserves	(838)	838	-	-	-	-	-	-	-	-	-	-	-
Balance at 31 March 2018	**(2,450)**	**(6,318)**	**(15,192)**	**(38,691)**	**(15,107)**	**(19,269)**	**(97,027)**	**(527)**	**(97,554)**	**(210,474)**	**160**	**(210,314)**	**(307,868)**
Restatement of opening balances	-	-	-	-	-	-	-	-	-	(15)	-	(15)	(15)
Restated opening balances	**(2,450)**	**(6,318)**	**(15,192)**	**(38,691)**	**(15,107)**	**(19,269)**	**(97,027)**	**(527)**	**(97,554)**	**(210,489)**	**160**	**(210,329)**	**(307,883)**
Movement in Reserves in 2018/19													
(Surplus)/Deficit on Provision of Services	120,446	-	17,193	-	-	-	137,639	1,187	138,826	-	-	-	138,826
Other Comprehensive Income and Expenditure	-	-		-	-	-	-	(784)	(784)	(61,504)	(140)	(61,644)	(62,428)
Total Comprehensive Income and Expenditure	**120,446**	**-**	**17,193**	**-**	**-**	**-**	**137,639**	**403**	**138,042**	**(61,504)**	**(140)**	**(61,644)**	**76,398**
Adjustments between accounting and funding basis	(85,357)	-	(17,281)	(2,229)	2,650	14,130	(88,087)	-	(88,087)	88,087	-	88,087	-
Capitalisation Direction	(28,201)	-	-	-	-	-	(28,201)	-	(28,201)	28,201	-	28,201	-
Net (increase)/decrease before transfers to/from reserves	**6,888**	**-**	**(88)**	**(2,229)**	**2,650**	**14,130**	**21,351**	**403**	**21,754**	**54,784**	**(140)**	**54,644**	**76,398**
Transfer to/(from) - reserves	(5,899)	5,899	-	-	-	-	-	-	-	-	-	-	-
Balance at 31 March 2019	**(1,461)**	**(419)**	**(15,280)**	**(40,920)**	**(12,457)**	**(5,139)**	**(75,676)**	**(124)**	**(75,800)**	**(155,705)**	**20**	**(155,685)**	**(231,485)**

** The 2017/18 comparators were restated, see Note 6 for more details.*

Group Balance Sheet

** The 2017/18 comparators were restated, see Note 6 for more details.*

01/04/2017 Restated*	31 March 2018 Restated*		31 March 2019	
£'000	**£'000**		**£'000**	*Note*
802,648	880,173	Property, Plant and Equipment	960,407	*2*
35,998	55,835	Investment Property	66,125	
457	550	Intangible Assets	969	
26,470	16,206	Long-term Investments	19,064	
-	588	Long-term Investments	1,372	
8,628	8,633	Long-term Debtors	7,277	
874,201	**961,985**	**Total Long-term Assets**	**1,055,214**	
24,053	18,808	Short Term Investments	48,545	
-	1,276	Assets Held for Sale	-	
3	6	Inventories	1	
28,549	37,438	Short term debtors	19,198	
19,800	10,700	Cash and Cash Equivalents	21,944	
72,405	**68,228**	**Current Assets**	**89,688**	
(67,559)	(152,760)	Short-term Borrowing	(214,682)	
(38,754)	(56,712)	Short-term Creditors	(60,076)	
(1,508)	(2,447)	Short-term Provisions	(2,165)	
(2,100)	(2,100)	Grants Receipts in Advance – Capital	-	
(109,921)	**(214,019)**	**Current Liabilities**	**(276,923)**	
(11,854)	(21,636)	Long-term Creditors	(6,060)	
(4,157)	(4,157)	Deferred Capital Receipts	(4,157)	
(223)	(223)	Long-term Provisions	(9,373)	
(170,370)	(170,341)	Long-term Borrowing	(304,216)	
(312,944)	(311,969)	Other Long-Term Liabilities	(312,687)	
(499,548)	**(508,326)**	**Long-term Liabilities**	**(636,493)**	
337,137	**307,868**	**Net Assets**	**231,486**	
-	(588)	Share of joint venture (profits)/losses	(1,372)	
(116,288)	(97,027)	Usable Reserves	(75,674)	
-	61	P&L Reserve	1,248	
(220,849)	(210,314)	Unusable Reserves	(155,688)	
(337,137)	**(307,868)**	**Total Reserves**	**(231,486)**	

Group Cash Flow Statement

2017/18 Restated* £'000		2018/19 £'000	Note
64,650	Net (surplus) or deficit on the provision of services	138,825	
(89,144)	Adjustment to (surplus) or deficit on the provision of services for non-cash movements	(161,377)	3
31,393	Adjustment for items included in the net (surplus) or deficit on the provision of services that are investing and financing activities	25,159	3
6,899	**Net cash flows from operating activities**	**2,607**	
90,826	Investing Activities	176,822	4
(88,730)	Financing Activities	(190,654)	5
8,995	**Net (increase) or decrease in cash and cash equivalents**	**(11,225)**	
19,800	Cash and cash equivalents at the beginning of the reporting period	10,700	
10,805	**Cash and cash equivalents at the end of the reporting period**	**21,925**	

** The 2017/18 comparators were restated, see Note 6 for more details.*

Notes to the Group Financial Statements

Note 1: Basis of Preparation

The Group accounts have been prepared in accordance with the requirements of Chapter 9 of CIPFA's 2018/19 Code of Practice, by:

- Identifying entities within the Group accounting boundary
- Consolidating controlled entities on a line-by-line basis in the Group financial statements, eliminating intra-group balances and transactions in full.
- Consolidating joint ventures using the equity method, by including the Council's share of company profits and losses as a single line item in the Group Comprehensive Income and Expenditure Statement and Group Balance Sheet.
- For the consolidation of the joint venture Slough Urban Renewals year end is 31st December rather than 31st March. Review was done comparing the equity as at 31 December's audited accounts with that as at 31 March based on the management accounts. Based on this analysis the differences are below materiality, therefore the 31 December audited figures have been used for the purposes of the consolidation.

The following entities have been included in the Group financial statements:

Company	Classification	Consolidation method
James Elliman Homes (JEH)	Subsidiary	line by line
Slough Urban Renewal (SUR)	Joint Venture (JV)	equity method

Note 2: Group Property, Plant and Equipment

Movements in 2018/19	Operational assets							Non-operational assets		Group Total
	Council dwellings	Other land and buildings - SBC	Other land and buildings - JEH	Other land and buildings total	Vehicles, plant and equipment	Infrastructure assets	Community assets	Surplus assets	Assets under construction	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation										
At 1 April 2018	**499,657**	**193,955**	**5,304**	**199,259**	**63,700**	**105,462**	**9,419**	**17,008**	**49,230**	**943,735**
Adjustments to cost/value & depreciation/impairment	(8,768)	(3,256)		(3,256)	(15)	-	-	(12)	-	(12,051)
Additions	12,798	56,759	21,883	78,642	1,132	6,345	54	496	19,498	118,965
Revaluation increases/(decreases) recognised in the revaluation reserve	47,474	18,924	139	19,063	(1,808)	-	-	(10,030)	189	54,888
Revaluation increases/(decreases) recognised in the surplus/(deficit) on the provision of services	(11,805)	(16,619)		(16,619)	(3,495)	-	-	(6,651)	(1,280)	(39,850)
Derecognition – disposals	(2,862)	(24,345)		(24,345)	(5,276)	-	-	(570)	(173)	(33,226)
Other transfers/movements	3,572	8,288		8,288	408	482	-	16,919	(28,274)	1,395
At 31 March 2019	**540,066**	**233,706**	**27,326**	**261,032**	**54,646**	**112,289**	**9,473**	**17,160**	**39,190**	**1,033,856**
Accumulated depreciation and impairment										
At 1 April 2018	**(6,459)**	**(1,991)**	**-**	**(1,991)**	**(14,366)**	**(40,543)**	**(26)**	**(174)**	**(3)**	**(63,562)**
Adjustments to cost/value & depreciation/impairment	8,768	3,256		3,256	15	-	-	12	-	12,051
Depreciation charge	(8,696)	(3,142)	(284)	(3,426)	(3,764)	(6,614)	-	(16)	-	(22,516)
Depreciation written out to the revaluation reserve	-	-		-	-	-	-	-	-	-
Depreciation written out to the surplus/(deficit) on the provision of services	-	-		-	-	-	-	-	-	-
Derecognition – disposal	108	352		352	109	-	-	2	-	571
Other transfers/movements	6	(1)		(1)	-	-	-	(2)	-	3
At 31 March 2019	**(6,273)**	**(1,526)**	**(284)**	**(1,810)**	**(18,006)**	**(47,157)**	**(26)**	**(178)**	**(3)**	**(73,453)**
Net book value at 31 March 2018	**493,198**	**191,964**	**5,304**	**197,268**	**49,334**	**64,919**	**9,393**	**16,834**	**49,227**	**880,173**
Net book value at 31 March 2019	**533,793**	**232,180**	**27,042**	**259,222**	**36,640**	**65,132**	**9,447**	**16,982**	**39,187**	**960,403**

Note 2: Group Property, Plant and Equipment (continued)

Movements in 2017/18	Operational assets							Non-operational assets		Group Total
	Council dwellings	Other land and buildings - SBC	Other land and buildings - JEH	Other land and buildings total	Vehicles, plant and equipment	Infrastructure assets	Community assets	Surplus assets	Assets under construction	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation										
At 1 April 2017	**486,946**	**190,681**	**-**	**190,681**	**54,580**	**118,933**	**8,200**	**27,421**	**29,128**	**915,889**
Prior period adjustment	(2,072)	(6,362)	-	(6,362)	(15,600)	(25,769)	-	(4,989)	(771)	(55,563)
Restated balance at 1 April 2017	**484,874**	**184,319**	**-**	**184,319**	**38,980**	**93,164**	**8,200**	**22,432**	**28,357**	**860,326**
Adjustments to cost/value & depreciation/impairment	(9,007)	(5,496)	-	(5,496)	(1,591)	-	-	(131)	-	(16,225)
Additions	8,390	36,490	5,304	41,794	6,567	12,298	308	1,335	50,850	121,542
Revaluation increases/(decreases) recognised in the revaluation reserve	19,165	3,886	-	3,886	411	-	-	1,322	(40)	24,744
Revaluation increases/(decreases) recognised in the surplus/(deficit) on the provision of services	(9,829)	(17,325)		(17,325)	3,553	-	-	(113)	(212)	(23,926)
Derecognition – disposals	(6,773)	(5,463)	-	(5,463)	(648)	-	-	(4,913)	(3,029)	(20,826)
Other transfers/movements	12,837	(2,456)	-	(2,456)	16,428	-	911	(2,924)	(26,696)	(1,900)
At 31 March 2018	**499,657**	**193,955**	**5,304**	**199,259**	**63,700**	**105,462**	**9,419**	**17,008**	**49,230**	**943,735**
Accumulated depreciation and impairment										
At 1 April 2017	**(6,400)**	**(3,271)**	**-**	**(3,271)**	**(29,031)**	**(21,618)**	**(16)**	**(558)**	**-**	**(60,894)**
Prior period adjustment	4	317	-	317	15,600	(12,714)	-	9	-	3,216
Restated balance at 1 April 2017	**(6,396)**	**(2,954)**	**-**	**(2,954)**	**(13,431)**	**(34,332)**	**(16)**	**(549)**	**-**	**(57,678)**
Adjustments to cost/value & depreciation/impairment	9,007	5,496	-	5,496	1,591	-	-	131	-	16,225
Depreciation charge	(9,185)	(4,675)	-	(4,675)	(3,098)	(6,211)	-	(77)	-	(23,246)
Depreciation written out to the revaluation reserve	-	-		-	-	-	-	-	-	-
Depreciation written out to the surplus/(deficit) on the provision of services	-	-		-	-	-	-	-	-	-
Derecognition – disposal	121	199		199	506	-	-	308	-	1,134
Other transfers/movements	(6)	(57)		(57)	66	-	(10)	13	(3)	3
At 31 March 2018	**(6,459)**	**(1,991)**	**-**	**(1,991)**	**(14,366)**	**(40,543)**	**(26)**	**(174)**	**(3)**	**(63,562)**
Net book value at 31 March 2017	**478,478**	**181,365**	**-**	**181,365**	**25,549**	**58,832**	**8,184**	**21,883**	**28,357**	**802,648**
Net book value at 31 March 2018	**493,198**	**191,964**	**5,304**	**197,268**	**49,334**	**64,919**	**9,393**	**16,834**	**49,227**	**880,173**

Note 3: Group Cash Flow Statement - Operating Activities

2017/18 Restated*		2018/19
£'000		**£'000**
75,518	**Net (surplus) or deficit on the provision of services**	**138,825**
	Adjustments for non-cash movements:	
(23,246)	Depreciation	(22,481)
(8,176)	Impairments and downward revaluation	(38,691)
(95)	Amortisation	-
(4,188)	Net increase/decrease in creditors, debtors and inventories	(30,400)
(20,884)	Pensions liability	(10,772)
(31,600)	Carrying amount of non-current assets sold	(48,376)
(11,718)	Other non-cash items	(10,677)
(99,907)	**Subtotal**	**(161,397)**
	Adjustments for items that are investing or financing activities:	
-	Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)	12,573
13,307	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	8,783
18,086	Any other items for which the cash effects are investing or financing cash flows	3,803
31,393	**Subtotal**	**25,159**
7,004	**Net cash flows from operating activities**	**2,587**

** The 2017/18 comparators were restated, see Note 39 for more details.*

The cash flows for operating activities include the following items:

2017/18		2018/19
£'000		**£'000**
(1,952)	Interest received	(4,319)
8,963	Interest paid	8,416
7,011	**Total**	**4,097**

Note 4: Group Cash Flow Statement - Investing Activities

2017/18 Restated*		2018/19
£'000		£'000
131,188	Purchase of property, plant and equipment, investment property and intangible assets	152,932
330,466	Purchase of short-term and long-term investments	73,218
(6,723)	Other payments for investing activities	-
(15,343)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(14,337)
(339,252)	Proceeds from short-term and long-term investments	(12,573)
(16,233)	Other receipts from investing activities	(22,418)
84,103	**Net cash flows from investing activities**	**176,822**

** The 2017/18 comparators were restated, see Note 39 for more details.*

Note 5: Group Cash Flow Statement - Financing Activities

2017/18 Restated*		2018/19
£'000		£'000
(203,000)	Cash receipts of short-term and long-term borrowings	(534,500)
-	Other receipts from financing activities	-
-	Council Tax and NNDR adjustments	-
2,260	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	2,376
117,829	Repayments of short-term and long-term borrowing	339,542
904	Other payments from financing activities	1,928
(82,007)	**Net cash flows from financing activities**	**(190,654)**

** The 2017/18 comparators were restated, see Note 39 for more details.*

Note 6: Group Prior Period Adjustment

Numerous adjustments have been made in the Council's own accounts to restate figures previously reported in 2017/18. These are set out in Note 39 to the single entity financial statements (pages 107 to 117)

In addition, the Council has made the following adjustments to figures previously reported in the Group Accounts for 2017/18:

1. Previous year's group accounts had omitted the subsidiary company's revaluation reserve from the Group Balance Sheet. The adjustment of £0.16m corrects this omission

2. Previous year's group accounts had omitted the Council's share of the equity in its joint venture company. The adjustment of £0.588m recognises the value of this investment at 31 March 2018

	At 31 March 2018
	£'000
Authority share of Subsidiary Reserves as originally stated	**61**
Prior Period adjustments	
Movement on Revaluation Reserve of subsidiary (see 1 above)	160
Authority share of surpluses and deficits on joint venture company (see 2 above)	(588)
Authority share of Subsidiary Reserves - restated	**(367)**

SECTION – 7

GLOSSARY OF FINANCIAL TERMS

GLOSSARY OF FINANCIAL TERMS

ACCRUALS

The concept that income and expenditure are recognised as earned or incurred, not as money that is received or paid.

ACTUARY

An independent consultant who advises on the financial position of the Pension Fund.

ACTUARIAL VALUATION

A review is carried out by the actuary on the Pension Fund’s assets and liabilities on the Fund’s financial position and recommended employers’ contribution rates every 3 years reporting to the Council.

AMORTISATION

The writing off of a loan balance over a period of time to revenue.

BAD DEBT PROVISION

An amount set aside to cover money owed to the Council where payment is considered doubtful.

BAND PROPORTIONS

(Also known as VALUATION BANDS)

This is the relation that a Council Tax property bears to the ‘standard’ Band D Council Tax. The band proportions are expressed in ninths and are specified in the Local Government Finance Act 1992. They are: A 6/9, B 7/9, C 8/9, D 9/9, E 11/9, F 13/9, G 15/9 and H 18/9, so that Band A is six ninths of the ‘standard’, and so on.

BILLING AUTHORITY

A district, unitary or London Borough Council or the Council of the Scilly Isles. The billing authority is responsible for levying and collecting Council Tax in its area, both on its own behalf and that of its precepting authorities.

BUDGET

The budget represents a statement of the Council’s planned expenditure and income.

BUSINESS RATE RETENTION

The NNDR pool was replaced in 2013/14 by the Business Rates Retention scheme, whereby authorities retain a percentage of the Business Rates collected. In Berkshire, 99% collected goes and 1% to the Berkshire Fire Authority as part of the Berkshire Business Rates Retention Pilot for 2018/19.

CAPITAL EXPENDITURE

Expenditure on acquisition of a non-current asset or expenditure that adds to and not merely maintains the value of an existing asset.

CARRYING AMOUNT/CARRYING VALUE

These terms refer to the capitalised cost of a non-current asset, less accumulated depreciation and impairment.

GLOSSARY OF FINANCIAL TERM (continued)

CASH EQUIVALENTS

Short-term, highly liquid investments that are readily convertible to cash; e.g. bank call accounts.

CODE

The Code of Practice on Local Authority Accounting in the United Kingdom 2017/18.

COLLECTION FUND

A fund operated by the billing authority into which all receipts of Council Tax and National Non-Domestic Rates are paid. Payments are made from the fund to support the Council's general fund services and to the precepting authorities. The fund must be maintained separately from the authority's General Fund.

COMMUNITY ASSETS

Assets that the Council intends to hold in perpetuity that have no determinable useful life and that may have restrictions on their disposal, such as parks and historic buildings.

COMPONENTISATION

The recognition of distinct parts of an asset (components) as separate assets for depreciation purposes.

CONSUMER PRICE INDEX (CPI)

The measure of inflation used for the indexation of benefits, tax credits and public service pensions. The CPI is an internationally comparable measure of inflation and is used to compare inflation across the European Union.

CONTINGENT ASSET

A possible asset that arises from past events and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Council.

CONTINGENT LIABILITY

Sums of money that the Council will be liable to pay in certain circumstances. e.g. as a result of losing a court case.

COUNCIL TAX

A system of local taxation, which is set by both the billing and precepting authorities at a level determined by the revenue expenditure requirement for each authority, divided by the Council Tax Base for its area.

COUNCIL TAX BASE

An amount calculated by the billing authority, by applying the band proportions to the total properties in each band in order to calculate the number of band D equivalent properties in the authority's area. The tax base is also used by the precepting and some levying bodies in determining their charge to the area.

CREDITORS

Amounts of money owed by the Council for goods or services received.

GLOSSARY OF FINANCIAL TERM (continued)

DEBTORS

Amounts of money owed to the Council for goods or services provided.

DEDICATED SCHOOLS GRANT (DSG)

A ring-fenced grant from the Department for Education paid to Local Education Authorities for the Education of Children and Young Adults up to the age of 25.

DEPRECIATION

A provision made in the accounts to reflect the cost of consuming assets during the year, e.g. a vehicle purchased for £30,000 with a life of five years would depreciate on a straight-line basis at the rate of £6,000 per annum. Depreciation forms part of the ‘capital charges’ made to service revenue accounts and is covered by International Accounting Standard (IAS) 16.

DIRECT REVENUE FINANCING

Funding of capital expenditure directly from revenue budgets.

EARMARKED RESERVES

Amounts set aside for a specific purpose to meet future commitments or potential liabilities, for which it is not appropriate to establish a provision.

EXIT PACKAGES

The cost to the Council of early termination of staff employment before normal retirement age.

EXTERNAL AUDITOR

The Public Sector Audit Appointments Limited (**PSAA**) appoints the external auditor. The current auditor is Grant Thornton LLP.

FAIR VALUE

Fair Value is defined as the amount for which an asset could be exchanged or a liability settled, assuming that the transaction was negotiated between parties knowledgeable about the market in which they are dealing and willing to buy/sell at an appropriate price, with no motive in their negotiations other than to secure a fair price.

FINANCE LEASE

A contractual agreement for the use of an asset, where in substance the risks and rewards associated with ownership reside with the user of the asset (lessee) rather than the owner (lessor).

FINANCIAL YEAR

The local authority financial year starts on 1 April and ends the following 31 March.

GENERAL FUND

This is the main revenue account of the Council. It includes the cost of all services provided which are paid from Government grants, generated income, NNDR retention and borough’s share of Council Tax. It excludes the HRA. By law, it includes the cost of services provided by other bodies who charge a levy to the Council.

GLOSSARY OF FINANCIAL TERM (continued)

HERITAGE ASSETS

Assets held and maintained principally for their contribution to knowledge and culture. e.g. War memorials and museum stocks.

HOUSING REVENUE ACCOUNT (HRA)

An account which includes expenditure and income arising from the provision of rented dwellings. It is, in effect, a landlord account. Statute provides for this account to be separate from the General Fund and any surplus or deficit must be retained within the HRA. No costs may be charged to Council Tax nor can Housing Rent income be used to support General Fund expenditure.

IMPAIRMENT

This is where the value of an asset falls below the carrying value in the accounts and so to reflect the commercial reality of the situation a charge is made in the running costs.

INFRASTRUCTURE ASSETS

Non-current assets that are unable to be readily disposed of, the expenditure on which is recoverable only by continued use of the asset created. Examples are highways and footpaths.

INTANGIBLE ASSETS

Assets which do not have a physical form but provide an economic benefit for a period of more than one year; e.g. software licences.

INTERNATIONAL FINANCIAL REPORTING INTERPRETATION COMMITTEE (IFRIC)

The body which set financial reporting guidelines based on International Financial Reporting Standards. Since 2009/10, the treatment of PFI was based on the adoption of IFRIC standard 12. IFRIC standard 4 is followed in determining whether an arrangement contains a lease

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

Local authorities are required to adopt the International Financial Reporting Standards (IFRS); a code of practice based on an internationally agreed set of financial rules. These dictate a level of analysis and disclosure that allows readers of the Statement of Accounts to gain a clearer understanding of the Council’s financial position and activities.

INVENTORIES

Materials or supplies to be used in the production process or in providing services; for this Council, the fuel transport store.

LEVIES

The Council is statutorily required to pay levies to a number of national, London-wide and local bodies. Examples are the North London Waste Authority and the Lee Valley Regional Park Authority.

MINIMUM REVENUE PROVISION (MRP)

A statutory amount, that has to be charged to revenue, to provide for the redemption of debt.

NATIONAL NON-DOMESTIC RATE (NNDR)

More commonly known as ‘business rates’, these are collected by billing authorities from all non-residential buildings. The poundage level is set by the Treasury. Amounts payable are based on rateable values multiplied by this poundage level.

GLOSSARY OF FINANCIAL TERM (continued)

NEW HOMES BONUS

New Homes Bonus is a Government scheme aimed at encouraging local authorities to grant planning permissions for building new houses and bringing long-term empty properties back into use. The non ring-fenced grant is based on the number of properties.

NET BOOK VALUE

The amount at which fixed assets are included in the balance sheet, i.e. their historical cost or current value, less the cumulative amounts provided for depreciation.

NON-CURRENT ASSETS

Assets which yield a benefit to the Council for a period of more than one year.

OPERATIONAL ASSETS

Fixed assets held and occupied, used or consumed by the Council in the direct delivery of those services for which it has either a statutory or a discretionary responsibility.

NON-OPERATIONAL ASSETS

Fixed assets held by a Council, but not directly occupied, used or consumed in the delivery of services; for example, investment properties and assets surplus to requirements held pending sale or redevelopment.

OUTTURN

This is the actual level of expenditure and income for the financial year.

PENSION FUNDS

For the Local Government Pension Scheme, the funds that invest employers’ and employees’ pension contributions in order to provide pensions for employees on their retirement and pensions for employees’ dependants in the event of death of an employee.

PENSION STRAIN

The cost to the Council of reimbursing the Pension Fund should it agree to employees aged 55 and over drawing their pension before normal retirement age.

PRIVATE FINANCE INITIATIVE (PFI)

PFI offers a form of Public-Private Partnership in which local authorities do not buy assets but rather pay for the use of assets held by the private sector.

PRECEPT

This is the method by which a precepting authority (Greater London Authority in London) obtains income from the billing authority to cover its net expenditure. This is calculated after deducting its own Revenue Support Grant. The precept levied by the precepting authority is incorporated within the Council Tax charge. The Council pays the amount demanded over an agreed time scale.

PROPERTY, PLANT AND EQUIPMENT (PPE)

Covers all tangible (physical) assets used in the delivery of services, for rental to others, or for administrative purposes, that are used for more than one year.

GLOSSARY OF FINANCIAL TERM (continued)

PROVISION

Amount set aside for liabilities and losses, which are certain or very likely to occur but where the exact amount or timing of the payment is uncertain.

PRUDENTIAL CODE

The Prudential Code frees authorities to set their own borrowing limits having regard to affordability. In order to demonstrate this has been done, and enable adherence to be monitored, authorities are required to adopt a number of appropriate ‘Prudential Indicators’.

PUBLIC WORKS LOAN BOARD (PWLB)

A government agency, part of the Debt Management Office which lends money to public bodies for capital purposes. The majority of borrowers are local authorities. Monies are drawn from the National Loans Fund and rates of interest are determined by the Treasury.

PUPIL PREMIUM GRANT

This is based on Free School Meals (FSM) eligibility data as at January each year. It is ring-fenced to schools in the same way as DSG.

RATEABLE VALUE

The Valuation Office Agency (part of HM Revenue and Customs) assesses the rateable value of non-domestic properties. Business rate bills are set by multiplying the rateable value by the NNDR poundage set by the Government for the year. Domestic properties do not have rateable values; instead they are assigned to one of the eight valuation bands for Council Tax.

RELEVANT POPULATION

The population of Slough Borough Council, as determined by the Secretary of State, is used to determine the Council’s share of Revenue Support Grant.

RETAIL PRICE INDEX (RPI)

The measure of inflation used prior to the adoption of CPI by the Government.

REVALUATION

Recognises increases or decreases in the value of non-current assets that are not matched by expenditure on the asset; gains or losses are accounted for through the revaluation reserve.

REVENUE EXPENDITURE

The regular day to day running costs a Council incurs to provide services.

REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE (REFCUS)

Expenditure which is legitimately financed from capital resources, but which does not result in, or remain matched with tangible assets.

REVENUE SUPPORT GRANT (RSG)

The general grant paid by the Government to local authorities to help finance their services.

GLOSSARY OF FINANCIAL TERM (continued)

SURPLUS ASSETS

Assets not being used in the delivery of services that do not qualify as being ‘held for sale’ under accounting guidance.

SOFT LOANS

Funds received and advanced at less than market rates.

UNSUPPORTED BORROWING

Local authorities can set their own borrowing levels based upon their capital need and their ability to pay for the borrowing, costs are not supported by the Government so services need to ensure they can fund the repayment costs. The borrowing may also be referred to as Prudential Borrowing.

USABLE CAPITAL RECEIPTS

This represents the amount of capital receipts available to finance capital expenditure in future years, or to provide for the repayment of debt.

ABBREVIATIONS USED IN THE ACCOUNTS:

BRS – Business Rate Supplement
CCG – Clinical Commissioning Group
CIPFA – Chartered Institute of Public Finance and Accountancy
CIES – Comprehensive Income and Expenditure Statement
CPI – Consumer Price Index
DSG – Dedicated Schools Grant
EIP – Equal Interest and Principal
EIR – Effective Interest Rate
FRS – Financial Reporting Standard
HRA – Housing Revenue Account
IAS – International Accounting Standards
ISB – Individual Schools Budget
IFRS – International Financial Reporting Standards
MiRS – Movement in Reserves Statement
MRR – Major Repairs Reserve
NNDR – National Non-Domestic Rates
PFI – Private Finance Initiative
PPE – Property, Plant and Equipment
PWLB – Public Works Loan Board
REFCUS – Revenue Expenditure Funded From Capital Under Statute
RICS – Royal Institution of Chartered Surveyors
RPI – Retail Price Index
RSG – Revenue Support Grant
RTB – Right to Buy

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This version of the report is a draft. Its contents and subject matter remain under review and its contents may change and be expanded as part of the finalisation of the report.

Grant Thornton

The Audit Findings for Slough Borough Council

Year ended 31 March 2019

16 February 2023

Contents

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Appendices

The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Council or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

This Audit Findings presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260. Its contents will be discussed with management and with the Audit and Corporate Governance Committee.

Name : Julie Masci
For Grant Thornton UK LLP
Date : 14 February 2023

1. Headlines

This table summarises the key findings and other matters arising from the statutory audit of Slough Borough Council ('the Council') and the preparation of the group and Council's financial statements for the year ended 31 March 2019 for those charged with governance.

Financial Statements:

Under International Standards of Audit (UK) (ISAs) and the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report whether, in our opinion:

- the group and Council's financial statements give a true and fair view of the financial position of the group and Council and the group and Council's income and expenditure for the year; and
- have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting and prepared in accordance with the Local Audit and Accountability Act 2014.

We are also required to report whether other information published together with the audited financial statements (including the Annual Governance Statement (AGS), Narrative Report and Pension Fund Financial Statements), is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Our audit of the financial statements of Slough Borough Council for the year ended 31st March 2019 commenced in July 2019, when the Council first produced its first draft statement of accounts. Our review of the arrangements for delivering value for money subsequently commenced in early 2021. Unfortunately, the audit on the financial accounts did not complete during 2019, due to a number of significant matters in the financial statements audit identified by Grant Thornton. At this time, management at the time focused on pushing us to complete the audit rather than providing appropriate audit evidence . This was the wrong approach. Our review of value for money arrangements at the Council also identified a number of significant issues, resulting in an adverse value for money opinion.

In early 2021, the Council found itself in financial difficulties resulting in a Section 114 being issued, therefore, requiring an application to Government for a Capitalisation Direction . The Secretary of State for Levelling Up, Housing and Communities, on 30 June 2021, announced an external assurance review of Slough Borough Council's financial position and the strength of the Council's wider governance arrangements, resulting in several recommendations being raised and the appointment of Commissioners. The old finance team who were involved in producing the first draft accounts subsequently left the Council during early 2021

A new finance leadership team was appointed during 2021 with considerable financial expertise and experience of working with or for other local authorities in the sector. . The team was responsible for reviewing the financial arrangements at the Council and overseeing the production of a revised set of financial statements for 2018/19.

The Local Audit and Accountability Act 2014, requires local authorities to keep adequate records and to prepare an annual statement of accounts, which must be audited. During their review, the team identified significant weaknesses in financial accounting and record keeping issues at the Council, leading to a substantial re-write of the original 2018/19 draft accounts. In producing the latest accounts, the new finance team have had to contend with lack of adequate record keeping, inadequate audit trails, poor working papers, mapping issues within the general ledger, lack of reconciliations, missing information, material erroneous accounting of transactions and identified several material errors in prior years. The revised draft accounts produced in June 2022 included 16 Prior Period Adjustments, revised core statement, revised accounting policies, presentation and disclosure of notes.

The new finance team has attempted to produce a set of financial accounts fit for audit. However, their initial starting position was the previous version of the accounts and general ledger (containing thousands of accounting entries) prepared by the old finance team, which had several legacy issues. The new finance team has had to: undertake detailed reviews of the financial systems, attempt to re-create records held within and outside the financial management systems, conclude whether the information is available or not. As mentioned, some members of the old finance team who prepared the first draft of the accounts or posted accounting transactions are no longer employed at the council. Therefore, it has been difficult to obtain supporting evidence or explanations to transactions posted in 2018/19 and prior periods. These issues have clearly increased the complexity of preparing the accounts, correcting errors and concurrently elevated our audit risks.

Grant Thornton agreed to recommence the audit of the revised accounts in July 2022. As a result of the scale and number of misstatements and amendments to the 2018/19 draft accounts, we revisited our planning and risk assessment and re-issued an updated Audit Plan on 29 September 2022 to the Audit & Corporate Governance Committee.

1. Headlines

Financial Statements (continued):

As clearly set-out later in our Audit Findings Report, there were significant weaknesses in the preparation of the 2018/19 accounts and overall financial governance at the Council. However, the most significant issues relate to the accounts audit are:

- Inadequate processes and controls over journals posted by the old finance team , i.e. lack of supporting evidence and explanations for journal entries posted in the general ledger or adjusting entries on the trial balance.
- Inadequate record keeping and audit trails, lack of good working papers and appropriate reconciliations, mapping issues within the financial statements.
- A significant number of material misstatements identified in the 2018/19 accounts audit and material prior period misstatement identified relating to the 2017/18 accounts and early sets of financial statements.

The scale and size of the issues identified consequently means we are unable to assure ourselves that the financial statements are free from material errors and are fairly stated for us to provide an unqualified opinion. Therefore, this means the financial statement opinion for 2018/19 will be a modified opinion. There are three types of opinions in this scenario external auditors can issue depending on the circumstances:

Qualified

- *Is issued when the audit team having obtained sufficient audit evidence, concludes that misstatements, individually or in aggregate, are material (disagreement), but not pervasive to the financial statements or*
- *the audit team is unable to obtain sufficient appropriate audit evidence (limitation of scope) but the engagement team concludes that the possible effects on the financial statements of undetected misstatement, if any could be material but not pervasive.*

Adverse Opinion

- *Is issued when the audit team, having obtained sufficient appropriate audit evidence, concludes that material misstatements, individually or in aggregate, are both material and pervasive to the finance statements. Therefore an unqualified opinion is not justified.*

Disclaimer of opinion

- *A disclaimer of opinion is only issued when the possible effects of undetected misstatements due to the lack of audit evidence (a scope limitation) could be both material and pervasive to the financial statements.*

We consider the nature of these issues identified within the accounts to be pervasive, we therefore anticipate our audit report opinion will be a Disclaimer of opinion. In our experience , a disclaimer of opinion is unprecedented . This reflects a standard of record keeping and accounting which is incompatible with the Council's responsibilities to exercise proper stewardship over public funds.

Our Audit Findings Report highlights the key findings reported to those charged with governance (the Audit, and Corporate Governance), since the audit commenced in July 2019. We have summarised the results against the 13 significant risks identified in the Audit Plan and the significant matters discussed with management on Pages 17 to 21.

We identified a number of audit adjustments to the financial statements that have resulted in changes to the Council’s Comprehensive Income and Expenditure Statement. Audit Adjustments are detailed in Appendix D. A summary of the explanation of the changes from the initial draft accounts presented for audit in July 2019 and the final accounts approved is highlighted in Appendix C on pages 51 to 55

We have also raised recommendations for management as a result of our audit work in Appendix A. Our follow up of recommendations from the prior year’s audit are detailed in Appendix B. As mentioned, our anticipated audit opinion will be modified as disclaimer.

1. Headlines

Value for Money (VFM) arrangements

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report if, in our opinion, the Council has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources ('the value for money (VFM) conclusion').

We have completed our risk based review of the Council's value for money arrangements. On the basis of our work, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in November 2017, because of the significance of the matters described below and later in our report, we are not satisfied that, in all significant respects Slough Borough Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019, this is due to:

- Inadequate arrangements in place to understand and use appropriate and reliable financial and performance information to support informed decision making and performance management in relation to Slough Children's Services Trust
- Significant weaknesses in processes for preparing both the 2017-18 financial statements (which took place during 2018-19), and ongoing weaknesses in the arrangements to prepare the 2018-19 financial statements resulting in a number of material adjustments and disclosure corrections.
- Since our last report, in light of the impact of Covid 19 on the future financial position of the Council, coupled with the impact of a recent business rate appeal and the ongoing discussions with the Department for Education on the recoverability of financial support to Slough Children's Trust, the Council has recently sought further financial support through Department for Levelling Up Housing Communities and is awaiting final conclusions from this request. This coupled with further adjustments required to the Council's reserves arising from the audit, gives indication that general fund reserve levels (both earmarked and unearmarked) are at unsustainably low levels requiring action from the Council. We therefore anticipate issuing an adverse qualified value for money conclusion.

Our findings are summarised in a separate report to Audit and Corporate Governance Committee members within the papers and has been previously reported to members on 18 May 2021.

Statutory duties

The Local Audit and Accountability Act 2014 ('the Act') also requires us to:

- report to you if we have applied any of the additional powers and duties ascribed to us under the Act; and
- to certify the closure of the audit.

On 9 May 2021 we issued Section 24 Statutory Recommendations, as a result of the significant challenges experienced in preparing Code compliant accounts for 2018-19, coupled with the wider findings of the audit and the challenging financial position for the Council at the time.

Given the subsequent findings and very serious concerns raised in this Audit Findings Report, about historic record keeping and accounting we will consider the use of additional powers as to whether to make further written recommendations under section 24.

Furthermore under the Local Audit and Accountability Act 2014, a local elector has the rights to inspect the accounts and books and records of the Council and write to the external auditors, to ask questions about the account. They may also object to the Council's accounts asking that the auditor issue a report in the public interest (under Section 24 and paragraph 1 of Schedule 7 of the Local Audit and Accountability Act 2014) or apply for a declaration that an item in the accounts is contrary to law.

We received one such objection during the public inspection period for the 2018-19 accounts. The objection related to the Council's acquisition, completed on 24 July 2018, of its then-new headquarters building, Observatory House. The acquisition cost was £41m, and further costs were incurred in fitting out the building before occupation.

Having carefully considered the grounds for the objection and information provided by the Council in response, we have decided not to uphold the objection, and will not therefore be issuing a report in the public interest or applying to the court for a declaration that there is an unlawful item of account.

However, there is one issue raised by the objector which we believe merits written recommendations. This concerns the way the decision to acquire the property was taken, and in particular the limited information made available to members at the meeting of the Cabinet on 28 May 2018 at which the decision was taken. We believe this is a significant failing in governance given the size of the transaction to which it relates.

Our findings and conclusions from this objection are set out in a separate report scheduled to be considered by Full Council on 9 March 2023.

1. Headlines

Outstanding	
Continued	We are in the process of concluding our audit work for the 2018/19 financial statement. However, there are still a number of aspects of our audit documentation and procedures to finalise and these are listed below. Therefore subject to the following outstanding matters; • Review of the updated workings for the Cash Flow Statement • Review of updated Fixed Asset Register and reconciled to the Property Plant and Equipment note • Review of the Council's Going Concern revised statement • Review of outstanding items from management, including the updated working papers to the support final amendments to the financial statements, • Review of the Group Consolidation Process, Expenditure and Funding Analysis workings, Collection Fund Statement workings • Senior management and quality review including GT internal technical consultations on the 18/19 accounts • Review of the updated trial balance • final receipt of management representation letters; and • receipt and review of the final sets of financial statements, Annual Governance Statement and Narrative Reports.

2. Financial Statements

Overview of the scope of our audit

This Audit Findings Report presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260 and the Code of Audit Practice ('the Code'). Its contents will be discussed with management and the Audit and Corporate Governance Committee.

As auditors we are responsible for performing the audit, in accordance with International Standards on Auditing (UK) and the Code, which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

Audit approach

Our audit approach was based on a thorough understanding of the Group's business and is risk based, and in particular included:

- An evaluation of the Group's internal controls environment, including its IT systems and controls;
- An evaluation of the components of the group based on a measure of materiality considering each as a percentage of the group's gross revenue expenditure to assess the significance of the component and to determine the planned audit response. From this evaluation we determined that there were material balances within other entities within the group, on which audit procedures would need to be completed. These procedures are underway and are subject to information required from management.
- Substantive testing on significant transactions and material account balances, including the procedures outlined in this report in relation to the key audit risks

We have had to alter our audit plan, as communicated to you on 28 September 2022, to reflect the scale of the challenges experienced by the audit team in undertaking the audit on the initial draft accounts which subsequently resulted in a re-draft of those accounts in July 2022.

Conclusion

We are nearing the completion of our audit of your financial statements and, subject to outstanding matters on page 6 being resolved, we anticipate issuing a disclaimer opinion on the financial statements following the conclusion of the audit.

2. Financial Statements

Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

We have not revised the performance materiality from the planning stage of the audit and remains based on prior year gross expenditure. We detail in the table to the right our determination of materiality for Slough Borough Council and the group.

	Group Amount (£)	Council Amount (£)	Qualitative factors considered
Materiality for the financial statements	6,000,000	5,900,000	Materiality has been based on 1.5% of prior year gross operating expenditure.
Performance materiality	3,600,000	3,580,000	Based on prior year issues and deficiencies identified. We set our performance materiality at 60% of materiality.
Trivial matters	300,000	299,000	Based on 5% of materiality.
Materiality for senior officer remuneration	20,000	20,000	We design our procedures to detect errors at a lower level of precision in specific accounts.

2. Financial Statements - Significant risks

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

This section provides commentary on the significant audit risks communicated in the Audit Plan.

Risk identified from Audit Plan	**Commentary**
Income from Other Fees and Charges, Grants, and Contracts Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue. For Slough Borough Council, we have concluded that the greatest risk of material misstatement relates to Other Fees and Charges income. We have therefore identified the occurrence and accuracy of Other Fees and Charges, Grants, and Contract income as a significant risk, which was one of the most significant assessed risks of material misstatement, and a key audit matter. We have rebutted this presumed risk for the other revenue streams of the group and Authority because: • Other income streams are primarily derived from formula based income from central government and tax payers; and • opportunities to manipulate revenue recognition are very limited.	We • evaluated the group's accounting policy for recognition of income from Other Fees and Charges, Grants, and Contracts for appropriateness; • gained an understanding of the Authority's system for accounting for income from Other Fees and Charges, Grants, and Contracts and evaluated the design of the associated controls; • Agreed on a sample basis, amounts recognised as income from Other Fees and Charges, Grants and Contracts in the financial statements to supporting documents. Conclusion • The audit team experienced significant challenges in verifying or tracing samples of income selected for testing back to bank statement or confirmation the income had been received by the authority. • Income invoices raised by the council are not reviewed prior to submission to counterparties, therefore the council relies on the counterparties/customers to query or confirm the debt/income is correct. This elevates the risk of improper revenue recognition due to lack of controls over the approval of income invoices. • Inappropriate accounting and use of internal recharges was identified in our discussion with management within the council's financial ledger. In addition, the Council was unable to reconcile internal recharges included in the financial statements.
Management override of controls ISA (UK) 240 Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities. The Authority faces external scrutiny of its spending and this could potentially place management under undue pressure in terms of how they report performance. We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk, which was one of the most significant assessed risks of material misstatement.	We • evaluated the design effectiveness of management controls over journals • analysed the journals listing and determine the criteria for selecting high risk unusual journals • tested unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration • gained an understanding of the accounting estimates and critical judgements applied by management and considered their reasonableness with regard to corroborative evidence • evaluated the rationale for any changes in accounting policies, estimates or significant unusual transactions. Conclusions We identified a number of control weaknesses in the council's processes and controls over posting of journals and inadequate/insufficient audit trails. This deficiency elevates the risk of management override of controls – refer to Page 17 and Pages 42 for more details regarding findings.

2. Financial Statements - Significant risks

Risks identified in our Audit Plan	Commentary
The group re-values its investment property on an annual basis to ensure that the carrying value is not materially different from the current value or fair value at the financial statements date. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved and the sensitivity of this estimate to changes in key assumptions. Management has engaged the services of a valuer to estimate the current value as at 31 March 2019. We therefore identified valuation of investment property, particularly revaluations and impairments, as a significant risk, which was one of the most significant assessed risks of material misstatement.	We • evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to the valuation experts and the scope of their work • evaluated the competence, capabilities and objectivity of the valuation expert • wrote to the valuer to confirm the basis on which the valuations were carried out • challenged the information and assumptions used by the valuer to assess completeness and consistency with our understanding • tested, on a sample basis, revaluations made during the year to ensure they have been input correctly into the Authority's asset register • evaluated the assumptions made by management for any assets not revalued during the year and how management has satisfied themselves that these are not materially different to the current value. Conclusion • Inappropriate accounting of Thames Valley University purchased in 2017/18 for £27m, resulting in an amendment to the 17/18 accounts and a reclassification from Investment Property Note 17 to Property Plant and Equipment Note 16. This misstatement has resulted in an adjustment to the council's revaluation reserve and capital adjustment account. • Subject to senior management and quality review, we have not identified any other material misstatements regarding Investment Properties.
The group re-values its land and buildings on a rolling five-yearly basis. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved and the sensitivity of this estimate to changes in key assumptions. Additionally, management will need to ensure the carrying value in the Authority and group financial statements is not materially different from the current value or the fair value (for surplus assets) at the financial statements date, where a rolling programme is used. We therefore identified valuation of land and buildings, particularly revaluations and impairments, as a significant risk, which was one of the most significant assessed risks of material misstatement.	We • evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work • evaluated the competence, capabilities and objectivity of the valuation expert • written to the valuer to confirm the basis on which the valuation was carried out • challenged the information and assumptions used by the valuer to assess completeness and consistency with our understanding • tested revaluations made during the year to see if they had been input correctly into the Council's asset register • evaluated the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different to the current value at year end. Conclusion We identified a number of misstatements within the property, plant and disclosure note 17, and the details of the issues identified are on Appendix D. We have also raised a recommendation on Appendix B.

2. Financial Statements - Significant risks

Risks identified in our Audit Plan	**Commentary**
Valuation of the Pension Fund net liability (£273m) The Council's net liability, as reflected in the balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements. The pension fund net liability is considered a significant estimate due to the size of the numbers involved (£273 million in the Council's balance sheet at 31 March 2019) and the sensitivity of the estimate to changes in key assumptions. We therefore identified valuation of the pension fund net liability as a significant risk, which was one of the most significant assessed risks of material misstatement, and a key audit matter.	We • updated our understanding of the processes and controls put in place by management to ensure that the pension fund net liability is not materially misstated and evaluated the design of the associated controls; • evaluated the instructions issued by management to their management experts (the actuary) for this estimate and the scope of the actuary's work; • assessed the competence, capabilities and objectivity of the actuary who carried out the pension fund valuation; • assessed the accuracy and completeness of the information provided by the group to the actuary to estimate the liabilities; • tested the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial reports from the actuary; • undertook procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report; • obtain assurances from the auditor of Berkshire Pension Fund as to the controls surrounding the validity and accuracy of membership data, contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements. Conclusions • The net pension liability was updated for the impact of the McCloud judgement • The net pension liability has also been amended for the impact of updated investment assets performance as at 31st March 2019. • During the process of agreeing the disclosures to the information in the actuary's report it was noted that the disclosure was presenting some information on a net basis rather than the gross basis within the report. This was discussed with the finance team and the disclosure was amended. Subject to final senior management and quality review, our audit work has not identified any other issues in respect of Pension Liability.
Valuation and accounting for Lender Option Borrower Option (LOBO) loans (£13m) LOBO loans are complex with terms that can be non standard, including inverse floating interest rates. Management need to consider the terms of the loan agreements of these loans and make judgements as to the appropriate accounting treatment. Last year, clarification was issued by CIPFA in relation to the accounting for LOBO loans. The Authority holds LOBO loans (PY: fair value of £13m in 2017/18) and has made a critical judgement regarding the accounting treatment and valuation of these loans during the year. We therefore identified the valuation and accounting for these LOBO loans as a significant risk, which was one of the most significant assessed risks of material misstatement.	We • assessed management's processes and assumptions for identifying critical judgements; • gained an understanding of the processes and the controls put in place by management to ensure that the loans were not materially misstated and evaluated the design of the associated controls; • evaluated the competence, capabilities and objectivity of management experts used in the valuation of the loans; • discussed with management the basis on which the valuation was carried out, including advice received from treasury management advisers; • evaluated and challenged the reasonableness of the critical judgements and significant assumptions used by management and their expert in valuing and accounting for the loans. Conclusions Subject to final senior management and quality review, our audit work has not identified any issues in respect of the treatment and valuation of LOBOs.

2. Financial Statements - Significant risks

Risks identified in our Audit Plan	**Commentary**
Property Plant and Equipment - Incomplete or inaccurate financial information transferred to the general ledger. In January 2019, the Authority implemented an opening balances exercise on the Property, Plant and Equipment balances for the 2018/19 financial year. When implementing this exercise, it is important to ensure that sufficient controls have been designed and operate to ensure the integrity of the data. There is also a risk over the completeness and accuracy of any data transfer from the previous ledger system. We therefore identified the completeness and accuracy of the transfer of revised financial information to the general ledger system as a significant risk, which was one of the most significant assessed risks of material misstatement.	We • completed an information technology (IT) environment review by our IT audit specialists to document, evaluate and test the IT controls operating within the general ledger system; and • mapped the closing balances from the 2017/18 general ledger to the opening balance position in the new ledger for 2018/19 to ensure accuracy and completeness of the financial information. Conclusion There have been a number of issues identified by both external audit and new management team relating to the accounting of property plant and equipment (including the record keeping). The issues pertain to disposals, reclassification of assets, capital additions, write-off of nil net book value assets and infrastructure assets. These matters have been discussed with management and are documented on Page 18 & 19
Group Accounts Consolidation Process. The Authority is required to prepare group financial statements that consolidate the financial information of its wholly owned subsidiary undertaking, James Elliman Homes Limited. The Authority has a 50% interest in Slough Urban Renewal, a Limited Liability Partnership. Activity increased significantly in 2017/18. In 2017/18 Slough Urban Renewal was not consolidated due to the quantitative and qualitative aspects were not considered to be material by the Council. The 2018/19 initial draft accounts presented for audit did not have group accounts. However, following the first phase audit, and challenge from the external audit team, the council agreed to prepare group accounts to incorporate Slough Urban Renewal. The Council has a wholly owned subsidiary, Development Initiative for Slough Housing Company Ltd. During 2017/18 the Council established Herschel Homes Limited which is currently dormant. The consolidation of the subsidiary may give rise to a number of material accounting transactions in the financial statements for which the economic substance of the transactions needs to be considered. We therefore identified the accounting transactions associated with the consolidation of Slough Urban Renewal as a significant risk, which was one of the most significant assessed risks of material misstatement.	We • reviewed the key agreements to gain an understanding of the agreements put in place on the establishment of the company; • discussed with key group personnel, the underlying substance of the transactions and the basis of the group's proposed accounting treatment of the arrangements; • critically assessed the economic substance of the transactions to assess the appropriateness of the accounting treatment adopted by the group in accordance with the Code, International Financial Reporting Standards (IFRSs) and other relevant accounting guidance; • reviewed the Group structure of the Council; • obtained an copy of the Group materiality assessment to be prepared by the Council; • reviewed the qualitative and quantitative materiality of the Council's subsidiaries in relation to the Council's operations. Conclusion • Management have amended the original draft accounts and consolidated both Slough Urban Renewal & James Elliman Homes as part of the group accounts. • Management have reversed the impact the £7.5m over accrual in both the current year and prior year periods. This adjustment has also impacted the general fund as it was originally overstated by the same amount. • Responses from the component auditor to our enquiries and review of the impact of audit opinions issued by the component auditors. Our audit work is still in progress in this area. Work outstanding includes review of the consolidation process and adjustments in the updated group accounts, review of the group cashflow and the group's movement in reserves statement.

2. Financial Statements - Significant risks

Risks identified in our Audit Plan	**Commentary**
Private Finance Initiative The Council entered into a PFI contract for the design, build and operation of three schools in 2006/07. The PFI assets are recognised as Property, Plant and Equipment within the Authority's balance sheet. Accounting for PFI is complex and the transactions are significant. In addition, the monitoring of the contract is a key requirement for the Authority. There is a risk that Property, Plant and Equipment may be misstated due to improper valuations and accounting of PFI schemes in year. We therefore identified the accounting transactions associated with the PFI model as a significant risk, which was one of the most significant assessed risks of material misstatement.	We • reviewed the Authority's PFI model and assumptions therein to inform our audit approach; • agreed the balances in the financial statements to these models; • reviewed the basis of the Authority's accounting treatment and valuation for the PFI schemes; • discussed with key group personnel, the underlying substance of the transactions and the judgements made. • Conclusion We have not identified any significant issues regarding the PFI model used for the preparation of the accounts.
Presentation and Disclosure – Financial Statement Level Risks In 2017/18 a significant number of weaknesses and misstatements were identified in respect of the group's arrangements for preparing the financial statements and working papers. There is a financial statement level risk that the financial statements may be misstated due to weaknesses identified. We therefore identified the presentation and disclosure of the financial statements as a significant risk, which was one of the most significant assessed risks of material misstatement.	We • considered the Authority's arrangements for preparing the financial statements and working papers; • discussed with key group personnel, the underlying substance of the transactions and judgements made; • critically assessed the financial statements in accordance with the Code, International Financial Reporting Standards (IFRSs) and other relevant accounting guidance; • mapped the closing balances from the 2017/18 general ledger to the opening balance positions in the new ledger for 2018/19 to ensure accuracy and completeness of the financial information; • considered the action plan presented to Audit Committee and consider progress made by Officers against this plan in the preparation of the 2018-19 financial statements. Conclusion Our audit of the council's statements has identified (identified by external audit and management) a number of material misstatements to the financial statements presentation and disclosure. The number of significant issues identified are summarised on Pages 17 to 26. These issues identified are pervasive to the financial statements, therefore, form the basis of the disclaimer opinion.

2. Financial Statements - Significant risks

Risks identified in our Audit Plan	Commentary
Incomplete records at the Council We have identified the risk of incomplete records at the council, as a result of the number of issues identified during the first phase of the 2018/19 accounts audit. There have been a number of changes in council staff (mainly those in the finance function) since the first draft of the accounts was prepared. In addition, the new Finance team has also identified a number of misstatements that has required prior period adjustments within the 2018/19 accounts. There is a risk of records not being supported by appropriate and adequate evidence due to changes in client personal or inadequate record keeping.	We • Obtained an understanding of the incomplete information and documented its impact to the audit. • Considered alternative audit procedures to obtain the assurance level required • Considered and documented the potential limitation of scope of the audit engagement and impact on the audit report. • Obtained representation from management that the original information/records are not available for audit. • Considered and documented the potential limitation of scope of the audit engagement and impact on the audit report. Conclusion The audit team has experienced some challenges in auditing the financial statements of the Council . We experienced some of these challenges during the first phase of the audit. We have also encountered this issue during the current phase of the audit. We have been unable to obtain sufficient and appropriate evidence in some of the following areas (this is not an exhaustive list). - our review of journals - our review of the TB reconciliation to the financial statements - our review of the CIES reconciliation to the Expenditure Funding Analysis, Expenditure and Income Analysed by nature - our review of the Housing Benefit System Arrears Report - lack of appropriate reconciliation for Housing Benefit Expenditure, Bank Reconciliations, Dedicated Schools Grants - review of Suspense Accounts in the General Ledger - our inquiry regarding historic general ledger balances - our review and testing and completeness of prior period adjustments The number of significant issues identified are summarised on Pages 17 to 26. These issues identified are pervasive to the financial statements, therefore, form the basis of the disclaimer opinion.
Minimum Revenue Provision The Council is responsible on an annual basis for determining the amount charged for the repayment of debt known as its Minimum Revenue Provision (MRP). The basis for the charge is set out in regulations and statutory guidance. MRP is required to be charged with respect to borrowing obtained as part of acquiring assets to be held in the General Fund (GF). No MRP charge is made in respect of borrowing for the acquisition of assets held in the Housing Revenue Account (HRA). According to regulations, this is on the basis that HRA assets should be self-financing, with local authorities being required to make an annual charge from the HRA to their Major Repairs Reserve in place of MRP, to maintain functionality of housing assets. According to regulations, the duty to make MRP extends to Investment Property where their acquisition has been partially or fully funded by an increase in borrowing or credit arrangements.	We • tested that the Council has appropriately calculated its Capital Financing Requirement (CFR). • tested that the Council is correctly identifying capital expenditure subject to MRP charge in line with the guidance. • reviewed and checked that the Council's policy on MRP complies with statutory guidance • reviewed Council Committee and sub-Committee papers to check that full council has approved the annual Minimum Revenue Provision statement • checked that MRP has been calculated in line with the authority's policy on MRP • assessed whether any changes to the authority's policy on MRP: a. have been discussed and agreed with those charged with governance b. have been approved by full council c. are adequately explained and evidenced d. comply with statutory guidance e. are in accordance with any legal or other professional advice obtained by the authority Conclusion: Refer to Appendix C on adjustments made to the council's MRP for 2018/19, 2017/18 and 2016/17.

2. Financial Statements - Significant risks

Risks identified in our Audit Plan	Commentary
Cash balance and bank reconciliation process The council is required to disclose its cash balance (positive or negative) on the balance sheet (which forms part of the primary statements). As part of the review of the year end reconciliation in the first phase of the audit, we identified a number of weaknesses in the council's arrangements in terms of how the bank/cash reconciliation to the general ledger was completed. There is a risk that cash is misstated and transactions are not being appropriately accounted for that could lead to material misstatements in debtors/income and creditors/expenditure. There is a risk over the management of cash due to lack of appropriate controls being in place at the council.	We • Obtained an understanding of the process and controls over cash balance (including the receipting and payment processes) and assessing their design effectiveness • Obtained a list of the Council's Bank Accounts operated during the year and requested counterparty confirmation (obtained directly from the bank). • Obtained the year end bank/cash reconciliation of the council's cash balance to support the balance disclosed within the financial statements. • Tested on a sample basis, significant reconciling items on the Council's bank reconciliations. • Reviewed the completeness of the cash balance reported at year end Conclusions We have identified a number of issues regarding the council's bank reconciliation and cash balances included in the financial statements. Refer to significant matters discussed with management.

2. Financial Statements – Key findings arising from the group audit

Group Accounts	Commentary
James Elliman Homes & Slough Urban Renewal LLP The Council is required to prepare group financial statements that consolidate the financial information of its wholly owned subsidiary undertaking, James Elliman Homes Limited (JEH). The Council has a 50% interest in Slough Urban Renewal (SUR), a Limited Liability Partnership. Activity increased significantly in 2017/18. In 2017/18 Slough Urban Renewal was not consolidated due to the quantitative and qualitative aspects were not considered to be material by the Council. In the original draft accounts presented for audit, Slough Urban Renewal had not been consolidated into the Group Accounts, however, after audit review, we challenged management on the composition of the group and the basis for consolidation of the companies included in the group accounts and those omitted including the consideration of the impact of Slough Urban Renewal and James Elliman Homes' accounts being produced under different accounting frameworks. During the course of our review and challenge of the Council's group consolidation process, it was identified that a substantial over accrual of anticipated profits from the Council's interests in Slough Urban Renewal in both 2017-18 and 2018-19, totalling £7.573m overstating general fund reserves of this amount in the 2018-19 accounts. We therefore identified the accounting transactions associated with the consolidation of Slough Urban Renewal as a significant risk, which was one of the most significant assessed risks of material misstatement.	**Auditor commentary** We have completed the following work: • reviewed the key agreements to gain an understanding of the agreements put in place on the establishment of the company; • discussed with key group personnel, the underlying substance of the transactions and the basis of the group's proposed accounting treatment of the arrangements; • critically assessed the economic substance of the transactions to assess the appropriateness of the accounting treatment adopted by the group in accordance with the Code, International Financial Reporting Standards (IFRSs) and other relevant accounting guidance; • reviewed the Group structure of the Council; • obtained a copy of the Group materiality assessment to be prepared by the Council; and • reviewed the qualitative and quantitative materiality of the Council's subsidiaries in relation to the Council's operations. Management have amended the original draft accounts and consolidated both Slough Urban Renewal & James Elliman Homes as part of the group accounts. Management have reversed the impact the £7.5m over accrual in both the current year and prior year periods. This adjustments has also impacted the general fund as it was originally overstated by the same amount. Our audit work is still in progress in this area. Work outstanding includes review of the consolidation process and adjustments in the updated group accounts, review of the group cashflow and the group's movement in reserves statement.

2. Significant Findings – matters discussed with management

This section provides commentary on the significant matters we discussed with management during the course of the audit.

Significant Matter	Commentary	Auditor View
Journals	Journal entries are used to post both standard and non-standard transactions in the Council's general ledger. Management override of controls of an entity's records often involves the manipulation of the financial reporting process by recording inappropriate or unauthorised journal entries which may occur throughout the reporting period or at the period end. As part of our audit procedures we have obtained an understanding of the council's journals control environment over the posting of standard and non-standard journals to understand the appropriateness of journal entries and other adjustments. In our detailed review of journals posted during the financial year 2018/19, we identified a number of significant issues regarding the control environment and processing and posting of journals. Below is a summary of some of the significant issues identified regarding our review of journals and discussed with management • Supporting Evidence: - our initial discussion with the new finance team noted the lack of adequate record keeping at the council and this extended to journals. Our detailed testing of journals identified that some journal entries did not have an audit trail. • Other Adjustments: - entries posted outside the council's general ledger by the previous finance team (i.e. the trial balance and EFA as part of the council's statement of accounts preparations) were either unsupported, poorly documented with no explanations or were erroneously prepared and posted. • Users : - Our review of the control environment of relating to journals, we established some of the usernames/posters on the system generated reports were not the actual people who either posted/prepared the journal, as result of the system configuration issues. • Business Rational of Journal: - Some journal entries were difficult to understand, particularly whereby journals that were multi-purpose in nature. We consider this to be a significant weakness, as it is difficult to trace back to the person requesting/posting the journal and whether they were authorised to do so. In addition, having adequate controls over journals and the supporting evidence is important to substantiate the appropriateness of transactions in the general ledger.	We consider the lack of audit trails and evidence to support journal entries to present an elevated risk of management override of controls and concurrently, this increases the risk of errors within the accounts due to weaknesses in the journal control environment. Journals impact the financial statement as whole; (pervasive and affects most balances), we are unable to assure ourselves that the journals posted by council staff in 2018/19 were appropriate and supported.

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2. Significant Findings – matters discussed with management

Significant Matter	Commentary	Auditor View
Trial balance & EFA Adjustments	The trial balance is a report showing the closing balances of all the accounts in the general ledger as at 31st March 2019. The creation of a trial balance is the first step in closing the general ledger for an accounting period. The council used the CIPFA Big Red Button Tool to prepare its trial balance with further adjustments being made to the trial balance as part of the closedown procedures. However, some of the adjustments made to the trail balances and notes to the accounts were poorly documented by the previous finance team . These adjusting entries/adjustments used to reconcile the trial balance to the statement of accounts are effectively journal entries that should be supported and explained. In preparing the council's statement for accounts for the 2018/19, the council's use of the CIPFA Red Button resulted in a number of complexities and challenges in understanding the audit trail between the council's general ledger (Agresso) and the trial balance and how these reconciled to the financial statements. This was a challenge encountered in the first phase of the audit by the external audit team. In preparing the latest draft (restated accounts July 2022), the new finance team and external audit team have continued to experience the same difficulties and also identified a number of erroneous entries themselves. • A number of historic off ledger adjustments (accounting entries made on the trial balance) between the trial balance and the financial statements that were never posted to the general ledger to ensure the general ledger is up to date for the purposes of opening and closing balances. • Identified a number of trial balances & EFA adjustments that were made by the previous finance team that had very little explanation or no explanation or supporting evidence to support the entries on the trial balance. • Identified entries within the trial balance & EFA that appear to have been posted in error or the accounting treatment is inconsistent with the CIPFA Code requirements. • Identified other issues in the reconciliation between the Comprehensive Income and Expenditure Statement and Expenditure and Funding Analysis disclosures Accounting of off ledger adjustments with no explanation or supporting evidence presents an elevated risk of management override of control due to the lack of adequate audit trails.	The trial balance is an important component of the financial statements, and there should be a clear link between the financial statements and the general ledger and corresponding notes in the accounts Our audit procedures requires us to obtain assurance over the reconciliation of the financial statements, trial balance, and general ledger in order to test account balances. Due to the number of issues identified in the audit process, i.e. reconciliation issues, posting of unsupported transactions, erroneous entries , we are unable to assure ourselves that the entries on trial balance and adjustments are reasonable and fairly stated.
Incomplete Records	We encountered a number of challenges in auditing the financial statements provided by management over the last 4 years. • Finance Team – members of the finance team who either worked for the council in 2018/19 or were involved in the preparation of the financial statements, have now left the council, therefore in some cases the new finance team has been unable to either explain the transactions, obtain the evidence to support the transaction. • Sample Evidence – a number of the adjustments or transactions within the accounts have not been supported, i.e. we have been unable to obtain evidence to support some of the samples in our substantive testing.	The audit team has experienced some challenges in auditing the financial statements of the accounts. We experienced some of these challenges during the first phase of the audit. We have also encountered this issue during the current phase of the audit.

2. Significant Findings – matters discussed with management

Issue	Commentary	Auditor View
Creditors & Debtors	The council's creditor balance at end of the reporting period is supposed to show all amounts owed to individuals or third parties or institutions. Our review and testing of creditors identified a number of issues relating to the following: • Suspense Accounts-(Debtors and Creditors) we identified a number of suspense account balances being rolled forward from the councils migration from Oracle to Agresso (general ledger system). The value of these transactions is £5m and management propose to write-off the balances. • Creditors listing :- the creditors listing provided by the council for testing included both debits and credit balances, as opposed to a clean listing of suppliers/individuals owed money by the council at year end. We also noted a number of historic balances that existed in the opening balance and were part of the closing balance • Creditors Note 28 & Debtors 27 disclosure – the mapping and classification of the different types of debtors and creditors categories for the council (disclosed in the latest draft financial accounts) has been compiled using two different methods between the two years which means the disclosure is not comparable. This is due to a lack of information/working papers on how the previous note was compiled by the previous finance team. These issues presented the audit team with difficulties in testing for valid creditors/debtors at year end.	We have raised a control point recommendation regarding to the councils creditors and debtors balances and the need for management to undertake a detailed review.
Fixed Asset Register	A fixed asset register is a detailed list of all fixed assets which are owned by a business. Its main purpose is to enable an organisation to accurately record and maintain both financial and non-financial information pertaining to each asset. The fixed asset register is supposed to be reconciled to the general ledger on an annual basis as part of the close process and it is also used by the council's valuer to undertake the annual valuation exercise. A number of issues were identified by the new finance team in reviewing the council's property plant and equipment balance and fixed asset register. • Opening Reconciliations - The council's fixed asset register runs on an annual basis. The prior year cannot be altered once it has been closed. To recognise the PPAs in the asset register management have had to make postings to the open year in the register, rather than the correct year. These do not impact on the closing balances for 18-19, however they make it very difficult to identify the appropriate balances for 17-18, and 16-17. • Disposals – the new finance team identified a number of assets that had been disposed of in the prior periods but had not been appropriately written off the council's fixed asset register, resulting in an overstatement of both the gross book value the assets and the accumulated depreciation related to those balances. • Additions – a review of the additions included within the accounts identified that some of the capital additions were inappropriately capitalised within the council's fixed asset register.	We have raised a control point recommendation regarding the management of the council's fixed asset register.

2. Significant Findings – matters discussed with management

Issue	Commentary	Auditor View
Internal Recharges	The council uses internal recharges for the purpose of internal budgetary purposes, however, internal recharges are required to be eliminated as part of the preparation of the financial statements as this could lead to an overstatement of both gross income and gross expenditure. A number of issues were noted in our review of both income and expenditure. • The council was unable to provide a reconciliation of all the internal recharges within the financial statements and how these were eliminated as part of the closedown process. Therefore, we were are unable to conclude on whether the balances included in the CIES are fairly stated or appropriately netted off. • A review carried out by the new finance team identified a number of internal recharges credited to the revenue account and with a corresponding debit entry to the council's capital projects. This recharge was based on what appears to be a notional percentage of the council's projects for that year. We were unable to establish whether these costs were appropriately eliminated, therefore this means both the council's property plant and equipment and the council's general fund were overstated. Management's best estimate of inappropriately capitalised internal recharges is £7.8m up to 2018/19 and was £11.2m (at time of audit)	We have raised a control point recommendation regarding the internal recharges requiring elimination within the council's financial statements and ensuring management kept a record/audit trail of the council's internal recharges and ensuring their accounting is appropriate.
Significant events or transactions that occurred during the year	The Court of Appeal has ruled that there was age discrimination in the judges and firefighters pension schemes where transitional protections were given to scheme members. The Government applied to the Supreme Court for permission to appeal this ruling, but this permission to appeal was unsuccessful. The case will now be remitted back to employment tribunal for remedy. The legal ruling around age discrimination (McCloud - Court of Appeal) has implications not just for pension funds but also for other pension schemes where they have implemented transitional arrangements on changing benefits. The Council requested an updated net pension liability calculation from its actuary to include the impact of the McCloud ruling. This has been updated in the liability reflected in the final financial statements.	We have reviewed the updated actuarial valuation report and the assumptions underpinning it, and consider that the approach that has been taken to arrive at this estimate is reasonable.
Accounting for pooled investment funds	The new accounting standard, IFRS 9 Financial Instruments, was implemented from 1 April 2018. This required the Council to review the classifications and accounting treatment of its investments. The Council used its external advisor to provide support during this process. The review has resulted in the classification of pooled investment funds under IFRS 9 as 'fair value through other comprehensive income'. In our opinion IFRS 9 does not permit for these type of investments to be designated under this classification.	Following an internal review by our technical team and discussions with management and their investment advisors, it was agreed that the initial classification would be amended to FVPL and the required adjustments made to the accounts. These adjustments impact the Comprehensive Income and Expenditure Statement however due to the available statutory override these do not impact the General Fund.

2. Financial Statements – Additional Areas of focus – Other Risk Areas

Issue	Commentary	Auditor View
Cash	We have carried out a detailed review of the working papers provided to support the cash and cash equivalents balance in the financial statements, including analysis of all bank accounts and associated bank reconciliations. This involved a review of the process for inclusion and reconciliation of the school bank accounts as well as the main council accounts. The process for bank reconciliations applied by the Council is complex and utilises numerous account codes within the ledger. During our review of the reconciliations we identified a number of reconciling items which were several years old. The use of balance sheet holding accounts which delay the posting process, weaken controls over cash and has inevitably led to significant delays in clearing old items. The inconsistent use of ledger codes also adds to the confusion, e.g bank accounts that are not (Miscellaneous) and cash in transit which isn't cash in transit in the usual sense (Accounting Officers) but cash in transit through the ledger.	We have raised a control recommendation to management regarding the council's bank reconciliation process weaknesses
Loans to James Elliman Homes – accounting treatment and valuation	The Council has made a drawdown facility available to the subsidiary, James Elliman Homes (JEH), to help fund their capital programme with interest charged on part of the balance and the remainder was provided interest free. As at 31 March 2019, £29.9m had been provided in loans. The interest free loan element had been accounted for as 'deemed equity' and held at fair value. However, under Code requirements this should be treated as a soft loan and valued based on the discounted cashflows over the life of the loan. The Council reviewed the basis of the accounting and this resulted in the amendment to the valuation and accounting of the loan. The Council used its external advisor to provide support during this process. The revised valuation for the JEH investment provided by management includes the adjusted value for the soft loans to JEH and an additional valuation for the holding at fair value which was not part of the original value in the draft accounts.	Following an internal review by our technical team and discussions with management and their investment advisors, it was agreed that the accounting treatment and basis of valuation would be amended. Management have amended the accounts to reflect this change.
Other Matters	Dedicated Schools Grant: The council was unable to provide a reconciliation of the council's dedicated school schools grant working and a record of the expenditure that reconciles back to Note 13 Housing Benefit Expenditure: Our review of the council's housing benefit expenditure, we noted a discrepancy between the housing benefit expenditure per the Housing Benefit System (Academy)/Subsidy Form and the General Ledger. This discrepancy meant the general ledger was understated by £1.6m . We requested management to provide reconciliation between the feeder system and the ledger, however, we established, no reconciliation appears to have been completed between the two systems and management could not explain the discrepancy. Business Rates & Council Tax: The new Finance Team have had to undertake a reconciliation between the business rates systems and the council tax systems as result of inadequate records that were kept by the previous team and mapping issues identified between the feeder systems and the general ledger. The new Finance Team have had to undertake further work ensure the completeness and accuracy of both system, and this has resulted in the following adjustment.	Local Authorities are required to keep adequate records for audit under the Local Audit and Accountability Act 2014. Inadequate or poor accounting records can result in poor decision making and challenging for auditors to substantiate transactions and assess whether a council is delivering value for money on services.

2. Financial Statements – key judgements and estimates

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
Land and Buildings Draft: £285m Final: £232m	The group re-values its land and buildings on a rolling five-yearly basis. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved and the sensitivity of this estimate to changes in key assumptions. Additionally, management will need to ensure the carrying value in the Authority and group financial statements is not materially different from the current value or the fair value (for surplus assets at the financial statements date, where a rolling programme is used. Other land and buildings comprises specialised assets such as schools and libraries, which are required to be valued at depreciated replacement cost (DRC) at year end, reflecting the cost of a modern equivalent asset necessary to deliver the same service provision. The remainder of other land and buildings are not specialised in nature and are required to be valued at existing use value (EUV) at year end. The Council has engaged Wilks Head and Eve to complete the valuation of properties as at 31 March 2019. We therefore identified valuation of land and buildings, particularly revaluations and impairments, as a significant risk, which was one of the most significant assessed risks of material misstatement.	• We have assessed the Council's valuers, Wilks Head and Eve, to be competent, capable and objective. • We have carried out completeness and accuracy testing of the underlying information provided to the valuer used to determine the estimate . Our work is still ongoing in this area as we are awaiting evidence of indicated floor areas for a number of properties. • We have reviewed the consistency of the estimate against the report by the auditor's expert, Gerald Eve, and reasonableness of the increase in the estimate. • We have checked the General Fund valuation report to the Fixed Asset Register and to the Statement of Accounts with some differences being identified. Note 4 – does not currently disclose the estimation uncertainty relating to land and buildings, specifically the inputs and assumptions within the valuation that are sensitive to change and could result in material adjustment to the council's land and buildings carrying value within the next 12 months. In addition, in light of the valuation issues identified during the course of the 2017-18 audit, the Council commissioned a further review and revaluation of assets at 1 April 2018, and as a result, required a material restatement to the opening PPE balances in the financial statements.	Blue

Assessment

- ● [Purple] We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- ● [Blue] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- ● [Grey] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- ● [Light Purple] We consider management's process is appropriate and key assumptions are neither optimistic or cautious

2. Financial Statements - key judgements and estimates

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
Investment property valuations Draft: £89m Final: £66m	The group re-values its investment property on an annual basis to ensure that the carrying value is not materially different from the current value or fair value at the financial statements date. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved and the sensitivity of this estimate to changes in key assumptions. Investment properties are measured initially at cost and subsequently at fair value. Investment properties are not depreciated but a revalued annually according to market conditions at the year-end.	We have no concerns over the competence, capabilities and objectivity of the valuation expert used by the Council. There have been no changes to the valuation method this year. We have considered the movements in the valuations of individual assets and their consistency with indices provided by Gerald Eve who provide market data. Disclosure of the estimate in the financial statements is considered adequate could but this could be enhanced to include Investment Property and the estimation uncertainty including a sensitivity analysis We have considered the completeness and accuracy of the underlying information used to determine the estimate and have challenged the appropriateness of the classification as investment for a sample of properties. Note 4 – does not currently disclose the estimation uncertainty relating to investment properties. It is our view the council's investment property (material), should disclose and enhance Note 4 to include estimation uncertainty relating to investment property including a sensitivity analysis, if they are likely to result in material adjustment to the investment property's carrying value within the next 12 months.	Light Purple

Assessment

- ● Dark Purple We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- ● Blue We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- ● Grey We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- ● Light Purple We consider management's process is appropriate and key assumptions are neither optimistic or cautious

2. Financial Statements - key judgements and estimates

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
Net pension liability Draft: £288m Final: £273m	The Council's total net pension liability at 31 March 2019 comprises £273m (PY £265m) in relation to the Local Government Pension Scheme as administered by Berkshire County Council. The Council uses Barnett Waddingham to provide actuarial valuations of the Council's assets and liabilities derived from these schemes. A full actuarial valuation is required every three years. The latest full actuarial valuation was completed in 2016. A roll forward approach is used in intervening periods, which utilises key assumptions such as life expectancy, discount rates, salary growth and investment returns. Given the significant value of the net pension fund liability, small changes in assumptions can result in significant valuation movements.	See below	Light Purple

- We have assessed the actuaries, Barnett Waddingham, to be competent, capable and objective.
- We have used PwC as our auditor's expert to assess the actuary and assumptions made by the actuary – see table below for our comparison of actuarial assumptions

Assumption	Actuary Value	PWC Range	Assess ment
Discount rate	2.4%	2.35%-2.45%	●
Pension increase rate	2.4%	2.40%- 2.45%	●
Salary growth	3.9%	3.10% to 4.35%	●
Mortality assumptions – longevity at 65 for current male pensioners (years)	22	20.6 - 23.4	●
Mortality assumptions – longevity at 65 for future male pensioners (years)	23.7	22.2 - 25.0	●
Mortality assumptions – longevity at 65 for current female pensioners (years)	24.0	23.2 -24.8	●
Mortality assumptions – longevity at 65 for future female pensioners (years)	25.8	25.0– 26.6	●

- We have confirmed there were no significant changes in 2018/19 valuation method.
- We have confirmed that the Council's share of the pension scheme assets is in line with expectations.

Assessment

- ● Dark Purple We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- ● Blue We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- ● Grey We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- ● Light Purple We consider management's process is appropriate and key assumptions are neither optimistic or cautious

2. Financial Statements - other communication requirements

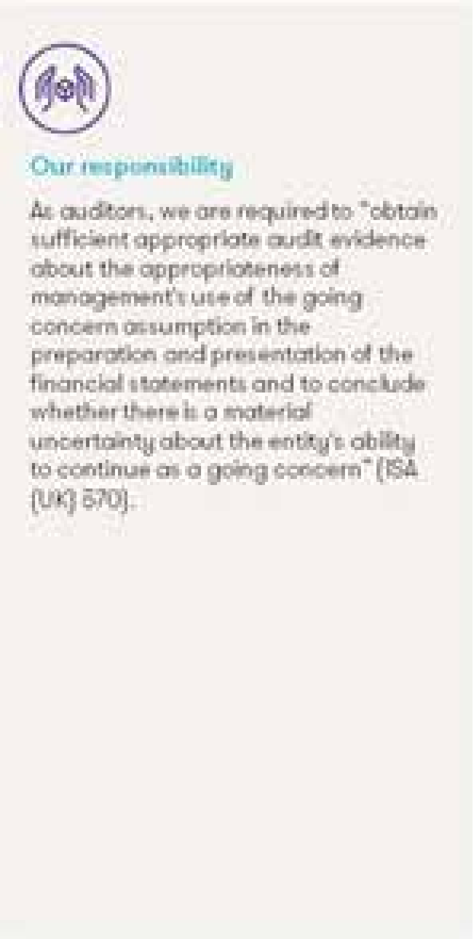
We set out below details of other matters which we, as auditors, are required by auditing standards and the Code to communicate to those charged with governance.

Issue	Commentary
Matters in relation to fraud	We have previously discussed the risk of fraud with the Audit and Performance Committee. We have not been made aware of any incidents in the period and no issues have been identified during the course of our audit procedures.
Matters in relation to related parties	We are not aware of any related parties or related party transactions which have not been disclosed, except mentioned in other parts of this document.
Matters in relation to laws and regulations	You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations and we have not identified any incidences from our audit work.
Written representations	A letter of representation has been requested from the Council, including specific representations in respect of the group, the wording of which will be provided separately.

2. Financial Statements - other communication requirements

Issue	Commentary
Confirmation requests from third parties	We requested from management permission to send confirmation requests to the Council's bank and investment counterparties. This permission was granted and the requests were sent. All requests were returned with positive confirmations.
Accounting practices	We have evaluated the appropriateness of the Council's accounting policies, accounting estimates and financial statement disclosures. Our review found material omissions in the financial statements and these are reflected in the Appendix C Note 3 – Management have included the following as critical judgements in applying accounting policies. Following review of the accounts for 2018/19, we do not consider these to meet the requirements of IAS 1.122 as these should relate judgements applied by management in the application of significant policies and should disclose the values that are materially impacted by the judgments. - Future Funding - Schools Recognition - Interests in Council-owned companies - Business Rates Pooling - Infrastructure Assets - Provisions for business rates and bad debt debts Note 4 – Management have included the following as assumptions made about the future and other sources of estimation uncertainty. In our view, these do not meet the requirements of IAS 1, as this disclosure should only include assets, and liabilities with assumptions and estimates at the end of the current reporting period that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year. - Valuation of council dwellings - Impairment allowance of doubtful debts - Provisions
Audit evidence and explanations/ significant difficulties	We have faced difficulties in auditing the council's records and identified a number of material misstatements in the current year and prior year. The new finance team have also identified issues in the record keeping at the council which has resulted in a number of adjustments to the prior period audited accounts. Refer to significant matters discussed with management.

2. Financial Statements - other communication requirements



Our responsibility

As auditors, we are required to "obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity's ability to continue as a going concern" (ISA (UK) 570).

Going concern commentary

Management's assessment process	Auditor commentary
The Council's accounts have been prepared on the going concern basis. Public sector bodies are assumed to be going concerns where the continuation of the provision of a service in the future is anticipated, as evidenced by inclusion of financial provision for that service in published documents.	• As auditors, we are required to "obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity's ability to continue as a going concern" (ISA (UK) 570). • We have subjected the budget and high level revenue MTFP to detailed scrutiny, and reviewed the planned savings proposals in our consideration of the appropriateness of management's use of the going concern assumption. • The Council has also prepared a detailed going concern assessment for our consideration.
Concluding comments	**Auditor commentary**
	Following the Council's initial request to the Government for additional financial support, in June 2021 the Department for Levelling Up, Housing and Communities (DLUHC) announced that support would be made available. However, this was accompanied by an external assurance review examining both the Council's financial position and the strength of its wider governance arrangements., which highlighted areas that the Council needed to address. In March 2022 the Council received agreement, in principle to a Capitalisation Direction totalling £307m. This has enabled the Council to deal with historical accounting deficiencies and to set a balanced budget for the financial years 2019/20 to 2022/23. The Direction is subject to a range of conditions and to regular monitoring by the Commissioners and DLUHC. Having regard to the arrangements and factors highlighted above, the Section 151 Officer concluded that Slough Borough Council remains a going concern and that it is appropriate for the Council's Statement of Accounts for 2018/19 to have been prepared on this basis. Our review of the Council's assessment concurs with this view and we will continue to monitor the Council's progress with its financial plans over the coming months.

2. Financial Statements - other responsibilities under the Code

Issue	Commentary
Other information	We are required to give an opinion on whether the other information published together with the audited financial statements (including the Annual Governance Statement, Narrative Report), is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. The council has presented an updated Annual Governance Statement and Narrative Report in the July 2022 accounts. Further updates to the Council's Narrative Report are expected and will be subject to audit.
Matters on which we report by exception	We are required to report on a number of matters by exception in a number of areas: • if the Annual Governance Statement does not comply with disclosure requirements set out in CIPFA/SOLACE guidance or is misleading or inconsistent with the information of which we are aware from our audit, • if we have applied any of our statutory powers or duties. We highlight elsewhere in this report that we have been required to issue statutory recommendations under S24 of the Local Audit and Accountability Act.
Specified procedures for Whole of Government Accounts	We are required to carry out specified procedures (on behalf of the NAO) on the Whole of Government Accounts (WGA) consolidation pack under WGA group audit instructions. As the Council exceeds the specified group reporting threshold of £2 billion we examine and report on the consistency of the WGA consolidation pack with the Council's audited financial statements. This work is not yet completed and the timelines for this work have not yet been confirmed. We anticipate completing this work in 2023.
Certification of the closure of the audit	We intend to delay the certification of the closure of the 2018/19 audit of Slough Borough Council in the audit report, as detailed in Appendix E, due to the following work being incomplete: • required procedures on the Council's WGA return.

3. Value for Money

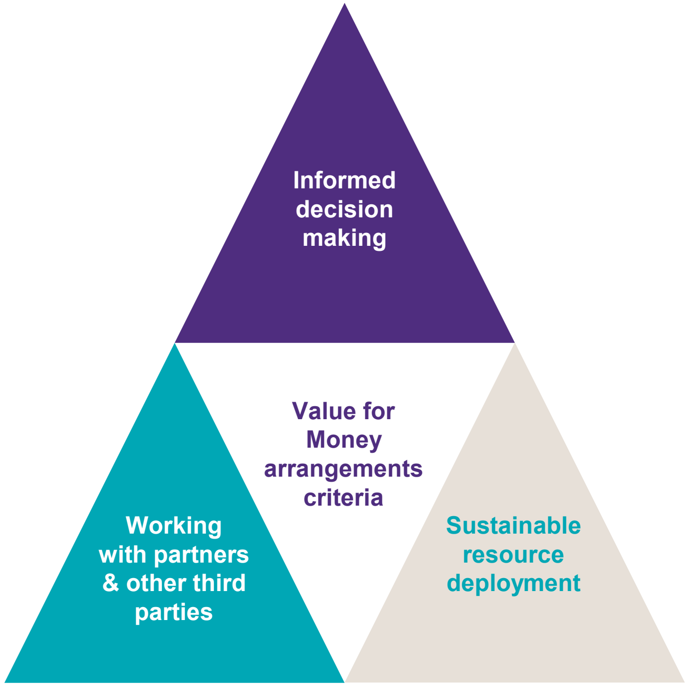
Background to our VFM approach

We are required to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources and report by exception where we are not satisfied. This is known as the Value for Money (VFM) conclusion.

We are required to carry out sufficient work to satisfy ourselves that proper arrangements are in place at the Council. In carrying out this work, we are required to follow the NAO's Auditor Guidance Note 3 (AGN 03) issued in November 2019. AGN 03 identifies one single criterion for auditors to evaluate:

"In all significant respects, the audited body takes properly informed decisions and deploys resources to achieve planned and sustainable outcomes for taxpayers and local people."

This is supported by three sub-criteria, as set out below:



Risk assessment

We carried out an initial risk assessment in January 2020 and identified a three significant risks in respect of specific areas of proper arrangements using the guidance contained in AGN03. We communicated these risks to you in our Audit Plan dated January 2020.

Our risk assessment is a dynamic process and we have had regard to new information which emerged since we issued our Audit Plan, we identified the additional significant risk as a result:

- Slough Children's Services Trust (SCST) provides the Council's children's social care services. We identified the possible failure of SCST due to its deteriorating financial position and ability to manage demand as a significant risk.

We carried out further work only in respect of the significant risks we identified from our initial and ongoing risk assessment. Where our consideration of the significant risks determined that arrangements were not operating effectively, we have used the examples of proper arrangements from AGN 03 to explain the gaps in proper arrangements that we have reported in our VFM conclusion.

Value for Money

Our work

AGN 03 requires us to disclose our views on significant qualitative aspects of the Council's arrangements for delivering economy, efficiency and effectiveness.

We have focused our work on the significant risks that we identified in the Council's arrangements. In arriving at our conclusion, our main considerations were:

- The Council did not have adequate arrangements in place to ensure financial sustainability, and should be strengthened to ensure robust and realistic savings plans are in place. Since our last report, in light of the impact of Covid 19 on the future financial position of the Council, coupled with the impact of a recent business rate appeal and the ongoing discussions with Department for Education on the recoverability of financial support to Slough Children's Trust, the Council has recently sought further financial support through DLUHC. This coupled with further adjustments required to the Council's financial position arising from the audit and a number of significant other financial adjustments identified by the Council's new finance team, gives indication that without further government financial support, that the Council would not be financially sustainable.

  The Ofsted inspection in January 2019 identified an improvement in the arrangements for Children's Social Care services, they were no longer rated as 'inadequate', but rated as 'require improvement to be good'.
- The Council did not have adequate arrangements in place to ensure reliable and timely financial reporting that supports the delivery of strategic priorities due to weaknesses in processes for preparing the 2017-18 financial statements (which took place during 2018-19), and significant weaknesses in the quality of working papers supporting the 2018-19 financial statements, resulting in a disclaimer opinion.
- In relation to our additional risk relating to Slough Children's Services Trust (SCST):-
  - inadequate arrangements were in place to deliver strategic priorities or understanding and using appropriate and reliable financial and performance information to support informed decision making and performance management including where relevant, business cases supporting significant investment decisions.
  - during 2018/19 the Council did not demonstrate sound governance arrangements to ensure that elected members (Cabinet or the Education and Children's Scrutiny Committee) were updated on the progress of SCST through formal committee meetings.

We have set out more detail on the risks we identified, the results of the work we performed, and the conclusions we drew from this work on pages 31 to 37.

Overall conclusion

Based on the work we performed to address the significant risks, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in November 2017, because of the significance of the matters described and later in our report, we are not satisfied that, in all significant respects Slough Borough Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.

Recommendations for improvement

We discussed findings arising from our work with management and have agreed recommendations for improvement.

These recommendations are set out in Appendix B, along with an updated commentary from Council management, which provides the latest position on the Council's progress in implementation, since the recommendations were first issued in May 2021.

Significant difficulties in undertaking our work

We did not identify any significant difficulties in undertaking our work on your arrangements which we wish to draw to your attention.

Significant matters discussed with management

There were no matters where no other evidence was available or matters of such significance to our conclusion or that we required written representation from management or those charged with governance.

Value for Money

Significant risk

Financial Sustainability of the Council - Medium Term Financial Strategy (MFTS)

The ongoing challenge of meeting the savings outlined by Central Government continue to put pressures on Local Government finances. Slough Borough Council currently has a budget gap of £1.291m over four years to 2022/23. The Council has set a balanced budget for 2019/20 to 2021/22. In the short term, the Authority has one off reserves that can be used to mitigate these pressures but the longer term implications are challenging. The Authority expects an estimated £9m reduction in central funding per annum to 2024/25 which further enforces the need to identify alternative methods of achieving the Authority's financial position for the future.

We will review the Authority's arrangements to prepare robust savings plans and how these have been challenged and consider the plans to identify further savings to address the future funding gap.

We will review monitoring arrangements, including the robustness of the Council's Medium Term Financial Strategy, the delivery of the 2018/19 budget, and the action taken when plans are not being delivered.

Findings

Medium Term Financial Strategy

The Council has an agreed Medium-Term Financial Strategy which was presented to Cabinet in December 2017 and subsequently updated and reported in July and October 2018. Reasonable assumptions have been made for CT, retained business rates and RSG. The MTFS included the savings required across the three years, 2018/19 to 2020/21 of £11.012m.

The budget and savings identified in the MTFS are updated and approved within the budget setting process which was completed in February 2019, savings of £6.3m were agreed for 2018/19.

Savings Plans

In 2018/19 the Directorates were not given specific savings targets but asked to offer up what savings they could deliver. Those savings that were identified it was the Directorates responsibility to risk assess the savings plans, ensure they are deliverable and have action plans/business cases in place to ensure delivery.

The Directorates identified a range of different savings, 34 in total which included savings as well as additional income to the value of £6.262m. These were agreed by CMT and reported to Cabinet as part of the budget setting process in February 2019.

The Council does not have a corporate assurance or project management process in place to assess the savings schemes or to check the robustness of the action plans.

Conclusion

Auditor view

The Council should take urgent action to develop a clear, sustainable financial plan to significantly replenish its levels of useable reserves in order to ensure financial resilience for the future. Further details are set out in our statutory recommendations reports, where we have set out recommendations under section 24 of the Local Audit and Accountability Act.

Value for Money

Significant risk	Findings	Conclusion
Financial Sustainability of the Council - Medium Term Financial Strategy (MFTS) The ongoing challenge of meeting the savings outlined by Central Government continue to put pressures on Local Government finances. Slough Borough Council currently has a budget gap of £1.291m over four years to 2022/23. The Council has set a balanced budget for 2019/20 to 2021/22. In the short term, the Authority has one off reserves that can be used to mitigate these pressures but the longer term implications are challenging. The Authority expects an estimated £9m reduction in central funding per annum to 2024/25 which further enforces the need to identify alternative methods of achieving the Authority's financial position for the future. We will review the Authority's arrangements to prepare robust savings plans and how these have been challenged and consider the plans to identify further savings to address the future funding gap. We will review monitoring arrangements, including the robustness of the Council's Medium Term Financial Strategy, the delivery of the 2018/19 budget, and the action taken when plans are not being delivered.	**Savings Plans continued** Progress on delivery of the savings plans is reported quarterly to Cabinet in the Revenue Budget Monitor Reports. These reports include the financial position against budget for each Directorate. In 2018/19 the Council delivered a small overspend of £0.051m, although four of the five Directorates overspent, except for the Chief Executive Directorate, with £3m underspend in non-service areas. The Council reported achieving savings £6.42m, although these were not always as planned and included a high proportion of income. The savings plans were not supported with detailed savings plans and business cases. Arrangements could be strengthened by introducing corporate oversight and review of savings plans to ensure they are robust and realistic. **Update since August 2020 audit committee meeting** Since our last report, in light of the impact of Covid 19 on the future financial position of the Council, coupled with the impact of a recent business rate appeal and the ongoing discussions with Department for Education on the recoverability of financial support to Slough Children's Trust, the Council sought further financial support through DLUHC. This coupled with further adjustments required to the Council's reserves arising from the audit, gave indication that general fund reserve levels (both earmarked and unearmarked) are at unsustainably low levels requiring action from the Council. A substantial over accrual of anticipated profits from the Council's interests in Slough Urban Renewal has resulted in a further reduction of general fund reserves of £7.573m in the 2018-19 accounts. Thus reducing current forecasted General Fund Reserves down to only £550k. The previous finance team who were involved in producing the first draft accounts subsequently left the Council during early 2021 A new finance leadership team was appointed during 2021 with considerable financial expertise and experience of working with or for other local authorities in the sector. The team was responsible for reviewing the financial arrangements at the Council and overseeing the production of a revised set of financial statements for 2018/19. Significant further financial shortfalls were identified. Following the Council's initial request to the Government for additional financial support, in June 2021 the Department for Levelling Up, Housing and Communities (DLUHC) announced that support would be made available. However, this was accompanied by an external assurance review examining both the Council's financial position and the strength of its wider governance arrangements., which highlighted areas that the Council needed to address. In March 2022 the Council received agreement, in principle to a Capitalisation Direction totalling £307m. This has enabled the Council to deal with historical accounting deficiencies and to set a balanced budget for the financial years 2019/20 to 2022/23. The Direction is subject to a range of conditions and to regular monitoring by the Commissioners and DLUHC.	See previous page

Value for Money

Significant risk	Findings	Conclusion
Principles and values of sound governance and internal control In the prior year, the Authority's auditor identified significant weaknesses in arrangements to prepare the financial statements to support informed decision making, resulting in a modified opinion on the use of resources for the year ended 31 March 2018. We will consider the Council's system of internal control and governance procedures and its progress in addressing the previously identified recommendations.	There remained weaknesses and material misstatements in the preparation of the 2017-18 Statement of Accounts that took place during the 2018-19 financial year. The Council set out a detailed action plan at the conclusion of the 2017-18 audit and we recognise that many of these actions will take time to implement and embed into the Council's financial processes and procedures. Action has been taken by the Council to address capacity issues in the finance team and seek additional external advice and support on a number of areas of the financial statements, but there is still significant scope for improvement in the quality of the underlying working papers to ensure that the financial statements are free from material error. The Council has had difficulties producing supporting information for a number of areas in the financial statements resulting the 2018-19 audit not yet being completed. They have relied on the use of the CIPFA Big Red Button which has resulted in issues understanding the audit trail between the ledger and Trial Balance and how these reconcile to the Council's financial statements. Our 2018-19 audit work identified a number of in year and prior period adjustments particularly in the area of PPE valuations and accounting for additions and disposals of assets. Our audit identified a number of control deficiencies in internal controls in respect of: • Quality of working papers supporting the financial statements • Lack of critical review of the draft financial statements and supporting audit working papers prior to audit • Inadequacy of reconciliation and review of debtors and creditors • Lack of clarity around bank reconciliations, particularly in relation to School bank accounts • Inadequate maintenance of the fixed asset register, with examples identified where prior year transactions had not been correctly removed from the asset register or material transactions had been incorrectly accounted for during the year. • Inadequate processes and documentation for journal postings As set out in our executive summary to this report, the new finance team has attempted to produce a set of financial accounts fit for audit. However, their initial starting position was the previous version of the accounts and general ledger (containing thousands of accounting entries) prepared by the old finance team, which had several legacy issues. The new finance team has had to: undertake detailed reviews of the financial systems, attempt to re-create records held within and outside the financial management systems, conclude whether the information is available or not. As mentioned, some members of the old finance team who prepared the first draft of the accounts or posted accounting transactions are no longer employed at the council. Therefore, it has been difficult to obtain supporting evidence or explanations to transactions posted in 2018/19 and prior periods. These issues have clearly increased the complexity of preparing the accounts, correcting errors and concurrently elevated our audit risks. Due to the incompleteness of records we propose to issue a disclaimer opinion on the 2018-19 financial statements.	**Auditor view** We consider that adequate arrangements were not in place due to: weaknesses in processes for preparing the 2017-18 financial statements (which took place during 2018-19), and ongoing weaknesses in the quality of working papers supporting the 2018-19 financial statements

Value for Money

Significant risk	Findings	Conclusion
Principles and values of sound governance and internal control In the prior year, the Authority's auditor identified significant weaknesses in arrangements to prepare the financial statements to support informed decision making, resulting in a modified opinion on the use of resources for the year ended 31 March 2018. We will consider the Council's system of internal control and governance procedures and its progress in addressing the previously identified recommendations.	In addition as part of our overall VFM work we reviewed the draft Annual Governance Statement (AGS) as published on the Council's website. The draft AGS sets out how the Council complied with the seven principals of good governance, however this document could be clearer on how the governance arrangements have been reviewed. Priority outcomes are discussed, as defined in the Council's 5 Year Plan, with a summary of progress against these outcomes but not how the governance arrangements support their delivery. An update is provided on the LGA peer review. In addition, an update is provided on the issues reported in 2017/18, the action taken in 2018/19 and if this is still an issue in 2019/20. Arrangements could be improved by developing the AGS and introducing: • assessment of the effectiveness of the framework • how the Council is defining outcomes in terms of sustainable economic, social and environmental benefits • an action plan, that brings together and addresses all the significant issues faced by the Council • a formal mechanism that monitors and assesses the progress of the issues and recommendations raised in the AGS throughout the year.	**Auditor view** We consider there is scope to ensure that the Annual Governance Statement (AGS) more clearly sets out the processes and procedures to enable the Council to carry out its functions effectively.

Value for Money

Significant risk	Findings	Conclusion
Children's Social Care Services In the prior year, Ofsted identified weaknesses in Children's Social Care services, resulting in a modified opinion on the use of resources for the year ended 31 March 2018. We will consider the: • Council's progress against the previously identified recommendations • actions taken by the Authority to address the recommendations raised by Ofsted • Authority's processes for monitoring the progress against recommendations raised • results of any follow up inspections by external bodies.	The arrangements within Children's Social Care Services have been viewed as inadequate by Ofsted since 2011. In January 2019 Ofsted undertook a detailed inspection which concluded that services had improved, although the services 'require improvement to be good'. This change in rating occurred nine months into the year and the inspection report acknowledged that the pace of change had accelerated in the six months prior to the inspection. In addition, the monitoring report completed in May 2018 concluded that there continues to be positive improvement. Prior to this inspection Ofsted were making regular contact with the Council every two to three months. A Joint Improvement Board, a multi-agency non-public board was responsible for monitoring and ensuring progress. The Board met monthly during 2018/19. This Board was disbanded following the improved rating being awarded. Significant improvement is still required to improve the Ofsted rating in subsequent inspections and the Slough Children's Services Trust (SCST) has developed an action plan to address the recommendations raised by Ofsted. This is monitored by the Council through its Partnership Board meetings and in one to one meetings with the Director of Children's Services and the Chief Executive of SCST, as well as by the SCST Board.	**Auditor view** We consider that adequate arrangements are in place as indicated by the improvement in rating following the Ofsted inspection. Significant progress is still required to improve the Ofsted rating further.

Value for Money

Significant risk	Findings	Conclusion
Slough Children's Services Trust (SCST) SCST provides the Council's children's social care services. We identified the possible failure of SCST due to its deteriorating financial position and ability to manage demand as a significant risk. We will review the: • arrangements to monitor performance of SCST and action to address underperformance • the current financial position of SCST and what action the Council plans to undertake • understand the contract arrangements with regards to managing demand and if the Council is required provide additional funding.	In 2015 following two Ofsted judgements of 'inadequate' the Secretary of State exercised her powers under the Education Act 1996 to set up a separate organisation to carry out the Council's children's social care functions. In October 2015, SCST was established and took over the management of Council's children's social care services. The cost of establishing SCST was met by the DfE, whilst the Council provided a working capital loan to the value of £4.2m to be repaid after six years. The Council pay SCST in the region of £24m for the delivery of the children's social care services. SCST was the result of a Statutory Direction from the Secretary of State on the Council and to begin with this had a detrimental impact on the relationship between SCST and the Council. Following changes in personnel within both organisations this began to improve. The Council has a legally binding contract for the delivery of services with SCST and retains statutory responsibility. However, this is not a commercial contract, changes require agreement of the DfE and the Council does not have step in rights and cannot terminate the contract. In 2017 the contract was reviewed and all parties recognised the inadequacies of the contractual arrangements. However, due to a lack of capacity and so has not to detract from the improvement journey and the expected imminent Ofsted inspection a decision was made to complete a deed of variation (DoV). This decision included the Council, SCST and the DfE. The deed of variation DoV looked to improve governance and oversight of the contract by clarifying and strengthening the contract management arrangements. In 2018/19 the financial position of SCST began to deteriorate, SCST continued to report a deficit and growth monies were requested to reduce the risk of insolvency. As a result an LGA review of the financial situation facing SCST was commissioned by the Council. This review highlighted inadequacies in the governance arrangements and that SCST's position was not sustainable without additional funding.	**Auditor view** We consider that adequate arrangements were not in place: • to support informed decision making and performance management including where relevant, business cases supporting significant investment decisions.

Value for Money

Significant risk	Findings	Conclusion
Slough Children's Services Trust (SCST) SCST provides the Council's children's social care services. We identified the possible failure of SCST due to its deteriorating financial position and ability to manage demand as a significant risk. We will review the: • arrangements to monitor performance of SCST and action to address underperformance • the current financial position of SCST and what action the Council plans to undertake • understand the contract arrangements with regards to managing demand and if the Council is required provide additional funding.	The Council agreed to provide additional growth funds in the region of £1.4m and the Council and SCST continued to work together to replay the working capital loan (£4.2m). Senior Officers of the Council maintained regular contact with SCST and elected members were informed through meeting with the Lead Member. However, neither Cabinet or the Education and Children's Scrutiny Committee received any formal updates. SCST's Annual Report was not received by the Council until August 2019. The 2019 LGA peer review also confirmed that governance arrangements were immature in both SCST and the Council and that line of accountability, contract monitoring and shared financial responsibility were unclear. Contract and performance monitoring were the responsibility of the Directorate and were predominately focused on the changes required to improve the Ofsted rating. Financial monitoring was limited and constrained by the quality of the financial information received by SCST. The Council did not fully recognise the dire financial position of SCST until August 2019 at which point the deficit had significantly increased. The Council and SCST then held additional discussions, information was requested and elected members were informed of the developing situation. The Council has devolved contract management arrangements and responsibility sits with the Directorates. It does not have a corporate commissioning/procurement function from which specialist knowledge or expertise can be sought. The Council has agreed contract procedure rules within its constitution for which each Directorate is responsible for ensuring compliance.	**Auditor view** We consider that adequate arrangements were not in place: • to support informed decision making and performance management including where relevant, business cases supporting significant investment decisions.

4. Independence and ethics

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant matters that may bear upon the integrity, objectivity and independence of the firm or covered persons (including its partners, senior managers, managers and network firms). In this context, we disclose the following to you:

In this context, in writing our 2018-19 Audit Plan we needed to bring a specific issue to those charged with governance's attention. Gray's Inn Trading (GIT) Ltd is a group of companies based in the Slough area. A separate special purpose vehicle, Ground Rent Estates (GRE) 5 Ltd, held by GIT Ltd, was acquired by Slough Borough Council on 8 March 2018. At the time of purchase, Grant Thornton were responsible for the audit and tax services for GIT Ltd. Audit and tax compliance services had been provided by Grant Thornton during the 2016-17 financial year, including tax compliance work which commenced in January 2018, nearly three months prior to the 8 March 2018 acquisition date. In addition to the tax compliance work, GT provided tax advice relating to the GRE 5 Ltd company transfer. No work was performed in respect of the 2017-18 year - the firm proposed to continue as the auditor of GRE5 Ltd for 2017/18 but, in view of the acquisition by the Council of GRE5 Ltd, the firm ceased its tax and accounts preparation services for audit year 2017/18. There is therefore no ongoing threat to independence as the firm will not be undertaking accounts preparation or tax work in future years.

For the 2016-17 audit, all fees relating to the audit and tax computation work for the group (including that for GRE 5 Ltd) have been and will continue to be billed to the GIT Group. No fees were billed to either GRE 5 Ltd or Slough Borough Council. The work is inconsequential to the Council (and is not consolidated within the financial statements of the Council) and Grant Thornton had substantially completed, and billed, the majority of the work before Slough Borough Council acquired GRE 5 Ltd in March 2018. The only element of work outstanding at the date of acquisition was the final sign off procedures, including the filing of year end accounts.

No members of the Slough Borough Council audit team had any involvement with the GIT Ltd or GRE 5 Ltd audit and tax services.

Following the subsequent discussions with our Head of Ethics, it has been agreed that there is no ongoing conflict of interest and there is no impact upon our independence and objectivity of the audit of either the Council or the company as the firm ceased its tax and accounts preparation services for the audit year 2017-18. There is therefore no ongoing threat to independence as Grant Thornton will not be undertaking accounts preparation or tax work in 2018-19 or in future years. Grant Thornton has fully reported the circumstances to Slough Borough Council and consulted with PSAA on 12 July 2018. PSAA has confirmed that they support this conclusion.

We are reporting this matter to those charged with governance as required under the Financial Reporting Council Ethical Standard to ensure that they are fully appraised of the situation.

We confirm that we have implemented policies and procedures to meet the requirements of the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in December 2017 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

Independence & non-audit services

Other services provided by Grant Thornton

For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Authority. The following other services were identified and reflects all services provided since 1 April 2018 to the conclusion of our 2018-19 audit.

Service	Financial year	£	Threats	Safeguards
Audit related				
Certification of Housing Benefit return	2018-19 2019-20 2020-21	95,000 110,000 110,000	For these three audit-related services, we consider that the following perceived threats may apply: • Self-Interest (because these are recurring fees) • Self Review • Management	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is not significant compared to the total fee for the audit and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
Certification of Teacher's Pensions Return	2018-19 2019-20 2020-21	7,500 7,500 7,500		The council has requested Grant Thornton to certify the Council's annual Teachers' Pensions return in accordance with procedures agreed with Teachers' Pensions for the period ending 2020/21 and 2021/22. This certification work has not commenced and is subject to independence and ethical consideration by our Ethics Function.
Certification of Pooling of Housing Capital Receipts	2018-19 2019-20 2020-21	6,000 6,000 6,000		The Council has requested Grant Thornton to undertake work to certify the Council's annual Pooling of Housing Capital Receipts return for the following years 2018/19, 2019/20, and 2020/21, in accordance with procedures agreed with the Department for Levelling Up, Housing and Communities ("DLUHC"). This certification work has not commenced and is subject to independence and ethical consideration by our Ethics Function.
Non-audit related				
CFO insights		£37,500	Self-Interest (because this is a recurring fee)	We have provided subscription services only; any decisions are made independently by the Council. The work is undertaken by a team independent to the audit team.
TOTAL NON AUDIT FEES		£391,500		

The amounts detailed are fees agreed to-date for audit related and non-audit services to be undertaken by Grant Thornton UK LLP in the current financial year. These services are consistent with the group's policy on the allotment of non-audit work to your auditors. All services have been approved by the Audit & Corporate Governance Committee. Any changes and full details of all fees charged for audit related and non-audit related services by Grant Thornton UK LLP and by Grant Thornton International Limited network member Firms will be included in our Audit Findings report at the conclusion of the audit.

None of the services provided are subject to contingent fees.

Independence & non-audit services

Non-audit services provided prior to appointment

Ethical Standards require us to draw your attention to relevant information on recent non-audit / additional services before we were appointed as auditor. In the table below we have set out the previous services we have provided to the Authority.

Service	Date of service	Fees £	Would the service have been prohibited if we had been auditor?	Has the outcome of the service been audited or reviewed by another firm?	Commentary
Services in respect of Ground Rent and Estates (GRE 5 Ltd)	September 2017	N/a – fees billed to the GIT group, with no fees billed to either GRE5 Ltd or Slough Borough Council as disclosed on page 39	Yes	No	See page 39 for commentary

We do not believe that the previous services detailed above will impact our independence as auditors

Appendices

A. Action plan – Audit of Financial Statements

We have identified recommendations for the group as a result of issues identified during the course of our audit. We have agreed our recommendations with management and we will report on progress on these recommendations during the course of the 2019/20 audit. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

Assessment	Issue and risk	Recommendations
●	Journals: - Our review of the journal control environment and subsequent testing of a sample of journals identified a number of issues: inadequate record keeping or lack of adequate explanation of journals. There is an elevated risk of financial misreporting or fraud using journals due to inadequate controls over journal entries.	The council needs to review and strengthen the process and controls around the posting of journals posted in the general ledger and adjusting entries posted to the trial balance as part of the closedown process. Management need to ensure adequate controls over posters, record keeping of supporting documentation for journal entries. **Management response** All journals are processed via workflow, with clear segregation between inputters & authorisers. Access controls are being strengthened by removing the input access role from all current users in March 2023 in advance of Year-End and only granting access to approved users. Agresso has the functionality to upload evidence into the system for journals that are input into the system via manual entry. It is not possible to upload evidence for journals uploaded via a batch upload. In the meantime, all evidence for journals processed via batch input are being saved in a designated folder, with periodic reviews and reconciliations carried out to ensure all journals have been evidenced. As this is a completely new way of working for the Council, it is likely to take some time to embed into the culture of the organisation.

Controls

- ● High – Significant effect on financial statements
- ● Medium – Limited Effect on financial statements
- ● Low – Best practice

B. Follow up on recommendations

We identified the following issues in the audit of Slough Borough Council's 2018/19 financial statements in the first phase of the audit, which resulted in 18 recommendations being reported in our May 2021 Audit Findings report to those charged with governance. The below highlights management's commentary on their progress against those recommendations as at February 2023

Assessment	Issue and risk	Recommendations initially raised in May 2021	Management update on progress on recommendations (Feb 2023)
●	Agreed savings are not supported by robust savings plans and as such are at risk of not delivering as anticipated.	The Council should: • ensure that savings are supported by robust savings plans and business cases • strengthen arrangements by introducing a corporate function, which could assess the likelihood of delivery, the robustness of proposed savings and their supporting plans as well as monitor delivery. Management response The Council has recently undertaken a number of actions that will address this and related issues The Council has amended its officer Strategic Finance Board (SFB) chaired by the Chief Executive to ensure that the Executive Board is fully aware of all pertinent financial matters within the Council and gains a holistic understanding of the Council's finances. This Board is receiving papers on financial standards, the accounts, the budgets and other matters As part of this the Council has: • Revised its revenue business case and process to ensure that the business case focuses on the case for change, value for money and affordability before moving into the technicalities of procurement etc. Thus assisting in ensuring that the Council's base budget is as robust as it can be and hence helping to provide a more informed base from which to generate any necessary savings • Related to savings, the Council has a separate business case for savings which has been supplemented by a Saving Action Plan to assist in the verification and tracking of saving plans going forward • The finance service is leading the process for the budget and will in the short term be working with service colleagues to review and challenge all budgeted and future savings, monitor delivery, identify pressures and seek from colleagues mitigations as necessary. It has also revised the equality impact documentation. Going forward a further revised process will be established that will bring into the assessment of savings plans colleagues from other disciplines such as legal, HR, ICT etc – all working closely with service officers • Supplementing this the Council is revising its officer budget process to accelerate the timeline for production of the budget to allow for full engagement and scrutiny by Members in all their roles and likewise for full consultation and communication with other stakeholders	For the 2023/24 budget all savings are now fully supported by robust plans and business cases which have been subject to significant levels of scrutiny during the year but most intensively during December 2022 and January 2023. Key budget issues, risks and savings proposals were presented at the meetings of each Scrutiny Panel by Lead Members, Executive Directors and other senior officers. The Overview & Scrutiny Committee had agreed Key Lines of Enquiry for budget scrutiny in July 2022 and councillors on scrutiny received training on local government finance before scrutiny of the savings proposals commenced. Before considering each individual savings proposal the Committee/Panels were presented with an overview of the Council's financial position and Members agreed with the overall savings target in line with the Corporate Plan objective for the Council to 'live within its means'.

B. Follow up on recommendations

Assessment	Issue and risk	Recommendations	Management update on progress on recommendations (Feb 2023)
●	We consider there is scope to ensure that the Annual Governance Statement (AGS) more clearly sets out the processes and procedures to enable the Council to carry out its functions effectively.	The governance aarrangements could be improved by developing the AGS and introducing: • assessment of the effectiveness of the framework, it should be more than a description of what is in place • how the Council is defining outcomes in terms of sustainable economic, social and environmental benefits • an action plan, that brings together and addresses all the significant issues faced by the Council • a formal mechanism that monitors and assesses the progress of the issues and recommendations raised in the AGS throughout the year. **Management response** The preparation of future AGS is under review and will be considered at a future meeting of the SFB. This will enhance the preparation and use of the AGS. The Chief Executive has also instigated a review of Governance across the Council which will see further enhancements to our Governance arrangements. The outcome of this work will incorporate these recommendations.	Revisions have been made to the 2018/18, 2019/20 and 2020/21 AGS statements to reflect the requirements of the Code of Practice. The 2021/22 AGS has been drafted and shared with senior officers but remains 'open' until the accounts have been audited. A Corporate Governance group has been formed to review such matters and consider the Council's response. This meets on a monthly basis and is chaired by the Monitoring Officer and reports into the Improvement and Recovery Board Governance workstream. A formal system of assurance statements from Executive Directors will be put in place for 2023/24
●	The Council consolidates a number of group entities into its financial statements, however the accounting year ends are not all consistent with the Council, being 31 March, which adds additional complexity and consolidation adjustments for the Group financial statements.	To facilitate a smooth and efficient group accounts preparation, the Council should work with its group entities to align all accounting year ends to 31 March. **Management response** This work will commence in June 2021.	6 of the group entities have been closed during 2022. A comprehensive group assessment was carried out by the new finance team. The assessment established that only SUR does not have a year end date. As SUR is a joint venture, only the Council's interest in the company needs to be consolidated into the group accounts. The Council's interest is not material and therefore the year end date does not need to be amended. This will continue to be reviewed once the position of all the companies has been finalised during 2023/24.

B. Follow up on recommendations

Assessment	Issue and risk	Recommendations	Management update on progress on recommendations (Feb 2023)
🔴	Effective governance arrangements are not in place to ensure those charge with governance are able to make decisions in an open and transparent way	Cabinet and scrutiny should be regularly updated on the performance of their key services and be able to challenge this performance and have the opportunity to make informed decisions in formal committee meetings. **Management response** Agreed. We have recently begun the preparation of holistic financial briefings for Officers and Members and these will be further developed in the future. We have also as noted above revised the budget timeline which will allow for more informed Member consideration of the budget and have introduced quality guidance for finance and other officers on the production of budget monitoring reports and financial implications in reports. We will ensure that key service financial and performance information is included as a regular agenda item for Cabinet, Scrutiny and the Audit and Governance Committee.	Regular and holistic monthly financial briefings for Officers and Members are in place. For 2023/24 there was a clear timetable for delivering the budget including a timeline which allowed for more informed Member consideration of the budget. Quality guidance for finance and other officers on the production of budget monitoring reports and financial implications in reports has been introduced. Key service financial and performance information is included as a regular agenda item for Cabinet, Scrutiny and the Audit and Governance Committee. A training programme is in place for Members and officers in relation to local government finance and procurement and contract management processes and procedures.

🔴	Effective contract management arrangements are not in place to effectively manage statutory services that are delivered by third parties.	The Council should consider and ensure effective arrangements are in place in the following areas:
		• Role of elected members, including Members of the Board, as possible shareholder committees or monitoring committees such as the Commercial Sub-Committee, as well as the role of scrutiny committees
		  • Elected members who are Board Directors of the SCST need to understand their responsibilities and duties to SCST and ensure they effectively manage any conflicts of interest. All company directors have a duty to act in the best interests of the company rather than in the best interests of the body that has appointed the Director to the company (eg the Council).
		  • Elected members committee functions, this should include those charged with governance who would have oversight of the effectiveness of the SCST Board in line with Council's strategic objectives and statutory duties as well as scrutiny.
		  • The Council would benefit from applying consistent arrangements across the Council for dealing with all its third-party companies and ensure the role of the Commercial Sub-Committee is effective and understood.
		• Those charged with Governance should receive updates and reports on a regular basis (quarterly as a minimum) to enable informed decision making.
		Management response
		The Council has begun reviews of its management of third-party organisations and will be implementing a series of changes which will include among other matters appointing appropriate Senior Responsible Officers to ensure that companies meet their objectives, put in place new arrangements for holding companies to account, reviewing how the companies meet the Council's objectives, a review of the work undertaken by the companies, developing a clear approach to testing value for money etc.
			An ongoing programme of improvements for all companies took place during 2022/23 with 6 companies being closed. The remaining companies are subject to a review and series of changes in FY 23/24 including further development of the contract management arrangements and improvements to governance arrangements.

B. Follow up on recommendations

Assessment	Issue and risk	Recommendations	Management update on progress on recommendations (Feb 2023)
●	Effective governance arrangements are not in place to effectively manage statutory services that are delivered by third parties.	• The Council should introduce contract management to ensure services are delivered as planned and any mitigating actions can be taken in a timely manner. • The Council should consider using its internal audit service to gain assurance that its contract procedures are being effectively applied across all Directorates. Management response The first recommendation is being dealt with as noted above. In respect of gaining assurance this will be undertaken in two ways – through internal audit as described and through reviews by the Finance and Commercial team. The S151 officer is liaising with internal audit to ensure that this requirement is picked up in their 2021/22 and onwards planning and will co-ordinate the work of those undertaking these reviews	The new structure includes a new procurement and contract management team. Appointments have been made to the Head of Commercial and other posts but vacancies remain. An internal audit review of the procurement function is being planned for the first quarter of 2023/24 now a new team is in place.
●	Quality of working papers and clarity of the audit trail As noted on page 13, the audit process was hampered by issues with the clarity of the audit trail including: - insufficient audit trail to support the movements in the cashflow statement - Lack of supporting audit trail for key notes in the accounts such as analysis of the income and expenditure by nature	We recommend that the Council: Review the process used to produce the year end accounts and identify areas where further improvement needs to be made Ensure that all disclosure have supporting working papers and there is a clear mapping between the general ledger and the financial statements Management response The Council has begun a review of the process and will be introducing: • a comprehensive accounts plan which will be linked to the auditors required by client schedule. This plan will include a comprehensive training plan, a communications plan and a resource plan • a three stage quality assurance process will be implemented covering financial standards papers and accounts templates and covering 1) preparation, 2) technical review and 3) sign off review • a whole team approach will be instigated through the involvement of the whole finance service to bring greater resilience and resource to this key requirement. • improved communication through the project plan which will include regular and early communication to all stakeholders. • comprehensive training and development for finance staff which will include how to prepare, and also regular reviews of, working papers that include evidence of the transactions in the ledger, an enhanced checklist of requirements, quality assurance review, links between the working papers and clear mapping to the ledger. • Quarterly reports to Strategic Finance Board, the Audit Committee and Cabinet starting in October 2021 on progress and issues identified.	This is an area that the Council will seek to continuously improve. For the 2018/19, 2019/20 and 2020/21 accounts, the following improvements have been introduced: • Comprehensive accounts plan linked to the auditors required by client schedule. • Standardised templates linked back to the Code have been prepared for all notes and include a three-stage quality assurance process. • Improved communication through the project plan. • A whole team approach has been instigated. • Comprehensive training and development for finance staff including how to prepare, and also regular reviews of, working papers.

B. Follow up on recommendations

Assessment	Issue and risk	Recommendations	Management update on progress on recommendations (Feb 2023)
●	**Review of financial statements** A number of inconsistencies and disclosure omissions were identified during our review of the financial statements. This indicated a lack of internal critical review prior to the financial statements being presented for audit.	We recommend that the Council: Develop a year end timetable for the production of the accounts which include sufficient time for management review Utilises the CIPFA checklist to ensure that disclosures are complete and produced in line with code requirements **Management response** This will be fully covered as noted above.	This has been completed in line with the improvements highlighted above.
●	**Group Accounts** The basis of preparation of the Council's Group accounts was unclear and the working papers did not provide a comprehensive group consolidation schedule setting out how the group accounts and consolidation adjustments had been determined.	The Council should ensure it prepares a clear and comprehensive group consolidation schedule to support the preparation of its group accounts. **Management response** This will form part of the much revised and enhanced accounts plan as noted above.	This has been completed in line with the improvements highlighted above.
●	**Bank reconciliation process** As noted on page 19, our review of the bank reconciliation process identified that the process in place in 2018/19 was overly complex and made identification of reconciling items and their clearance difficult. There were also issues identified with the descriptions of reconciling balances within the balance.	We recommend that the Council: Perform a review of the bank reconciliation process to simplify the bank reconciliation process and remove all old and out of date reconciling items and ensure that amounts included in the reconciliation and the ledger are valid cash items. **Management response** This is in the Council's financial action plan and will be begun in June and will be undertaken monthly thereafter once any issues have been resolved.	Bank reconciliation process has been reviewed and amended to make simpler and to respond to the issues raised. Redundant bank accounts have been assessed and processes are in place to close them All functional bank accounts are being reconciled monthly and suspense accounts reviewed and cleared periodically.

B. Follow up on recommendations

Assessment	Issue and risk	Recommendations	Management update on progress on recommendations (Feb 2023)
●	**Accounting treatments** The loans made to JEH had not been accounted for in line with the Code requirements resulting in amendments to the valuation and disclosure in the final accounts. This was a new transaction in 2017/18 although it was not a material balance in the prior year and the accounting treatment had not been documented against Code requirements before inclusion in the financial statements.	We recommend that the Council establish a process for significant transactions such as investments and loans, to be formally considered against the requirements of the Code and the consideration documented and reviewed before being applied.. **Management response** All transactions that require review will be considered against the requirements of the Code to ensure that the accounts going forward are fully Code compliant.	All loans and accounting transactions are reviewed against the requirements of the Code for compliance as part of the improved quality assurance process.
●	**Debtor and creditor reconciliations** During our testing of the debtor and creditor balance there were issues with the client producing reconciled balances which should represent the year end debtor and creditor positions excluding in year movements. Our sample testing of debtors and creditors has not identified any material balances that are not supported. We have discussed this with management and confirmed that a process has been undertaken in 2020 to review debtor and creditor codes and cleared down items which are no longer valid balances.	We recommend that the Council Perform review of the debtor and creditor account codes to ensure that balances are appropriate and valid and clear those that are not. Establish a reconciliation process for all debtors and creditor accounts to ensure the balances are fully supported and valid debtors or creditors **Management response** This is in the Council's financial action plan and will be begun in June and will be undertaken monthly thereafter once any issues have been resolved.	Systems and processes have been reviewed. AP & AR control accounts are now reconciled and reviewed monthly by appropriate officers.

B. Follow up on recommendations

Assessment	Issue and risk	Recommendations	Management update on progress on recommendations (Feb 2023)
●	**Income and Debtors** There is no review process over invoices issued before they were sent out to clients. The Council relies on customers to identify and inform them of any errors noted. However there is risk that if the invoice is undercharged and the customers may not raise error, and the Council may suffer a loss from undercharging.	**We recommend that the Council** Review the internal processes over invoice raising to ensure there is sufficient review of invoices before they are sent to clients **Management response** This is in the Council's financial action plan and will be begun in June and will be undertaken monthly thereafter once any issues have been resolved.	Systems and processes have been reviewed. Workflows will be in place by the end of March 2023 to ensure that only valid invoices are raised.
●	**Declarations of interest** Councillor and Senior Officer declaration forms are not dated. There is a risk that the declaration record is incomplete or insufficient as a result. The most recent forms for three Councillor declaration forms were signed, but not dated. Signing / dating a declaration form should be standard practice, as it could lead to forms being misfiled, or new interests not being declared in a timely manner. Senior Officers that were working for SBC through a contracting company are not required to complete a Declaration of Interests form. Interim staff are not required to complete the Registers of Interests and Gifts and Hospitality.	We recommend that the Council: ensure that all forms are signed and dated as part of their standard procedures consider whether Officers, including interim staff, should complete declaration forms as they may be able to have a significant influence on the council's high level decisions. **Management response** The Council requires every entry to the members register of interests to be signed and dated, it is standard practice that this is always followed. In the past 12 months the Council has strengthened the process and a democratic services officer must always countersign each form received from a councillor to ensure completeness. Senior officers declaration forms are not part of this process, and are in fact part of the declaration process for all staff which uses an online HR process to gather the submissions. The Council will look to implement a process by July 2021 to ensure that any interim staff or those recruited through contracting companies are required to complete a declaration of interests form and where appropriate complete their Directorate gifts and hospitality register	The Council now has a template for declaration of related party transactions as part of its closedown procedures, which is separate and in addition to the Declaration of Interests form previously in place. All Senior Officers, including interim staff, and Members are required to complete this template as part of the closedown process.

B. Follow up on recommendations

Assessment	Issue and risk	Recommendations	Management update on progress on recommendations (Feb 2023)
●	**Fixed asset register** The client informed us of a number of properties which had not been removed / reclassified in the fixed asset register prior to the production of the year end financial statements. We also identified material assets which had been fully depreciated and were held at net nil valued in the fixed asset register and accounts.	We recommend that the Council: establish a process to perform and annual review of assets to ensure that all disposals and reclassifications are amended establish an in-year process for capital movements to be notified on a timely basis to the finance team to ensure the fixed asset register is maintained accurately. This should be reconciled to the accounts as part of the year end closed own procedures. **Management response** The Council be moving to a quarterly closedown process once it has undertaken a through review of all accounts and budgets which will pick up the above on a much more timely basis.	An annual review has been carried out for previous financial years. Quarterly reconciliations process is yet to be instigated but will be in place during 2023/24 as part of the capital monitoring process to ensure that asset movements and reclassifications are captured appropriately
●	**Capital accounting process** The purchase of Thames Valley University had been accounted for using the stage payments as additions rather than the cost and a liability. This resulted in a material error in the current and prior year.	We recommend that the Council establish a process for reviewing and documenting the accounting treatment of significant transactions to ensure they are accounted for in line with the Code. This should be subject to internal review **Management response** All transactions that require review will be considered against the requirements of the Code to ensure that the accounts going forward are fully Code compliant. As noted above the Council will be introducing a three stage quality assurance process throughout its accounts preparation.	All loans and accounting transactions are reviewed against the requirements of the Code for compliance as part of the improved quality assurance process.
●	**HRA valuation records** Our testing identified inconsistencies in the accounting records between the categorisation of HRA properties held on the Capita Housing Rents system and the Council's fixed asset register. It is important that these two systems are reconciled on a regular basis to inform the Council's HRA valuation.	The Council should ensure that a regular reconciliation process is carried out between its Capita Housing Rents system and the Council's fixed asset register to ensure records are consistent and provide an accurate basis to inform the valuation of its HRA properties in the financial statements **Management response** All reconciliations across the whole of the Council's finances are being reviewed including this, bank accounts and debtor and creditor reconciliations accounts as noted above and will begin in June and be undertaken monthly thereafter once any issues have been resolved.	This process has been undertaken and discrepancies amended accordingly. On going reconciliation process is in place.

C. Changes to the Original Draft Accounts.

The following table highlights the changes to balances from the original draft accounts prepared by management in July 2019 to the Final draft accounts. The Final draft accounts was prepared by the new management team and includes 2017/18 restated balances and a third balance sheet (not included here). The summary of changes here highlights those that are of the most significant to those balances.

Prior Year Audited Accounts £ 000's	**Final Restated Prior Year £ 000's**	**Description of issue identified**	**2018-19 Draft Accounts. £ 000's**	**2018-19 Final Accounts £ 000's**
913,666	874,869	Property Plant and Equipment: • **Disposals:** Restated the Net Book Value of assets due to disposal of assets not previously written off the Fixed Asset Register and a reductions of depreciation – total impact of the misstatement is – Prior Year: £2.4m Current Year £19.7m • **Thames Valley University :** Restated due to previously misstated and incorrectly categorised Thames Valley University acquired on credit arrangement in 2017/18. The council initially accounted for this acquisition as an investment property and incorrectly accounted for a third of the asset's value. Prior Year: £27.3m Current Year £9.1m • **Infrastructure Asset:** Restated as a result of the carrying value of Infrastructure Assets being overstated and the Accumulated Depreciation being overstated – total impact of misstatement. Prior Year: £32.2m Current Year £44.8m • **Revaluation:** Restated as a result of the assets valued at the end of March 2018 being materially misstated due to incorrect floor areas used by the valuer – total impact of the misstatement is: Prior Year : £11.5m Current Year £21.1m • **Additions:** Restated as a result of inappropriate accounting of internal recharges, inappropriate capitalisation of revenue expenditure. Prior Year: £23.8m Current Year £3.2m • **Depreciation:** Restated as a result of the council not appropriately disclosing the council's accumulated depreciation and not being zeroed out after formal revaluation – total impact of the misstatement is Prior Year: £4.5m Current Year £3m	1,046,088	933,361
67,656	55,835	Investment Property • Restated as a result of inappropriate accounting of Thames Valley University Site whereby management initially recognised a third of the acquisition cost of the asset, therefore not consistent with IAS16. The Thames Valley Site has subsequently been reclassified to Property Plant and Equipment as it did not meet the requirements of IAS 40. – total impact of the misstatement is: Prior Year is £11.3m and Current Year £9.1m • Restated as a result of investment properties adjustment for fair value movements and write-off of disposed off in prior periods that had not been amended on the Council's accounting records. The total impact of this adjustment is £1.8m in the Prior Year.	88,560	66,124
22,930	17,670	Long Terms Investments. • Restated due inappropriate accounting of 'soft loans' advanced to the council's subsidiary James Elliman Homes in 2017/18 as the terms were below market commercial rates. This has been reclassified from Long Term Investment to Long Term Debtors. Prior Year: £5.2m Current Year £4.2m	43,353	25,057
8,161	13,893	Long Term Debtors • Restated due inappropriate accounting of 'soft loans' advanced to the council's subsidiary James Elliman Homes in 2017/18 as the terms were below market commercial rates. This has been reclassified from Long Term Investment to Long Term Debtors. Prior Year: £5.2m Current Year £4.2m	9,385	31,208

C. Restated Balances to Final Accounts Audit

Prior Year Audited Accounts £ 000's	Final Restated Prior Year £ 000's	Description of issue identified	2018-19 Draft Accounts £ 000's	2018-19 Final Accounts £ 000's
32,945	36,949	Short Term Debtors. • Slough Urban Renewal - The distribution of the Council's share of profits from Slough Urban Renewal LLP in 2019/20 had been inappropriately accrued for in 2017/18 and 2018/19, before the distribution were declared by the company. Therefore the accrual has had to be reversed reducing income by £4.309m in 2017/18 and £3.264m in 2018/19. The total amount being reversed £7.2m • Grossing Up – restated due to inappropriate grossing up of credit entries within creditors in the prior year of £14.9m. This entry has been reversed out : - total impact of the error is Prior Year £14.9m & Current Year £14.9m. • Collection Fund – restated balance due to a debtor balance in respect of the council's share of the collection fund raised in 2014/15 not being correctly reversed out in the subsequent period and correction not being amended resulting in overstatement of debtors. Total impact of the misstated is : Prior Year £6.3m Draft Accounts £6.3m. • Essex Council – restated balance as a result of inappropriate accounting of a contingent asset that was included within the debtors balance. The council was subsequently awarded £0.3m following a legal settlement. Impact of misstatement in Prior Year: £1.7m and Current Year. £1.4m • Overage Contracts: Income from overage agreements had been incorrectly classified as revenue income when it should have been classed as deferred capital receipts pending receipt of the cash payments. Prior Year £1.1m in 2017-18 and £0.6m in 2016-17. • Data Migration Suspense Accounts: A review of the council's debtors listing within Agresso identified a number of account balances transferred from the council's previous general ledger (Oracle System) to current general ledger (Agresso System). Management have written off these balances to the CIES. Current Year £ 5.7m • Historic Debtors: Our review of the debtors listing identified a number of historic debtor balances with counter balances that require write-off or to be matched to the credit balance/bank receipts. Management have written off these balances to the CIES • Bad Debt Provision: The council's bad debt provision was understated by £4.8m due to an understatement in the business rates appeals balance. • Housing Benefit Provision:- The council's bad debt provision for Housing Benefit was disclosed in Note 18 net of the outstanding debt from Housing Benefit customers. This should have been disclosed gross, with the bad dent provision for housing benefit forming part of the allowance for Doubtful debts. Prior Year £2.5m Draft Accounts £2.5m	48,482	18,425
	18,808	Short Term Investments – there were no amendments to the council's short term investments in the current year and in the prior period audited accounts.		48,545
9,900	9,900	Cash • The end of March 2019 cash balance was misstated by £416k and this has been amended by management. We identified a number of issues relating to council's cash/bank reconciliation process (Refer to Page X) and we have raised a recommendation in respect of this weakness identified.	21,077	19,879

C. Balance Sheet Continued

The following table highlights the changes made to current year balances from the initial draft accounts to the final draft accounts.

Prior Year Audited Accounts	Final Restated Prior Year	Description of issue identified	2018-19 Draft Accounts	2018-19 Final Audited Accounts
152,760	152,760	Borrowing • There were no changes to the borrowing balance disclosed at year end and in the prior year audited accounts.	214,682	214,682
34,619	56,622	Short Term Creditors • Thames Valley University - the original draft accounts omitted both short term (£8m) and long term creditor (£8m) in the 2017/18 financial statements as the purchased asset (£24m), was acquired on credit, with a third of the price being paid in 2017/18 and the remainder over a two year period. • Data Migration Suspense Accounts: A review of the council's creditors listing within Agresso identified a number of account balances transferred from the council's previous general ledger (Oracle System) to current general ledger (Agresso System). Management have written off these balances to the CIES. • Historic Creditors: Testing of creditors identified a number of historic debtor balances with counter balances that require write-off or matched to the debit balance/bank payments. Management have written off these balances to the CIES. • Creditors Notes disclosure – the mapping and classification of the types of debtors and creditors categories for the council (disclosed in the final accounts) has been compiled using two different method between the comparator years which means the disclosure is not comparable.	50,489	58,850
2,447	2,447	Short-term Provisions: • There were no significant changes to the short term provisions balance disclosed at year end and in the prior year audited accounts.	4,266	2,165
2,100	2,100	Grant Receipt In Advance: • There were no changes to the Grants Receipt In Advance balance disclosed at year end and in the prior year audited accounts.	0	0
393	21,636	Long Term Creditors • Thames Valley University – Restated for an £8m amount was a previously omitted of the council's long term creditors for 2017/18. • Section 106 Agreements - Restated for 17/18 due to inappropriate accounting of section 106 income originally accounted for as capital grants unapplied rather than recognising them income when S106 conditions have been met and any unmet/unspent monies receipt should have been classified as a Long Term Creditor. The impact of the adjustment is an increase is Long Term Creditors 17/18 of £13.3m (corresponding decrease in Grants Unapplied) and current year 2018/19 in £9.4m	498	6,060

C. Balance Sheet Continued

The following table highlights the changes made to current year balances from the initial draft accounts to the final draft accounts.

Prior Year Audited Accounts 000'	Final Restated Prior Year 000'	Description of issue identified	2018-19 Draft Accounts 000'	2018-19 Final Audited Accounts 000'
223	223	Long Term Provisions • Business Rates - the council's provision for appeals in respect to Business Rates appeals was understated by £4.6m for the 2018/19 period based on refunds being period in subsequent periods. • Water Charges - An additional provision has been included in the council's accounts for the Thames Water Charged to Housing Revenue Account tenants. The council anticipate paying £2.6m in future periods. This amendment only impacts 2018/19 and is not a prior period.	223	9,372
0	4,157	Long Term Deferred Capital Receipts • Income from overage agreements had been incorrectly classified as revenue income when it should have been classed as deferred capital receipts pending receipt of the cash payments. The impact was to overstate income credited to the General Fund by £2.2m and to the HRA by £2.6m in 2016/17. In addition, a further £1.4m was incorrectly treated as General Fund income in 2017/18 and has been transferred to usable capital receipts to correct.	0	4,157
170,341	170,341	Long Term Borrowing - there were no changes to the council's long term borrowing balance in the prior year and the current year.	304,216	304,216
307,430	311,969	Other Long-Term Liabilities • Net Pension Liabilities: The 2018/19 balances has been amended as a result of the McCloud judgement and the impact of updated investment asset valuations of the Pension Fund. This has resulted in a net impact to the defined pension liability of £2.8m	326,894	312,684
404,309 Usable 108,141 Unusable 296,168	307,501 Usable 97,027 Unusable 210,474	Usable Reserves & Unusable Reserves - Prior Period Adjustments and Current Year Misstatements- Due to the several adjustments made to the prior year financial statements and current year amendments, the usable and unusual reserve balances have had to be amended. - Minimum Revenue Provision:- In addition to these adjustments, for a number of years, the council has materially understated its Minimum Revenue Provision. The new Finance Team have recalculated their best estimate of the council's MRP as at 31st of March 2019, March 2018 and March 2017 and the respective charge for each year is (2017: £21.6m, 2018, £5.1m and 2019, £6m) - Capitalisation Direction:- The Government approved a capitalisation direction in principle allowing the council to use capital resources to finance revenue costs, thereby reducing pressure on General Fund balances and budgets. Application of the Direction is as follows: £36m in 2017, £50m in 2018 and £65m in 2019.	405,199 Usable 83,144 Unusable 322,055	231,383 Usable - 75,675 Unusable 155,708

C. CIES Changes

The following table highlights the changes made to current year balances from the initial draft accounts to the final draft accounts.

Prior Year Audited Accounts 000’	Final Restated Prior Year 000’	Description of issue identified	2018-19 Draft Accounts 000’	2018-19 Final Audited Accounts 000’
436,770	429,755	Expenditure	411,005	462,709
		Employee Benefits: - Additional revised IAS 19 Pension Adjustment for the year 2018/19 – DR £2.6m Service Expenditure - Dwellings review undertaken by management, whereby assets were incorrectly disposed off– CR £1.5m. - JEH soft loan adjustment of DR £9.3m - Water rates refund £2.6m - Agresso costs incorrectly capitalised Prior year £1.4m Current Year £1.1m - Housing Benefits Overpayments BDP Increase- £2.5m Depreciation. - Due to the misstatements identified within property plant and equipment, has resulted in an adjustment to the current year and prior year. The net impact of the adjustments to the: Prior Year £4.5m and Current Year £3m Interest Payments - Adjustment relates to the updated IAS 19 Pension Liability. Prior Year £1.9m. - Reverse capitalisation of borrowing costs £1.9m Gain and Loss on Disposal - Amended due Arbour Vale and Beechwood disposal –Previous Year £4.3m Current Year £6.5m - Leisure Centre Tower Ash et al £32.1m		
370,492	354,317	Income	353,959	325,071
		Interest and investment income: - Thames Valley University – Fair value reversal due to previously misstated TVU acquired on credit arrangement in 2017/18as an investment property and revalued. Previous year £8.5m Current year £9.1m Government Grants and Contributions: - Reversal of S106 income credited incorrectly. Previous Year £1.4mn Current year £2.3m - Increase bad debt & appeals provisions Current year £8.2mn - Update Unapplied Grant Re Debtor £3.1m		

D. Audit Adjustments

We are required to report all non trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management. The below details all non-trivial misstatements adjusted by management to the original draft accounts presented for audit in July 2019.

Impact of adjusted misstatements

All adjusted misstatements are set out in detail below along with the impact on the key statements and the reported net expenditure for the year ending 31 March 2019

	Comprehensive Income and Expenditure Statement £'000	**Balance Sheet £' 000**	**Impact on total net expenditure £'000**
Grossing up of the opening cost and depreciation of assets with nil net book value (Council Dwellings). This has nil impact on the value in the Balance Sheet and is made in the disclosure note for Plant, Property and Equipment. This error impacts prior years and management have had to reverse this entry.		DR Opening Balance: £6.9m CR Opening Acc Depreciation: (£6.9m)	
Internal Recharges: A review of property plant and equipment identified that the council previously incorrectly capitalised a notional recharge within the Place directorate, therefore increasing the value of property plant and equipment on the balance sheet and inappropriately recognising the recharge within income on the comprehensive income and expenditure statement. This adjustments impacted the general fund and has also resulted in a prior period adjustment and this entry has been reversed The impact of the misstatement on prior years is: CR – PPE : £6m (reversal of notional charge to property projects) DR – CIES £6m (reversal of notional revenue recognised in CIES)	DR Revenue (reversal of £1.8m	: CR – Property Plant and Equipment: £7.8m DR – General Fund £6m (Prior Period)	DR - £1.8m
A review of capital additions within the year identified staff costs that had been incorrectly capitalised relating to the implementation of the council's general ledger (Agresso). These costs now need to be reversed from Property Plant and Equipment to revenue expenditure. This practice has been happening for a number of years and has resulted in prior period adjustment – CR – PPE – £4.2m (reversal of Agresso charges to property) DR – CIES - £4.2m (recognition of Agresso Costs to Expenditure(£3.1m in PPA and £1.1m in 2018/19)	DR - £1.1m Expenditure	CR - £4.2m Property Plant and Equipment DR – Reserves General Fund £3.1m	DR £1.1m
Asset additions and disposals were adjusted following review of the fixed asset register. This also resulted in amendments to the depreciation and revaluation movements following the adjustment to asset holdings. This error impacts prior period and current year. Correction of prior period misstatement to opening balances is CR - £9.5m – correction to the net book value of property plant and equipment. DR - £9.5m – recognition of the disposals to the capital adjustment account.		Cr £9.5m – Property Plant and Equipment DR £9.5 Capital Adjustment Account	
A review of the fixed asset register by management identified a number of assets classified as surplus assets that should have been reclassified as Assets Held for Sale. The total value of the assets reclassified is £1.2m. This misstatement also impact property plant and equipment prior period and has been corrected through a prior period adjustment. DR - £1.2m decrease in property plant and equipment. CR - £1.2m increase in assets held for sale		Dr £1.2m – Property Plant and Equipment Cr £1.2m– Capital Adjustment Account	

D. Audit Adjustments

Audit Adjustments Continued:

	Comprehensive Income and Expenditure Statement £'000	Balance Sheet £' 000	Impact on total net expenditure £'000
Infrastructure Assets: A review by management of the council's fixed asset register identified that the carrying value of infrastructure assets had been overstated for a number of years due to the accumulated depreciation not being written out when assets had nil net book value. In addition, a review of infrastructure spending identified that all expenditure on infrastructure had been classed as single asset each year and depreciated over a standard asset life of 40 years, when the various components of infrastructure have asset lives ranging from 10 to 40 years. Recalculating depreciation of the revised asset lives has resulted in a reduction in the net book value of the assets of £38.343m at 1 April 2017 and an increase in depreciation charges of £3.196m in 2017/18 and £3.340m in 2018/19. Therefore, the correction to the prior periods was CR – PPE – Infrastructure Assets £41.5m DR Capital Adjustment Account - £41.5m		CR £44.8m – Property Plant and Equipment DR £44.8m to Capital Adjustment Account	
Revaluation Adjustment for Dwellings that were incorrectly accounted for as disposed following review of the council's Fixed Asset Register.	CR – Expenditure - Reversal of disposal £1.5m	DR – Additions £1.5m	
Private Finance Initiative: - A review of the council's fixed asset register and PFI arrangements identified that two schools, Beechwood and Arbourvale's had Land that had not been derecognised appropriately by the council on their fixed asset register in the year of transfer. The impact of these adjustments is to adjust the opening balance for 2018/19 and impact prior periods, therefore will require a prior period adjustment. tbc	DR Expenditure £6.5m	CR Property Plant and Equipment £6.5m	
Leisure Centre Farnham Road misstatement - this asset became operational on 23rd March 2019 and was transferred from Asset under Construction to Land and Buildings and revalued buildings and land was asset transferred to Surplus and revalued. The adjustment requires a reclassification of the asset within the Property Plant and Equipment note and adjustment to the CIES for the impact of revaluations	DR Expenditure – revaluation £1.3m	CR – Property Plant and equipment £1.3m	
Tower and Ashbourne House -The Council planned to demolish the two tower blocks and rebuild the site, increasing the number of dwellings from 105 to 195. The units were classified as surplus, as they were no longer held as dwellings. one value has been assigned to the site. An adjustment was done post audit to reflect this	Dr – movement in revaluations £3.3m CR revaluations (cost of services) - £13.6m	Cr PPE - £13.3m Dr- Revaluation Reserve £3.3m	
Salt Hil Centre – following council's revaluation exercise, we identified that the centre had been understated by £3.3m. Management have agreed to amend the accounts for this error.	DR Expenditure - 3.3m	CR – PPE - £3.3m	
Arbour Sports Park - When reviewing the reconciliation of the valuers report to the accounts prepared by management, we identified that Arbour Sports Park had been double counted in the Council's accounts, as was included under both Arbour Park Spots Facility and The Centre.	DR – Expenditure £18.7m	CR Property Plant and Equipment -18.7m	

D. Audit Adjustments

Audit Adjustments Continued:

	Comprehensive Income and Expenditure Statement £'000	Balance Sheet £' 000	Impact on total net expenditure £'000
Depreciation, Amortisation, Impairment – due to mapping issues and inconsistencies within the depreciation charged to the CIES and the property plant and equipment notes resulted depreciation being incorrectly mapped to income.	DR – Expenditure (Depreciation) £15.8m CR – Income £15.9m		
Investment Property Valuation: A review of Investment Property identified two assets with balances of £2.4m and £0.5m that were included in investment property, however these assets were revalued and included as property plant and equipment with a different asset codes. These asset were not de-recognised within investment properties causing an overstated reported balance of Investment property. In addition, an investment property which was revalued with a value of £3.5m as at 31st March 2019, was incorrectly stated as £2m. This resulted in an understatement of £1.5m within investment property.		CR Property Plant and Equipment £2.9m DR Capital Adjustment Account (via GF) £2.9m DR Investment Property £1.5m CR Revaluation Reserve £1.5m	
Capitalisation Accounting: an asset that had been included in as an addition in the current prior year on the basis of the staged payments being made for the purchase whereas it should have been recognised in full in the prior year with a corresponding creditor. These adjustments impact the current year and prior year. In addition, the initial capitalisation was incorrect therefore required correction. This asset was incorrectly classified as investment property but should have been accounted for as an asset under construction. Therefore, in the prior year, the asset was corrected from Investment Property to Property Plant and Equipment. As mentioned, the asset was also incorrectly recognised on acquisition with the council only recognising a third of the asset value. The net impact of the adjustment in the prior year Prior Year Correction. Reclassification. CR £9.8m - Investment Property (reclassification of original entry) CR £17.5m – LT & ST Creditors (recognition of the staged payment) DR £27.3m - Property Plant and Equipment (Correct entry to the AUC in Property Plant and Equipment) Revaluation Adjustment Account CR £27.3m Assets Under Construction. DR - £8.5m correction of revaluation IP CR - £8.5m Capital Adjustment Account	CR - Financing & Investment Income I&E £9.1m	DR – Investment property £9.1m DR – Long term Creditor £8m CR – Short Term Creditor £8m DR- Property Plant and Equipment (Assets Under Construction) - £27.3m CR – Investment Property £27.3m	

D. Audit Adjustments

Audit Adjustments Continued:

Long Terms Investments	**Comprehensive Income and Expenditure Statement £'000**	**Balance Sheet £' 000**	**Impact on total net expenditure £'000**
James Elliman Homes Ltd: The loan to JEH was accounted for as fair value equity investments when they were soft loans. The impact of the loans advanced to JEH were not reflected in the council's debtor position in 2017/18, however disclosed in 2018/19 as a long term investment Adjustment was required to the valuation which impacts the SOFP and valuation movements in the CIES DR Long term debtors - £9.4m CR Long term investments - £9.7m CR Movement on valuation and interest -		DR – Long term investments £9.7m CR – Long Term Debtors £9.7m (2019- £4.5m & 2018- £5.2m)	
Non-National Domestic Rates: A review of the reconciliation between the council's general ledger and the feeder system that form part of the debtor balances identified that debits raised in 2014/15 regarding Business Rates (NNDR) had not been appropriately written off in the following year as the debits should have been transferred to the collection fund adjustment account. A correction was made in 2015/16 but did not get reflected within the year end balance brought forward balances resulting in an overstatement. This adjustment impacts the current year debtors and prior year periods. This misstatements impacts prior periods as the £6.3m overstatement was carried forward on the council's balance sheet each subsequent accounting period.		DR – General Fund £6.3m CR – Debtors - £6.3m	
Slough Urban Renewal Accrual: Our testing of debtors balance for year identified that the council had overstated its accruals relating to its interest in Slough Urban Renewal (SUR) which it had a 50% interest in. This resulted in an overstatement of income in 2018 and 2019 of £3.3m and £4.3m respectively. The debtors balance for both years was overstated by £4.3m in 2018 and £7.6m in 2019 (of which was the rolled forward £4.4m from 2018) respectively. The correction to the prior period is the following adjustment: CR Short Term Debtors - £4.3m DR CIES- £4.3m	DR Income £3.3m	Cr Debtors Total £7.6m Dr General Fund £4.3m	DR £3.3m
Bad Debt Provision: The new finance team identified that the council had not reviewed its bad debt provision and therefore, the council engaged a valuation expert to review the council's collection fund (both council tax and business rate) bad debt provisions and identified this had been understated by £4.1m The impact of the review has resulted in amendments to the council's collection fund adjustment account which was also understated by £4.1m	DR – Expenditure £4.1m	CR – Short Term Debtors £4.1m	

D. Audit Adjustments

Audit Adjustments Continued:

	Comprehensive Income and Expenditure Statement £'000	Balance Sheet £' 000	Impact on total net expenditure £'000
Essex County Council Debt: In 2017/18 the council inappropriately raised a debtor (£0.8m) with Essex County Council (for a contract both parties had engaged in) rather than recognising a contingent asset as this was under high court litigation. A further debtor of £0.4m was subsequently raised in 2018/19 for the same contract. The case was finally settled in 2020/21 and the council was awarded £0.3m, therefore this provides evidence that short term debtors and income was overstated by £0.8m	DR CIES: £0.8m	CR Short Debtors £0.8m	Dr 0.8m
Data Migration Suspense Accounts: A number of historic debtors suspense codes that were part of the migration from Oracle (previous ledger) to Agresso were included within debtors, the net value of these balances is £5.8m. The new finance team propose to review and write these off	DR Expenditure (write-off) £5.8m	CR – Short Term Debtors £5.8m	£5.8m
Historic Balances: Our review and testing of debtors identified a number of balances within the council's general ledger that had no movement between opening balance and closing balance. Our detailed testing of debtors also identified balances with counterparties that are historic in nature that management will need to review. Within our debtors review, we also identified some credit entries that require investigation from management as to whether these require reclassification to creditors or be matched to subsequent receipt of income or should be written off			
Overage Income :- A review of overage agreements within debtors had been inappropriately accounted for as revenue income when it should have been classified as deferred capital receipts pending the receipt of the cash receipts. The impact was to overstate income credited to the General Fund by £2.2m and to the HRA by £2.7m in 2016/17. In addition a further £1.43m was incorrectly treated as General Fund income in 2017/18 and has been transferred to usable capital receipts to correct. For 2016-17 DR- General Fund £2.2m DR – HRA £2.7m CR- Deferred Capital receipts £4.2m CR- Long term Debtors 0.7m For 2017-18 DR- Long term Debtors £1.16m CR- general Fund £1.16m DR- General Fund £1.43m CR- Capital Receipts Reserve £1.43m		For 2016-17 DR- General Fund £2.2m DR – HRA £2.7m CR- Deferred Capital receipts £4.2m CR- Long term Debtors 0.7m For 2017-18 DR- Long term Debtors £1.16m CR- general Fund £1.16m DR- General Fund £1.43m CR- Capital Receipts Reserve £1.43m	
Bad Debt Provision – Housing Benefit The council's bad debt provision for the year ended 2018/19 was misstated by £2.5m resulting in an understatement in the expenditure charged to the council's comprehensive income and expenditure	DR – Expenditure £2.5m	CR- Housing benefit Receivable £2.5m	

D. Audit Adjustments

Audit Adjustments Continued:

	Comprehensive Income and Expenditure Statement £‘000	Balance Sheet £’ 000	Impact on total net expenditure £’000
The adjustment relates to an applied grant that was incorrectly classified as a debtor rather than recognise the transaction as an expenditure within the CIES.	DR Expenditure £3.1m	CR Short Debtors £3.1m	
A misstatement was identified regarding a collection fund debtor that was incorrectly posted twice to the debtor balance, therefore overstating both income and debtors. Management have agreed to reverse this entry.	DR Income £1.5m	CR Short Term £1.5m	
Review of debtors and creditors balances in 2018/19 identified grossing up within the financial statements. This means both debtors and creditors are overstated by the same amount of £19.2m. This misstatement impacts the prior year balances		DR Debtors – £19.2m CR Creditors £19.2m	
Minimum Revenue Provision The council for a number of years had understated its minimum revenue provision charge which is required under statute for the cost of borrowing to the General Fund. The impact of this adjustments, the usable reserve was understated by £64.4m and the unusual reserves was overstated by £32.8m. The prior year periods have also been adjusted and funded through the capitalisation direction Year 2017 – MRP Charge £21.6m Year 2018 – MRP Charge £6.3m		DR – Capital Adjustment Accounts £32.8m CR- General Fund £32.8m	

D. Audit Adjustments

Audit Adjustments Continued:

	Comprehensive Income and Expenditure Statement £'000	Balance Sheet £' 000	Impact on total net expenditure £'000
Historic Balances: Following review of the Council's creditor balance at year end, management have reviewed historic (old balances) in the general ledger and have agreed to write these off to the I&E. Data Migration Suspense Accounts – management have also undertaken a review of creditor balances within the council's general ledger	CR General Fund £0.9m	DR Creditors £0.9m	
Section 106 Agreements – Review of s106 agreements by the new finance team identified that income that all s106 agreements had been inappropriately recognised as income and credited to capital grants unapplied. As s.106 income has conditions attached to the funding, it should have been classified as a long-term creditor and only recognised as income when the conditions attached to the individual s.106 agreements had been met in line with the CIPFA Code. This error impacts prior periods. To correct £11.9m has been transferred from Capital Grants Unapplied to Long-Term Creditors at 1 April 2017, a further net transfer of £1.43m was made to Long-term Creditors in 2017/18 and net deployment of £3.904m from Long-term Creditors made in 2018/19.		CR Long Term Creditors £9.3m Dr Reserves - Capital Grants Unapplied £9.3m	
Provisions: A review by the council's management of Business Rates appeals (against the 2010 valuation listing) provision for 2018/19 was understated by £4.2m based on additional refunds being made the following year. The impact of the review has resulted in amendments to the council's collection fund adjustment account which was also understated by £4.1m	DR – Expenditure £4.2m	CR - Long Term Provisions £4.2m	
Thames Water Charges – The council has included an additional provision for the impact of the Southwark water charges legal ruling in 2016, which resulted in council tenants being over-charged for water charges.	DR – Expenditure £2.6m	CR Provision £2.6m	DR £2.6m
Pension Reserve – Long Term Liability The Pension Liability for the council for 2018/19 has been amended to reflect the updated IAS19 Report from Barnet Waddingham for updated data for the performance of the pension funds assets as at 31st March 2019 and to incorporate the impact of McCloud judgement (£14.3m). The updated IAS 19 Report also impacts the remeasurement pension liability (£16.8m) presented on the face of the CIES including the Cost of Service(Dr £2.6m). Management have also amended the prior year comparator for Pension Liability and Pension Reserves by £4.5m to reflect an misstatement in the prior year accounts.	DR net impact – £14.2m	DR Long Term Liability £14.2m CR Pension Reserve £14.2m DR – Pension Reserve £4.5m CR Pension Liability £4.5m	

D. Audit Adjustments

We are required to report all non trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

Impact of adjusted misstatements

All adjusted misstatements are set out in detail below along with the impact on the key statements and the reported net expenditure for the year ending 31 March 2022.

Income	**Comprehensive Income and Expenditure Statement £'000**	**Balance Sheet £' 000**	**Impact on total net expenditure £'000**
Housing Revenue Account – The HRA line within the Comprehensive Income and expenditure Statement has decreased by £9.5m to correct a mapping issue. The corresponding entry is now in Other operating expenditure.	CR – Housing Revenue Account - £9.5m DR Other operating expenditure- £9.5m		
HRA Major Repairs Reserve – the Major Repairs Reserves for HRA has been decreased by £4.2m following review by the new finance team.		CR General Fund - £4.2m DR – Capital Adjustment Account £4.2m	
Capitalised Borrowing Costs – The new finance team have reversed the capitalisation of borrowing costs £1.8m which had been included in the 2018/19. The previous 2018/19 included a change in accounting policy for borrowing costs and this did not meet the requirements of IAS8	DR Financing and Investment I&E - £1.9m	CR Property Plant and Equipment £1.9m	
Transformation Costs: A review of the council's expenditure charged in the current year and in previous years by the new management team identified, the council for a number of years had charged on-going revenue costs as REFCUS, relating to the Council and the Slough Children First. Management have concluded the on-going costs treated as REFCUS did not meet the requirements of the Guidance on Flexible Use of Capital Receipts 2015, therefore, the impact of this misstatement is that income is the general fund is understated and capital receipts reserve. Management have reversed this entry. This misstatement impacts the current period and prior periods		DR – General Fund £15m (reversal of prior period statutory override in the GF) CR – Capital Receipts £15m	
Capitalisation Direction: As a result of the scale of the financial challenges facing Slough Borough Council and a number prior period issues identified during the 18/19 audit. The Council has utilised £35.9m of the capitalisation direction in 2018/19 and in the previous audited periods.		DR Capital Adjustment Account £35.9m CR General Fund £35.9m	

D. Audit Adjustments

We are required to report all non trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Item	**Disclosure omission**	**Adjusted?**
Annual Governance Statement & Narrative Report	The Annual Governance Statement & Narrative Report for 2018/19 has been updated to reflect the financial and governance issues identified at the council.	✓
Note 1 – Accounting Policies	The council's accounting policies Note 1.4 to 1.20 have been substantially amended in the latest draft accounts by the new management team.	✓
Note 3 Assumptions made about the future and other sources of estimation uncertainty	The note 3 has been amended from the draft accounts including the values and balances. The estimation and uncertainty note 3 includes estimates we do not consider to have a significant risk of material adjustment within the next 12 months (IAS 1) and these include: Valuation of Council Dwellings, Impairments Allowance for doubtful debts, Provisions.	x
Note 5: Material Items of Income and Expense	Management have further enhanced the note disclosure by including a table highlighting the impact of the capitalisation direction	✓
Note 6, Note 7 and Note 8	Management have enhanced Note 6 Other Operating Expenditure, Note 7 Financing and Investment Expenditure, Note 8 Taxation and Non Specific Grant Income.	
Note 9, 9a and 9b, 9c Expenditure and Funding Analysis	The presentation of the note disclosure has been amended, including the prior year balances due to the errors identified in the previous year. There has been a number of amendments to the current year balances due to several misstatements identified during the audit.	✓
Note 12 – Audit Fees	The 2018/19 Audit Fee table has been amended to reflect the additional fees for the overruns on the 18/19 financial statement audit.	✓
Note 14 – Grant Income	The Grant Income Note disclosure has been amended by the new management team for the current year and prior year balances to clearly show: Non-ringfenced government grants; Grants credited to taxation and non-specific grants: Government Grants credited to Net Cost of Services; Total Grants	✓

D. Audit Adjustments

Continued

Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Item	Disclosure omission	Adjusted?
Note 15: Adjustments between accounting basis and funding basis under regulation. Note 16 Transfers and Earmarked Reserves	This note shows the adjustments between the comprehensive income and expenditure recognised in line with accounting standards/policies and the specific statutory provisions available to the authority for override. Due to the number of prior period adjustments and the misstatements identified in the current year of audit, and the prior year this year has been amended. The note disclosure also discloses the impact o the capitalisation direction available to the council. The overall impact of the adjustments will have an impact on the council's usable and unusable reserves on the balance sheet and the movement in reserves statement.	✓
Note 17 Property, Plant and Equipment	There have been a number of adjustments to the property, plant and equipment note with the following being amended from the original draft: As result of the prior period adjustments identified regarding the previous years, the prior year comparators have been restated to reflect the corrections.	✓
Note 18 Capital Commitments	The note disclosure does not comply with the code, as this incorrectly discloses the council's approved budget major capital projects as opposed to actual contractual commitments.	x
Note 19 Investment Properties	The note has been amended to reflect the misstatement for Thames Valley University (£27m) which has been reclassified from investment properties to property plant and equipment. As result of the adjustment, this has impacted the revaluation reserve and the prior year audited accounts resulting in restatement. The investment property income table has been amended for 2018/19 to include the investment income: tbc	✓
Note 21: Service Concession Arrangements	Impact of land not previously derecognised when the two schools were transferred from the council.	✓
Note 22: - Capital Financing Requirement	The Capital Financing Requirement disclosure has been updated to incorporate adjustments to the council's property plant and equipment note, investment property note, capitalisation direction, and adjustments for the council's sources of finance.	✓

D. Audit Adjustments

Continued

Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Item	**Disclosure omission**	**Adjusted?**
Note 23 Financial Instruments	The opening balances has been restated for the following: • the equity in and loans to James Elliman Homes Ltd have been excluded from the financial instrument disclosures. • the loan notes to SUR LLP have been excluded from the financial instrument disclosures. • the balance of long-term debtors was restated as part of the Prior Period Adjustment in relation to overage. Further amendments: tbc	✓
Note 25 Fair value of assets and liabilities	A result of the misstatements identified within debtors, creditors, cash loans and investment properties, the fair value of assets and liabilities note 25 has been amended (i.e. the carrying value and the fair value hierarchy)	✓
Note 26 Cash & Cash Equivalent	The cash and cash equivalent balance for 2018/19 has been amended from £21.1m in the draft accounts to £19.8m in the final accounts following audit.	✓
Note 27 Short-Term Debtors & Long Term Debtors	The Short Term Debtors and Long Term Debtors notes has been enhanced • To clearly show the different types (central Government Bodies, Trade Debtors, VAT, Council Tax, NNDR, Housing Benefit, Other, Loans to 3rd Parties, Overage) of debtors with the council including distinction between long term and short term debtors • Disclose the council's impairment allowance for doubtful debtors as at 31st March. The year-end 2018/19 balance has also been amended to reflect the audit adjustments identified in this Appendix resulting in draft short term debtors changing from £48.5m in the draft to £18.5m in the final accounts. The comparators have also been restated from £32.9m in the prior year audited accounts to £36.9m Long Term Debtors: • There has been an amendment to the council's long term debtors to include loans to JEH and understatement of overage income resulting in a total adjustment to the LT debtors from £9.4m in the draft accounts to £31.2m in the final accounts The method in which the final set of debtors has been compiled is different to the prior year comparator as management have not been able to obtain the workings from the previous year.	✓
Note 28 Creditor	The creditors note has been amended and has been enhanced. • To clearly show the different types (Trade Creditors, PAYE &NI, Central Government, Other Creditors, PFI Finance Lease Liabilities, Receipt in Advance, Payroll Creditors, Collection Fund Accounts) of debtors with the council including distinction between long term and short term debtors. • Creditors – the prior year has been restated to include the TVU purchased on credit arrangements (£8m) and the amended 18/19 accounts also includes the this adjustment (£8m). • Suspense Account & Historic Balance Review: Following review of the council's general ledger, historic balances and data migration suspense accounts, the following balances have been written off and the net impact is : £0.8m The method in which the final set of creditors has been compiled is different to the prior year comparator as management have not been able to obtain the workings from the previous year.	✓

D. Audit Adjustments

Continued

Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Item	**Disclosure omission**	**Adjusted?**
Note 29 – Provisions	Long Term Provisions has been amended to include an additional provision relating to Business Rate Appeals (£4.2m) and Water Charges (£2.6m)	✓
Note 30 Unusable Reserves (30a,b,c,d,e,h,i)	As result of the prior period misstatements and subsequent adjustments to correct the misstatements, the prior year balances have been restated. The prior year misstatements and the current year misstatements identified have resulted in changes to the draft figures presented for audit.	✓
Note 31 & 32 Defined Benefit Pension Schemes.	The Council has adjusted the net pension benefit liability for the year 2018/19 for the impact of the following: • McCloud judgment impact adjustment. • Updated Pension Fund Asset performance as at 31st of March 2019.	✓
Note 33, 34,35 Cash Flow Statement Notes	The draft accounts presented for audit had a number of material adjustments in the current and prior year, which has subsequently resulted in a number of amendments to the accounting entries in the cashflow statement and related notes.	✓
Note 36 Related Party Transaction	The updated accounts has enhanced the disclosure for related party transactions from the first draft accounts. This disclosure now includes a table of entities controlled by Slough Borough Council or the Council has significant influence over.	✓
Note 38 Events after the balance sheet date	Management have enhanced the disclosure for events after the reporting date to include the issues identified in the external audit review, Section 114 and the Capitalisation Direction, Covid-19, McCloud and updated IAS 19 valuation.	✓
Note 39 Prior Period Adjustment	The new management team has included a table setting out the impact of the misstatements identified that impact the previous audited accounts.	✓
Housing Revenue Account (including related Notes)	The Housing Revenue Account for 2017/18 has been restated and the for 2018/19 for the following items - Adjustment for misstatement of depreciation for 2018/19 – increased by £4.2m from the draft accounts - Thames Water Charges for 2018/19 - increase of £2.6m from the draft accounts. - The HRA Income and Expenditure Statement has been restated for 2017/18 to reflect the decreased value of assets disposed of in the year. This increased the loss on disposal reported in the HRA Income and Expenditure Statement by £5.133m. - A number of notes to the HRA have been updated from the first draft.	✓
Collection Fund Statement (including related notes)	The collection fund statement for 2018/19 has been amended for the following items Increase in allowance for impairment of doubtful debts £5.7m increase (both Business Rates and Council Tax) Allowance for appeals £4.5m (Business Rates)	✓
Group Accounts -	The group accounts disclosure has been updated to consolidate Slough Urban Renewal.	✓

E. Audit fees

In 2018, PSAA awarded a contract of audit for Slough Borough Council to begin with effect from 2018/19. Across all sectors and firms, the FRC has set out its expectation of improved financial reporting from organisations and the need for auditors to demonstrate increased scepticism and challenge and to undertake additional and more robust testing

As a firm, we are absolutely committed to meeting the expectations of the FRC with regard to audit quality and public sector financial reporting. Our proposed work and fees to date for 2018/19 is set out below. Given the extended period of audit work required for the Council's financial statements, additional fee variations have been sought through PSAA to reflect the additional time input. The latest position is set out below, along with the status of approval from PSAA.

The extensive challenges encountered during the three-year period since the 2018-19 audit commenced has highlighted a significant lack of effectiveness and corporate grip on the Council's finances and systems of internal control. The new finance team have invested considerable amounts of their own time updating the accounts to the best of their ability and also considerable audit time has been spent with them to exhaust all avenues in seeking to obtain sufficient appropriate audit evidence to conclude our work. The disclaimer opinion on the 2018-19 accounts highlights the unprecedented nature of the weaknesses apparent in the Council's financial statements and the level of audit inputs required to date.

	Estimated fees 2018/19
Council Audit - Scale fee	£98,193
Interim variation 1 - period to Sept 2020 – PSAA Approved	£223,002
Interim variation 2 – period of work Oct 2020 – June 2022 – Awaiting PSAA approval	£125,000
Interim variation 3 – period of work June 2022 – December 2022 – Awaiting PSAA approval	£249,000
Total proposed audit fees to December 2022	£695,195

Relevant professional standards

In preparing our fee estimate, we have had regard to all relevant professional standards, including paragraphs 4.1 and 4.2 of the FRC's Ethical Standard (revised 2019) which stipulate that the Engagement Lead (Key Audit Partner) must set a fee sufficient to enable the resourcing of the audit with partners and staff with appropriate time and skill to deliver an audit to the required professional and Ethical standards.

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Appendix C

Key areas of the Statement of Accounts reviewed and changes made

No.	Area	Actions taken
1	Statement of accounts and working papers	The format of the Council's Statement of Accounts has been amended to improve layout and presentation and to remove unnecessary or duplicated information and disclosures. Consistency issues were identified in the published accounts such as the grants disclosure notes not reconciling to the Expenditure and Funding Analysis as well consistency issues between the CIES and some of the notes supporting the CIES. Consistency checks have been built into the new template to ensure that the accounts are consistent throughout. Some disclosure notes were duplicated, such as the Financial Instruments notes. Working papers were mostly non-existent and the working papers that were available did not reconcile to the published accounts. Furthermore, the preparation and filing of supporting information has been standardised, all of which is now centrally stored so that working papers can be easily located. A comprehensive suite of standardised working paper templates has been introduced so that all information supporting the accounts is provided in a consistent and comprehensible format which meets external audit expectations.
2	Statement of accounts and the financial system	The statement of accounts was previously prepared using CIPFA's Big Red Button. Whilst, using this method means that preparation of the

No.	Area	Actions taken
		statement of accounts is easier, the trail to the financial system is lost and it is difficult to establish how the accounts have been populated. The statement of accounts has now been fully reconciled back to the financial system which identified several issues with the mapping and missing journal entries which resulted in the financial system not reconciling to the published accounts. There is now a clear working paper in place that demonstrates how the accounts have been prepared from the financial system, ensuring there is a clear trail between the two. Furthermore, there were issues identified with the 2018/19 accounts which required journal entries to be posted in the financial system in order to ensure that the financial system and the accounts reconciled. Some of these entries were either posted in the incorrect period or incorrect financial year, resulting in reconciliation issues between the accounts and the financial system as well as issues with the balances rolled forward into the new financial year. These have now been corrected in the 2018/19 statement of accounts.
3	Knowledge and Resources	The Finance team has onboarded additional interim support with experience of dealing with similar issues at other local authorities, to provide capacity to support both the range and complexity of the work arising from the audit overrun and various issues identified. Comprehensive technical guidance and training has been provided to all staff involved in closedown work, through a combination of access to on-line materials and weekly technical briefings via Teams.

No.	Area	Actions taken
		Investigation of the Council's asset register identified that there was a lack of in-house knowledge on how to use the fixed asset register and a lack of guidance notes. Training on how to use the system has been provided to the relevant members of staff along with guidance notes and video demonstrations saved in a central location to ensure resilience in the future.
4	Property, Plant and Equipment	A major data cleansing exercise has been completed to ensure that entries on the register are accurate, up-to-date and there is evidence of Council ownership. This included: • review against HM Land Registry records – this identified 42 properties that were not registered with HM Land Registry. Instructions have been sent to HM Land Registry and they are currently in the process of registering the Council's interest in these properties. • An exercise to ensure that HRA assets are reconciled to rent collection data has been completed for the years 2018/19 to 2020/21, and that beacon properties used in the valuation process are representative of the stock currently owned. • Review against Department for Education (DfE) records has been completed and identified 1 asset that was still held on the Council's asset register. The asset in question should have been derecognised in 2013/14. • Review against valuers report – identified that not all valuations had been updated in the FAR.

No.	Area	Actions taken
		Duplicate assets and one asset that is now an academy were identified from this review. Revised valuations have been obtained from the valuers in respect of the issues identified. • Review of componentisation – this work has been concluded and has not identified any material issues or a need to componentise. • Review against disposal records has been completed with no issues identified. • Review of asset balances has identified 3 assets that were transferred to a different asset class where the revaluation balance had not been written off on transfer All the above have been corrected in the statement of accounts at prior period adjustments 1, 2, 17, 18 and 21 and Note 17.
5	Investment Property	A review of the Council's investment property portfolio identified 132 assets misclassified as investment properties, but which should have been classed as operational assets. This has been corrected in the statement of accounts at Note 19.
6	Minimum Revenue Provision	Review of the Council's MRP policy and calculations identified that MRP had been materially understated by: • £27m to 31/3/2018; and • £6m in 2018/19. i.e. MRP was understated by £33m to 31/3/2019. The cumulative understatement of MRP to 31/3/22 is £69m. This has been corrected in the statement of accounts as prior period adjustment 7 and in Notes 15, 22 and 30d.
7	Capital expenditure and financing	The new finance team identified that revenue costs for staff and

No.	Area	Actions taken
		transformation were being incorrectly charged to capital. These costs have been included in the Capitalisation Direction. This has been corrected in the statement of accounts as prior period adjustments 12, 14 and 15 and Notes 17 and 22.
8	Financial Instruments	Review of the financial instruments disclosures highlighted that no attempt had been made to re-classify financial instruments at 1 April 2018 as required by accounting standards – this has been corrected in the restated accounts. Furthermore, there was no disclosure of the nature and extent of risks arising from financial instruments included in the published 2018/19 accounts. These have been corrected in the statement of accounts at Notes 23 and 24.
9	Cash and cash equivalents	Bank reconciliation processes are being simplified and work is underway to close all bank accounts not in regular use.
10	Debtors and Creditors	Debtor and creditor balances have been reviewed to ensure that uncollectable debtors can be written off and out-of-date creditors can be written back to the General Fund. This process identified historical unsupported balances migrated from the previous financial system in 2015 totalling £4.8m requiring write-off. Further, there was an additional £3.8m of unsubstantiated debtors and creditors relating to the collection fund requiring write-off. As part of this review, bad debt provisions have been re-assessed for the collectability of debts and increased as appropriate. All feeder systems are now being reconciled to Agresso and all suspense and holding

No.	Area	Actions taken
		account balances are to be cleared with improved controls and processes being put in place (see Appendix 3). In addition, the review has identified a number of cases where accruals have not been raised including: • £2.2m of capital expenditure relating to 2019/20 but paid in 2020/21; and • £1m of DSG-related expenditure paid in 2021/22 but relating to 2020/21. These have been corrected for in the statement of accounts as prior period adjustments 11 and 20 and at Notes 27 and 28 to the accounts as well as the Collection Fund.
11	Unusable reserves	A review of unusable reserves identified that the Accumulated Absences Adjustment Account had remained unchanged from 2017/18 with no working paper available for 2018/19. Leave balances have been obtained from Human Resources to calculate the balance required for 2018/19 supported by a comprehensive working paper and Note 30i of the accounts corrected accordingly.
12	Usable reserves	A review of unusable reserves identified that £12m of s.106 contributions had been incorrectly recognised as capital grants unapplied in 2016/17. This needed to be restated as a long-term creditor, because the conditions associated with the agreements had not been met, therefore the contributions had been incorrectly recognised as income. This has been corrected for as prior period adjustment 8.
13	Provisions, Contingent Assets and Contingent Liabilities	An exercise has been undertaken to review all provisions and contingent liability disclosures for completeness. This has identified a number of

No.	Area	Actions taken
		provisions which had not been identified: • £2.6m provision for refunds to tenants arising for the Thames Water v Southwark case; • bad debt provisions had not been reviewed for some time and were materially understated. Our review has identified that bad debt provisions in respect of General Fund items have been understated by £11m. These matters have been corrected in the statement of accounts at Notes 27, 29 and 37 and the HRA.
14	Collection Fund	In addition to the understatement of the Business Rates appeals provision, our review identified that the bad debt provision for both Council Tax and Business Rates had been understated by £4m. Furthermore there was an additional £3.8m of unsubstantiated debtors and creditors relating to the Collection Fund requiring write-off. These issues have been corrected in the Collection Fund and Notes 27, 28 and 29.
15	Housing Revenue Account	Officers have reconciled the asset register to the housing management system for council dwellings for the years 2018/19 to 2020/21. This identified minor discrepancies between the two systems and work is ongoing to identify the causes and rectify these. This does not have a material impact on the accounts.
16	Group Accounts	The Council has reassessed all of its' corporate interests and investments against Group accounting requirements. At 31 March 2019, the Council had interests in 11 companies (9 subsidiaries, 1 joint venture and 1 associate). The only company with a

No.	Area	Actions taken
		different year-end to the Council is the joint venture, Slough Urban Renewal LLP (SUR), with a 31 December year-end. The Council's interest in SUR is that of joint venture which only requires consolidation on an equity basis (in contrast to line by line for subsidiaries). In view of this there is no benefit to be gained from changing the year-end of SUR LLP to 31 March. All dormant companies were wound up in 2022.
17	Assessments	Two new accounting standards (IFRS 9 & IFRS 15) came into effect in 2018/19. Officers failed to carry out an assessment as part of the preparation of the 2018/19 accounts. These assessments have now been carried out and necessary amendments made to the accounts. In addition, the going concern assessment has been updated to reflect the Council's current position.
18	Leases	Our review has identified that a lease for a plot of land to be used for an Extra Care Home development had been incorrectly accounted for as follows: a) lease rental payments of £2m had incorrectly been capitalised even though ownership of the land did not transfer to the Council. Consequently, the payments should have been charged to revenue and a prepayment recognised in 2019/20; b) as a result of the cancellation of the capital project in 2021, £0.6m of development costs currently charged to assets under construction will have to be written off to revenue and have been added to the Capitalisation Direction;

No.	Area	Actions taken
		c) also as a result of the cancellation of the project, a £4.5m provision has to be recognised for an onerous contract in respect of the remaining 40 year term of the contract. Furthermore, in preparation for the introduction of the new leasing accounting standard (IFRS16), work has been initiated with Place Directorate officers to identify all leases and lease type arrangements across the Council. Work is expected to be completed during 2022/23 but has highlighted that a number of spreadsheet records are being used across Directorates rather than the Council's asset management software. This carries the risk that the spreadsheet records have no audit trail, version control or completeness check. As the Extra Care Home lease was entered into in January 2020, it falls in the 2019/20 financial year and has no effect on 2018/19.
19	Audit engagement	Regular meetings are being held with Grant Thornton to discuss technical accounting issues as they arise and agree a way forward as part of the closedown process. Technical accounting papers on the proposed treatment of the complex issues identified through our internal review have been shared and agreed with the auditors.
20	Infrastructure assets	An issue raised in November 2021 at CIPFA/LASAAC was the accounting for infrastructure assets. One of the audit firms had queried the accounting being followed regarding replacement of components. The concern was that local authorities were not derecognising the component being replaced.

No.	Area	Actions taken
		The argument has always been that the net book value (NBV) of the component will always be nil, because the roadway (or similar) is worn out before the local authority gets round to replacing. Therefore, it has no impact on the NBV. However, the query was that the gross book value and the gross accumulated depreciation should have been amended, but local authorities do not have the records to do this. The practice at Slough had been to charge all the years' expenditure on infrastructure into one asset for each year and then depreciate this as a single annual asset over an assumed asset life of 40 years. This suggested that the NBV of the infrastructure assets would be overstated because not all expenditure on infrastructure would have the same asset life. A technical paper outlining the Council's proposal was shared with the auditors and the recalculation has been completed, resulting in a £60m reduction in infrastructure assets. These issues have been corrected for in the statement of accounts as prior period adjustment 9 and at Note 17 to the accounts.
21	Accounting policies	A review of the accounting policies identified that the disclosure note had not been updated for a number of years. This has now been brought up to date in line the Code and reflects the accounting policies applied by the Council in preparing the accounts. This has been reflected in a revised Note 1 to the accounts.
22	Narrative statement	The narrative statement has been updated to reflect the Council's current

No.	Area	Actions taken
		position and the magnitude of work required to ensure that the accounts are now materially correct.

Appendix D

Prior period adjustments and in-year adjustments

Prior period adjustments:

1. A detailed review of the Council's fixed asset register identified a number of properties which had been disposed of but were still on the fixed asset register and that valuations for a number of properties had been misstated because of discrepancies in the gross internal areas used by the valuers as part of the valuation. The combination of the two issues has resulted in a reduction of the net book value of assets of £7.9m at 1 April 2017 and £1.45m at 31 March 2018, and a reduction of £11m in depreciation in 2017/18.
2. Review of the fixed asset register highlighted that a number of assets classified as surplus assets should have been reclassified to Assets held for Sale. The total value of assets reclassified is £1.278m.
3. The value and the classification of the purchase of the Thames Valley University site in 2017/18 had been understated because the 2017/18 accounts had only reflected the first of three annual payments for the purchase price. A creditor of £16.1m has been recognised to reflect the full purchase price of the asset in 2017/18. The asset had been misclassified as an investment property and had been revalued downwards in 2017/18 and 2019/20 by £8 and £9m respectively. Corrections have been made to reverse the downward revaluations and to reclassify the asset to Assets under Construction.
4. The distribution of the Council's share of profits from Slough Urban Renewal LLP in 2019/20 had been accrued for in 2017/18 and 2018/19, before the distribution was declared by the company. Therefore, the accrual has had to be reversed reducing income by £4.309m in 2017/18 and £3.264m in 2018/19.
5. Credit balances on debtors and debit balances on creditors had been incorrectly netted off each other in 2017/18. The balances have been grossed up by £14.89m to correct in 2017/18.
6. Income from overage agreements had been incorrectly classified as revenue income when it should have been classed as deferred capital receipts pending receipt of the cash payments. The impact was to overstate income credited to the General Fund by £2.203m and to the HRA by £2.646m in 2016/17. In addition, a further £1.43m was incorrectly treated as General Fund income in 2017/18 and has been transferred to usable capital receipts to correct.
7. The Council had understated the Minimum Revenue Provision (MRP) charge in previous years by not following either the Council's own MRP policy nor the Statutory Guidance on MRP issued by the then Department for Communities and Local Government in 2018. Consequently, MRP was understated by £21.661m in the years to 31 March 2017, £5.136m in 2017/18 and £6.036m in 2018/19.

8. Review of the accounting for s.106 agreements highlighted that all such income had been recognised as income and credited to the Capital Grants Unapplied Account. As s.106 income has conditions attached to the funding, it should have been classified as a long-term creditor and only recognised as income when the conditions attached to the individual s.106 agreements had been met. To correct £11.854m has been transferred from Capital Grants Unapplied to Long-Term Creditors at 1 April 2017, a further net transfer of £1.43m was made to Long-Term Creditors in 2017/18 and net deployment of £3.904m from Long-Term Creditors made in 2018/19.

9. The carrying value of infrastructure assets has been overstated for a number of years because accumulated depreciation had not been written out when assets were fully depreciated and all expenditure on infrastructure had been classed as single asset each year and depreciated over a standard asset life of 40 years, when the various components of infrastructure have asset lives ranging from 10 to 40 years. Recalculating depreciation of the revised asset lives has resulted in a reduction in the net book value of the assets of £38.343m at 1 April 2017 and an increase in depreciation charges of £3.196m in 2017/18 and £3.340m in 2018/19.

10. Loans advanced to James Elliman Homes in 2017/18 had been misclassified as Long-Term Investments and the carrying amount misstated by not accounting for the advance as a "soft loan" (i.e. advanced at below commercial rates).

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13. The Council had operated an oncost recharge system to recover costs of officers engaged on capital projects, but this overcharged directly attributable costs to capital projects by £3.5m. The overcharge has been reversed to revenue.

14. £9.4m of revenue costs incurred by Slough Children First and classed as transformation funding did not meet the criteria to be classed as transformation and have had to be reversed to revenue.

15. £4.7m of revenue costs incurred by the Council on projects classed as transformation did not meet the criteria to be classed as transformation and have been reversed to revenue.

16. The Department for Levelling Up, Housing and Communities has awarded a Capitalisation Direction to the Council to permit the Council to capitalise a range of costs which would otherwise be a charge to the General Fund. The purpose of the Capitalisation Direction is primarily allow the Council to correct the understatement of MRP in previous

years. This allows the Council to transfer to the Capital Adjustment Account the following understatements of MRP:

a. £21.661m to 1 April 2017;

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21. Council dwellings totalling £7.2m were incorrectly derecognised when this should have been accounted for as a valuation movement.

<u>In-year adjustments:</u>

1. The Thames Water refund provision £3m was recognised in the HRA.

2. The provisions for NNDR appeals and bad debts were increased by £10m.

3. The “loan” to Slough Children First was reclassified as a prepayment in line with the contract and impaired by £2.4m.

4. Staff costs which had been incorrectly capitalised in respect of Thames Valley University site totalling £1m were reversed to revenue.

5. The Thames Valley University site had been incorrectly classified as an investment property and subject to revaluation. The revaluation has been reversed and the asset reclassified as an asset under construction and reported at cost.

6. The Grant disclosure note was re-written to reflect all grants received by the Council.

7. Unsubstantiated collection fund debtors/creditors have been written off.

Appendix E

Summary of key changes to the core statements

Tables 4 to 7 below summarise the impact of the changes to the core financial statements. In all tables the column headed "Original" refers to the first version of statement of accounts published 19 June 2019, and the column headed "Revised" refers to the current version as at February 2023 and included at Appendix A.

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Account Balance	Original £000s	Revised £000s	Difference £000s	Explanation of main variances
Net Cost of Services	158,860	163,427	4,567	Increase in Expenditure – Adults (£0.2m); Place (£5.1m); Children Learning and Skills (£2.6m); Finance (£2.9m); Reduction in Expenditure HRA (£7.0m) Total £3.9m Decrease in Income – Adults (£0.4m); Place (£0.3m) Total £0.7m
Deficit on Provision of services	106,986	137,618	30,632	Increase in other operating expenditure (£6.5m); increase in expenditure on finance and investment income (£11.7m); reduction in Taxation and non-specific grant income (£7.8m)
Total Comprehensive Income and Expenditure	**265,846**	**76,114**	**29,014**	**Reduction in Total CIE:** **£22.1m increase expenditure** **£8.5m reduction in income**

Table 5: Balance Sheet (page 34)

Account Balance	Original £000s	Revised £000s	Difference £000s	Explanation of main variances
Long Term Assets	1,125,595	1,056,719	(68,876)	Reduction in value of: Property Plant and Equipment (£36m); Investment property (£31m).
Current Assets	104,421	86,850	(17,571)	Reduction in short term debtors (£18m)
Current Liabilities	(275,543)	(275,697)	(154)	Increase in short term creditors (£4m); Reduction in short term provisions (£2m)
Long Term Liabilities	(617,622)	(636,489)	(18,867)	Increase in Long Term creditors (£6m), Deferred Capital Receipts (£4m) and Long-Term Provisions (£9m)
Net Assets	**336,851**	**231,383**	**(105,468)**	**Reduction in Net Assets**
Usable Reserves	71,238	75,675	4,437	Increase
Unusable Reserves	265,613	155,708	(109,905)	Decrease
Total Reserves	**336,851**	**231,383**	**(105,468)**	**Decrease, see Table 6 below**

Table 6: Movement in Reserves Statement (page 32)

Account Balance	Original £000s	Revised £000s	Difference £000s
General Fund Balance	549	1,460	911
Earmarked Reserves	4,780	419	(4,361)
Housing Revenue Account	16,266	15,280	(986)
Capital Receipts Reserve	23,986	40,920	16,934
Major Repairs Reserve	12,457	12,457	0
Capital Grants Unapplied	13,200	5,139	(8,061)
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Net Cash Flow from Operating Activities	2,886	2,534	(352)
Net (increase) or decrease in cash and cash equivalents	(9,979)	(9,980)	(1)
Cash and cash equivalents at the end of the reporting period	**19,879**	**19,880**	**1**

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Slough Borough Council

Report To:	Cabinet
Date:	27 February 2023
Subject:	**Update on Objection to 2018/19 Accounts and issuing of Statutory Recommendations– Purchase of Observatory House**
Chief Officer:	Executive Director of Finance and Commercial (s151) – Steven Mair
Contact Officer:	Interim Financial Adviser – Mike Thomas
Ward(s):	All
Exempt:	NO
Appendices:	Appendix A Grant Thornton Statutory Recommendations Report February 2023

1. Summary and Purpose

1.1. To set out the report from Grant Thornton, the Council's External Auditors, in response to an objection received from a member of the public in relation to the 2018/19 Accounts with regard to the purchase of Observatory House.

1.2 To note the statutory recommendations, and the Council's proposed response, which is set out at paragraph 3.2.4 of this report.

1.3 To recommend that the Council formally respond on this basis following its meeting on 9 March 2023.

2. Recommendations

2.1 Cabinet is recommended to receive the report from the Audit and Corporate Governance Committee

2.2 Cabinet is recommended to ensure that the actions in relation to Cabinet reports and business cases should be adopted.

2.3 Reason:

2.3.1 The Council is required under Schedule 7 of the Local Audit and Accountability Act 2014 to formally respond to these recommendations in a given timescale.

2.4 Commissioner Review

2.4.1 The report sets out two Statutory Recommendations issued by the external auditor to the Council under section 24 and schedule 7 of the Local Audit and Accountability Act relating to the purchase of Observatory House. This is a serious issue which relates specifically to the way the decision was made, and shortcoming in the information made available to members to inform their thinking on the decision.

2.4.2 The issuing of Statutory Recommendations is a serious issue – not one that is commonly made against authorities. In this case, it highlights shortcomings in the governance of Slough BC. It is important that the council learns from this and ensure proper processes are in place to ensure decisions are properly made against a background of appropriate information to inform that decision.

3 Summary Report

3.1 Background

3.1.1 As a result of their consideration of an objection to the Council's accounts for 2018/19, Grant Thornton, the Council's External Auditors, have decided to issue Statutory Recommendations to the Council under section 24 and Schedule 7 of the Local Audit and Accountability Act 2014. This report provides a summary of the objection and the decision so as to provide background for Members in their consideration of the Statutory Recommendations and the Council's response.

3.1.2 Grant Thornton received an objection from a local elector in relation to the Council's accounts for 2018/19. The objector asked them to issue a report in the public interest and to apply to the court that there is an unlawful item of account. The objection related to the Council's acquisition, completed on 24 July 2018, of a-new headquarters building, Observatory House. The acquisition cost was £41m, and further costs were incurred in fitting out the building before occupation.

3.1.3 Having carefully considered the grounds for the objection and information provided by the Council in response, Grant Thornton have decided not to uphold the objection, and will not therefore be issuing a report in the public interest or applying to the court for a declaration that there is an unlawful item of account.

3.1.4 However, they have concluded that there is one issue raised by the objector which they believe merits written recommendations. This concerns the way the decision to acquire the property was taken, and in particular the limited information made available to Members at the meeting of the Cabinet on 28 May 2018 at which the decision was taken. They believe this is a significant failing in governance given the size of the transaction to which it relates.

3.2 Findings and Recommendations

3.2.1 Grant Thornton's report, which is attached at Appendix A, raises concerns about the extent of the information made available to Cabinet which would have enabled them to take an informed decision about the purchase of Observatory House.

3.2.2 Amongst the areas where Grant Thornton would have expected greater coverage and detail in the Cabinet reports were:

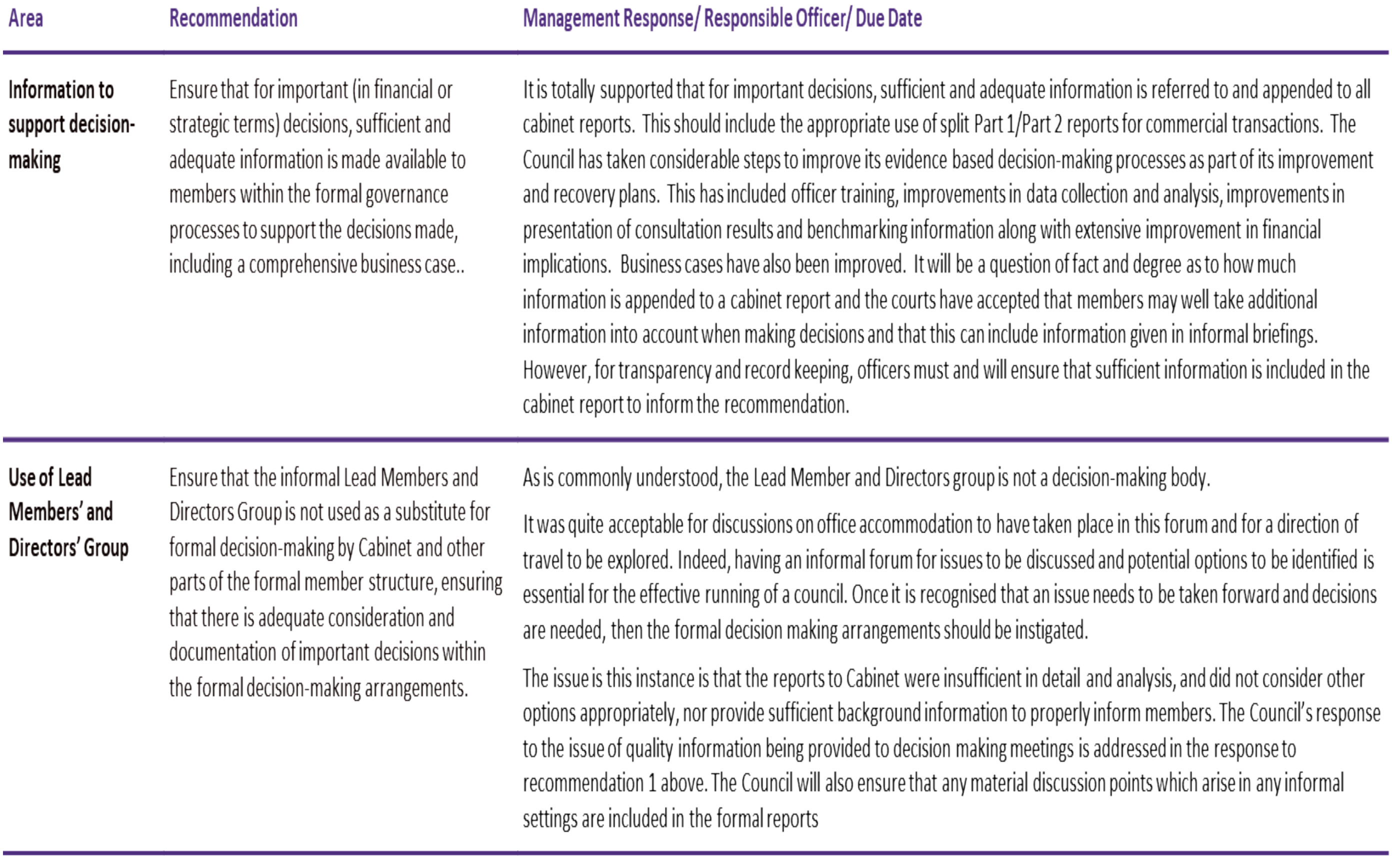
- The specification and quantification of the benefits of the acquisition – while many benefits are mentioned, these are not sufficiently detailed nor quantified;

- There is no consideration of alternatives in the formal information provided to members, with this having been considered informally in the March report;
- While there are some comments made about different scenarios, particularly around the letting of the upper floors, there could have been greater sensitivity analysis;
- There were some significant financial uncertainties relating to the acquisition, for example in relation to VAT and the letting of the top two floors which, while mentioned, could have been set out more clearly or, ideally, eliminated prior to the decision being taken;
- The uncertainties around the Council's own occupancy needs, the interaction with the development of neighbourhood hubs and the letting of the upper floors is a significant issue for the project on which greater quantitative information should have been provided.

3.2.2 Grant Thornton have therefore made the recommendations set out in paragraph 3.2.4 below to remind the Council to ensure that major decisions, such as this one, are supported by sufficient information and that the role of informal groups, such as the Lead Members and Directors group, does not diminish the need for detailed consideration and documentation within the formal governance arrangements which are set out in the Council's constitution.

3.2.3 Whilst Grant Thormton recognise that the concerns identified may well not have made any difference to the Council's ultimate decision to acquire Observatory House, sound decision making arrangements with appropriate documentation of the reasons for making decisions lies at the heart of sound governance. Therefore, Grant Thornton believe that it is appropriate to issue these recommendations under their formal statutory powers.

3.2.4 The detailed recommendations and suggested management response are shown below:



Area	Recommendation	Management Response/ Responsible Officer/ Due Date
Information to support decision-making	Ensure that for important (in financial or strategic terms) decisions, sufficient and adequate information is made available to members within the formal governance processes to support the decisions made, including a comprehensive business case..	It is totally supported that for important decisions, sufficient and adequate information is referred to and appended to all cabinet reports. This should include the appropriate use of split Part 1/Part 2 reports for commercial transactions. The Council has taken considerable steps to improve its evidence based decision-making processes as part of its improvement and recovery plans. This has included officer training, improvements in data collection and analysis, improvements in presentation of consultation results and benchmarking information along with extensive improvement in financial implications. Business cases have also been improved. It will be a question of fact and degree as to how much information is appended to a cabinet report and the courts have accepted that members may well take additional information into account when making decisions and that this can include information given in informal briefings. However, for transparency and record keeping, officers must and will ensure that sufficient information is included in the cabinet report to inform the recommendation.
Use of Lead Members' and Directors' Group	Ensure that the informal Lead Members and Directors Group is not used as a substitute for formal decision-making by Cabinet and other parts of the formal member structure, ensuring that there is adequate consideration and documentation of important decisions within the formal decision-making arrangements.	As is commonly understood, the Lead Member and Directors group is not a decision-making body. It was quite acceptable for discussions on office accommodation to have taken place in this forum and for a direction of travel to be explored. Indeed, having an informal forum for issues to be discussed and potential options to be identified is essential for the effective running of a council. Once it is recognised that an issue needs to be taken forward and decisions are needed, then the formal decision making arrangements should be instigated. The issue is this instance is that the reports to Cabinet were insufficient in detail and analysis, and did not consider other options appropriately, nor provide sufficient background information to properly inform members. The Council's response to the issue of quality information being provided to decision making meetings is addressed in the response to recommendation 1 above. The Council will also ensure that any material discussion points which arise in any informal settings are included in the formal reports

3.3 Lessons learnt

3.3.1 Since 2018/19, the Council has taken action to address the weaknesses identified by Grant Thornton as follows:

- Constitutional changes have been made to tighten up the Council's governance processes. This includes

  May 2021 – adoption of new councillor code of conduct and changes to officer scheme of delegation to engender a culture of trust and collective responsibility.

  November 2021 – change to definition of key decision to raise the financial threshold, and define how expenditure or savings should be calculated when they span several years, change to Responsibility for Executive Functions and Executive Procedure Rules to clarify the reserved functions and put in place urgency procedures for the Leader to take decisions to avoid decisions being taken at an officer level where urgent and change to Contract Procedure Rules.

  July 2022 – change to Responsibility for Executive Functions and Executive Procedure Rules to increase member involvement in decisions to dispose of property assets and to add in public participation rules for cabinet meetings.

  November 2022 – updated Financial Procedure Rules and Contract Procedure Rules.

- Officers have received training on the Council's revised governance and decision making arrangements;
- A new report format has been introduced which requires more detailed information to be provided and for options, risks, financial and legal implications to be clearly set out for Member consideration;
- All reports to Members now require sign-off approval by the Monitoring Officer and s151 officer or their representative, alongside comments from Commissioners regarding the overall report.

3.3.2 Further action is recommended as follows:

- Member training on governance and decision-making.
- Officer and member training on writing business cases.
- Induction and management development training on governance and decision-making.

3.3.3 The actions required to be taken will be picked up as part of the democratic governance action plan. However, it is right that both the Standards Committee and Cabinet are asked to agree the actions to ensure the member development programme is appropriately focused on governance and to ensure members hold officers to account for the quality of reports.

3.3.4 The Council is confident that its decision making arrangements have been much improved, but recognises the need to continue to maintain, embed and build upon these improvements.

4 Financial Implications

4.1.1 There will be an additional audit fee to cover the cost of responding to the objection.

5 Non-Financial Implications

5.1.1 Legal implications

5.1.1 Schedule 7 of the Local Audit and Accountability Act 2014 permits a local auditor to make a written recommendation to an authority relating to the authority or a connected entity. The recommendation can be made during or at the end of an audit. Paragraph 5 requires the Council to consider the recommendation at a meeting held before the end of the period of one month beginning on the date on which the report was sent. This matter cannot be delegated and must be considered by Full Council, although the actions required can be referred to committees and Cabinet. At the meeting, the Council must decide whether the recommendation is to be accepted and what, if any, action to take in response to the recommendation.

5.1.2 The auditor can extend the time period to allow consideration and the auditors have agreed that this matter can be considered by the Council at its meeting on 9 March 2023.

5.2 Environmental implications

5.2.1 There are no direct environmental implications resulting from this report.

5.3 Equality implications

5.3.1 There is no identified need for an equality impact assessment.

6 Risks

6.1 Failure to respond in the statutory timescale will potentially incur additional statutory recommendations.

6.2 Failure to improve governance in the areas identified will leave the council open to potential future challenges.

7 Background Papers

None

APPENDIX A

GRANT THORNTON STATUTORY RECOMMENDATIONS REPORT

Grant Thornton

Slough Borough Council

Section 24 Statutory recommendations

February 2023

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Slough Borough Council
Observatory House
25 Windsor Road
Slough
SL1 2EL

7 February 2023

Dear Sirs

Recommendations made under section 24 schedule 7 of the Local Audit and Accountability Act 2014

Our responsibilities

As well as our responsibilities to give an opinion on the financial statements and assess the arrangements for securing economy, efficiency and effectiveness in the Council's use of resources, we have additional powers and duties under the Local Audit and Accountability Act 2014. These include powers to issue a public interest report, make written recommendations, apply to the Court for a declaration that an item of account is contrary to law, and to give electors the opportunity to raise questions about the Council's accounts and to raise objections received in relation to the accounts.

We have concluded that it is appropriate for us to use our powers to make written recommendations under section 24 of the Act, due to weaknesses in the governance arrangements for the Council's decision taken in 2018 to acquire its current headquarters building, Observatory House, which still have relevance today.

What does the Council need to do next?

Schedule 7 of the Local Audit and Accountability Act 2014 requires the following actions:

The Council must consider the recommendation at a meeting held before the end of the period of one month beginning with the day on which it was sent to the Council.

At that public meeting the Council must decide

- whether the recommendations are to be accepted, and
- what, if any, action to take in response to these recommendations.

Schedule 7 specifies the meeting publication requirements that the Council must comply with.

Julie Masci

Key Audit Partner
Grant Thornton UK LLP

Chartered Accountants
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grantthornton.co.uk

Background to the recommendations

We have concluded that it is appropriate for us to use our powers to issues written recommendations under section 24 and schedule 7 of the Act because we have identified weaknesses in the governance arrangements for the Council's decision taken in 2018 to acquire its currentheadquarters building, Observatory House, which still have relevance today.

We received an objection from a local elector in relation to the Council's accounts for 2018/19. The objector asked us to issue a report in the public interest and to apply to the court that there is an unlawful item of account. The objection related to the Council's acquisition, completed on 24 July 2018, of its then -new headquarters building, Observatory House. The acquisition cost was £41m, and further costs were incurred in fitting out the building before occupation.

Having carefully considered the grounds for the objection and information provided by the Council in response, we have decided not to uphold the objection, and will not therefore be issuing a report in the public interest or applying to the court for a declaration that there is an unlawful item of account.

However, there is one issue raised by the objector which we believe merits written recommendations. This concerns the way the decision to acquire the property was taken, and in particular the limited information made available to members at the meeting of the Cabinet on 28 May 2018 at which the decision was taken. We believe this is a significant failing in governance given the size of the transaction to which it relates.

On 6 March 2018, the Council's 'Lead Members and Directors' group considered a report which assessed various options to meet the Cabinet's stated wish for the Council to relocate its headquarters to within the town centre. Acquisition of Observatory House was one of these options, and the report requested a 'steer' from members on which option(s) should be pursued further.

On 28 May 2018, the Council's cabinet considered a report on the proposed purchase of Observatory House, 25 Windsor Road. The meeting approved the acquisition of Observatory House and gave authority to the Interim Chief Executive, in consultation with the s151 officer and the Leader, to 'approve the final terms of the acquisition'.

A significant decision report dated 24 July 2018 (the date of the purchase), signed by the Interim Chief Executive, s151 officer, Leader, Director of Regeneration and project manager, confirmed the final approval of the purchase of Observatory House

Background to the recommendations (continued)

However, we have concerns about the extent of the information available to Cabinet to enable them to take that decision, and in particular the limited extent of information which was made available to councillors, through formal governance processes, to enable them to make an informed decision. Our concerns are:

- The March report was only considered by the 'Lead Members and Directors Group'. This was an informal body with no decision-making powers, the discussions of which were not in public or reported alongside the minutes of other Council committees. While no formal decision was taken, as it could not be, the officer report was brought to it to obtain a 'steer' on which option(s) to pursue in accordance with the town centre regeneration objective. We do not consider that holding such discussions in an informal, non-public forum is appropriate. Officers have stated that they believe that the use of the meeting for this purpose was appropriate, but in our view, the 'steer' provided at this meeting should have been formalised, given the size of the project and the lack of subsequent consideration of the other options at the May cabinet meeting.
- The decision to proceed with the purchase, and the associated delegation to the section 151 officer and the Leader to finalise the terms, was taken by Cabinet in a public meeting on 28 May 2018. The public agenda (Item number 4) included an eight page report, which was supported as we would expet by a restricted 'part II' report which was cross-referenced from the public report and ran to twelve pages. . No separate business case was submitted to members; nor has it been provided to us. It appears that the relevant officers considered the Part II report to constitute a business case and did not prepare any other formal document. While the Part II report included some of the information we would expect to be in a business case, it was in summary form and we would have expected a more comprehensive document to be prepared and provided to members, given the value and strategic importance of the project.

Amongst the areas where we would have expected greater coverage and detail in a business case are:

The specification and quantification of the benefits of the acquisition – while many benefits are mentioned, these are not sufficiently detailed nor quantified

There is no consideration of alternatives in the formal information provided to members, with this having been considered informally in the March report

While there are some comments made about different scenarios, particularly around the letting of the upper floors, there could have been greater sensitivity analysis

There were some significant financial uncertainties relating to the acquisition, for example in relation to VAT and the letting of the top two floors which, while mentioned, could have been set out more clearly or, ideally, eliminated prior to the decision being taken.

The uncertainties around the Council's own occupancy needs, the interaction with the development of neighbourhood hubs and the letting of the upper floors is a significant issue for the project on which greater quantitative information should have been provided.

We are therefore making the recommendations set out on the following page to remind the Council to ensure that major decisions such as this one are supported by sufficient information and that the role of the Lead Members and Directors group does not diminish the need for open consideration and documentation within the formal governance arrangements. While we recognise that the concerns we have identified may well not have made any difference to the ultimate decision to acquire Observatory House, sound decision making arrangements with appropriate documentation of the background and reasons for decisions lies at the heart of sound governance, and we therefore believe that it is appropriate to issue these recommendations under our formal statutory powers.

Recommendations made under section 24 schedule 7 of the Local Audit and Accountability Act 2014

Area	Recommendation	Management Response/ Responsible Officer/ Due Date
Information to support decision-making	Ensure that for important (in financial or strategic terms) decisions, sufficient and adequate information is made available to members within the formal governance processes to support the decisions made, including a comprehensive business case..	It is totally supported that for important decisions, sufficient and adequate information is referred to and appended to all cabinet reports. This should include the appropriate use of split Part 1/Part 2 reports for commercial transactions. The Council has taken considerable steps to improve its evidence based decision-making processes as part of its improvement and recovery plans. This has included officer training, improvements in data collection and analysis, improvements in presentation of consultation results and benchmarking information along with extensive improvement in financial implications. Business cases have also been improved. It will be a question of fact and degree as to how much information is appended to a cabinet report and the courts have accepted that members may well take additional information into account when making decisions and that this can include information given in informal briefings. However, for transparency and record keeping, officers must and will ensure that sufficient information is included in the cabinet report to inform the recommendation.
Use of Lead Members' and Directors' Group	Ensure that the informal Lead Members and Directors Group is not used as a substitute for formal decision-making by Cabinet and other parts of the formal member structure, ensuring that there is adequate consideration and documentation of important decisions within the formal decision-making arrangements.	As is commonly understood, the Lead Member and Directors group is not a decision-making body. It was quite acceptable for discussions on office accommodation to have taken place in this forum and for a direction of travel to be explored. Indeed, having an informal forum for issues to be discussed and potential options to be identified is essential for the effective running of a council. Once it is recognised that an issue needs to be taken forward and decisions are needed, then the formal decision making arrangements should be instigated. The issue is this instance is that the reports to Cabinet were insufficient in detail and analysis, and did not consider other options appropriately, nor provide sufficient background information to properly inform members. The Council's response to the issue of quality information being provided to decision making meetings is addressed in the response to recommendation 1 above. The Council will also ensure that any material discussion points which arise in any informal settings are included in the formal reports

Grant Thornton

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Slough Borough Council

REPORT TO:	**Cabinet**
DATE:	27 February 2023
SUBJECT:	**Section 25 Report**
CHIEF OFFICER:	Steven Mair
CONTACT OFFICER:	Mike Thomas
WARD(S):	All
PORTFOLIO:	Cabinet Member for Financial Oversight and Council Assets - Cllr Anderson
KEY DECISION:	**YES**
EXEMPT:	**NO**
DECISION SUBJECT TO CALL IN:	**YES**
APPENDICES:	**None.**

1 SUMMARY AND RECOMMENDATIONS

1.1 This report advises the Council of the Executive Director Finance and Commercial's (s.151) report on the robustness of the estimates made for the purposes of the budget calculations and the adequacy of the proposed financial reserves.

1.2 This report is made under section 25 of the Local Government Act 2003, which the Council is required to have regard to when making decisions in accordance with s.31A of the Local Government Finance Act 1992 on agreeing the budget for the financial year 2023/24.

2 RECOMMENDATIONS

Cabinet is recommended to:

1. Recommend to Council that it has regard to this report when making decisions about the calculation of council tax requirement.

Reason:

This recommendation enables the Executive Director of Finance and Commercial (s.151 officer) to meet his statutory responsibilities.

Commissioner Review

This is an important report – it provides the full context within which the entire suite of budget papers must be considered. The commissioners are content with this report,

3 INTRODUCTION

3.1 On the basis of the risks and issues raised in this report, in my opinion as Executive Director Finance and Commercial (s.151), the budget should be submitted to Council for approval on the basis that:

a) the proposed level of Council reserves and contingencies are adequate to support the budget for 2023/24 having regard to an assessment of current financial and other risks set out extensively in this report and assuming these risks do not increase beyond those that can be contained by the Council. It should also be noted that matters will continue to be identified and will change throughout the coming financial year and beyond.

b) the Council has an agreed, robust, extensively reported and to date very successful financial strategy that is beginning to allow the Council to move towards longer term financial sustainability. However, this strategy will take a further five financial years to conclude and to embed at all levels to the standards and work required.

c) the estimates are robust for the calculation of the budget within the confines of the many risks noted throughout this report. Particular attention is drawn to the following specific conditions and risks:

   (i) the recommended level of general balances for 2023/24 is £21m, although this is the bare minimum as a percentage of Net Revenue Expenditure

   (ii) the budget which has levels of contingency and conditions built in to reflect the considerable risks the Council is facing and is predicated on continuing support from DLUHC;

   (iii) agreement of the Capitalisation Direction for 2023/24 and future years as proposed to DLUHC in February 2023 at estimated figures of £267m to 31/3/23 and £32m for 2023/24 (this is a significant reduction from last year's s.25 report which was £307m to 31/3/23 and £78m for 2023/24)

   (iv) agreement by DLUHC that they will agree to issue Capitalisation Directions or provide other support to equal the actual figures for the outstanding and current year as the accounts for the years are closed.

   (v) looking forward beyond this coming year agreement by DLUHC will be needed to issue Capitalisation Directions or provide other support to equal the estimated figures for future years as the budgets are prepared for these future years.

   (vi) likewise agreement by DLUHC that they will agree to issue Capitalisation Directions or provide other support or agreed mechanisms to supplement the level of revenue budget savings that the Council can achieve and as will be reviewed in future years. Further that they will agree to finance/support on a recurrent basis any recurrent gap that would arise if the £12.9m annual level of savings from 2024/25 was not achieved in a sustainable manner.

   (vii) the level of Council general reserves, outside of the support from DLUHC relating to specific risks and specific initiatives, is £21.5m, of which £20m comes from the Capitalisation Direction, consisting of the General Fund (GF) balance at March 2022. These reserves will be established and built up over time once a more stable finance base has been created. The MTFS also expects at least £1m per annum to be put into reserves from revenue balances to add further to this.

(viii) as at the end of March 2022, the estimated earmarked reserves held by the Council totalled £29m. The majority of these funds were accumulated during 2020/21 and 2021/22 as part of the Government's covid response measures to be used for specific purposes such as helping local business and managing the outbreak of covid and must be repaid to DLUHC. In addition, school balances amount to £10.3m and cannot be used for general purposes.

	£m
Repayable to Government	17.0
School balances excluding DSG	10.3
Other	1.8
Total	**29.1**

(ix) as the Council has only one set of audited accounts since 2018/19 and will not have a complete set i.e. to 2021/22 until September 2023 at the earliest, the financial position is subject to considerable potential change which may impact on the robustness of the budget

(x) the Council embeds the good practice now being designed but notes that this will take up to 5 years to do so and thus as with the accounts the various estimates will be subject to change

(xi) the Council has a major dependency on asset sales and revenue budget savings which will significantly impact on the budget for 2023/24 and the future years, which will again affect the level of robustness of the budget

(xii) the Council continues to operate the Expenditure Control Process throughout 2023/24

(xiii) the Council continues to develop its budget monitoring processes and ensures that the delivery of the planned budget savings are achieved

(xiv) the Council continues to develop longer term financial planning as evidenced by the work reported in the revenue budget report for 2023/24 and the Medium-Term Financial Strategy

(xv) the Council continues to drive the financial strategy forward, or revise it as required.

3.2 In coming to a view on the robustness of the estimates there are a wide range of factors to take into account, including:

- the Slough Council context
- local risks impacting Slough's budget setting for 2023/24
- risks affecting the sector
- inherent risks

- Slough Council's financial management including the availability of support from the Department of Levelling Up, Communities and Housing (DLUHC)

4 SLOUGH COUNCIL CONTEXT

4.1 In December 2020 the Council requested Exceptional Financial Support from the Ministry of Housing, Communities and Local Government (MHCLG) (now known as the Department for Levelling Up, Housing & Communities (DLUHC)) in respect of the financial year 2021/22 to help it balance its budget. MHCLG agreed in-principle to provide support and commissioned CIPFA to undertake an independent and detailed financial assurance review of Slough Borough Council (the Council). Since the original capitalisation request for 2021/22 of up to £15.2m, the Council has identified further very substantial liabilities for previous years, which the Council is unable to meet from its reserves. These past liabilities also impact substantially on the financial position for the Council in the current financial year and beyond

4.2 The Executive Director of Finance and Commercial, as statutory Chief Finance Officer under s.151 issued a report under s114 of the Local Government Finance Act 1988 in July 2021, outlining the then estimated total potential liabilities across the Council of some £174m up to 2024/25, which had not been accounted for hitherto. It was advised that this could increase significantly.

4.3 As also recognised by CIPFA in its report in October 2021, there was a high likelihood that this figure could grow. This has proven to be the case. At its potential maximum the estimate reached £782m, an unprecedented level of support for a Capitalisation Direction, through to 2047/48 in order to place the Council on a sustainable financial footing for the future, of which £307m was required to deal with historic issues and £78m for 2023/24 to enable the Council to deliver a legal budget for 2023/24. Since last year, officers have been able to close the 2018/19 statement of accounts and prepare the accounts for 2019/20 and 2020/21, which has allowed the extent of support required via the Capitalisation Direction to be revised. The submission to DLUHC has been reduced from an overall figure of £782m down to £357m which will return the Council to a sustainable financial position by 2028/29.

4.4 On 1 December 2021, the Secretary of State for Levelling Up, Housing and Communities made a statutory Direction requiring the Council to take prescribed actions and that certain functions be exercised from this date by appointed Commissioners, acting jointly or severally. The functions to be exercised by the Commissioners included the requirement at section 151 of the Local Government Act 1972 to arrange for the proper administration of the Authority's financial affairs, and all functions associated with the strategic financial management of the Authority, to include:

- providing advice and challenge to the Authority on the preparation and implementation of a detailed plan to close its short and long-term budget gap in response to the section 114 notice;
- providing advice and challenge to the Authority in the setting of annual budgets and a robust medium term financial strategy (MTFS) for the Authority, limiting future borrowing and capital spending;
- scrutiny of all in-year amendments to annual budgets;

- the power to amend budgets where Commissioners consider that those budgets constitute a risk to the Authority's ability to fulfil its best value duty; and
- providing advice and challenge to the Authority on the preparation of an outline asset disposal plan.

4.5 In the medium to longer-term the Council cannot become a financially self-sustaining council without considerable Government support. The availability of significant future support is a key assumption underpinning the 2023/24 budget and will be for several years.

4.6 The Council's financial position has been the subject of regular briefings to members and DLUHC since 2021/22. The seriousness of the financial situation and how the Council found itself in this position remain of significant concern. This has been acknowledged and a financial recovery plan agreed and reported since September 2021. Whilst the current request of Government is unprecedented it has to be noted that the audits of the 2018/19 (including 20 prior period adjustments and 9 in-year adjustments), 2019/20, 2020/21 and 2021/22 are yet to be completed, and it is very likely that more amendments may be uncovered during the continuing closure of the accounts process. Consequently, it will not be possible to secure a fully compliant, secure and stable position until all years' accounts have been drafted and the audits concluded. Issues will continue to be identified that will affect the financial position particularly during 2023/24.

4.7 The 2023/24 budget needs to be seen in this context and on the back of the actions taken by various bodies in response to the identification of these serious financial failings, which have included:

- the identification of an extensive range of issues by the finance team since 2021/22
- the issue of statutory and non-statutory recommendations from the external auditor in May 2021
- a significant number of recommendations from internal audit including a Head of Internal Audit annual opinion in August 2021 which concluded that the system for internal controls, governance and risk management was inadequate
- reports from both Department for Levelling Up, Housing and Communities (DLUHC) and the Chartered Institute of Public Finance and Accountancy (CIPFA), both of which identified significant weaknesses in financial management processes, governance and internal control
- as referred to above, a statutory direction by the Secretary of State including the appointment of Commissioners to remain in force until 30 November 2024, unless amended.
- the conclusion of the audit resulting in the external auditors issuing a disclaimer of opinion on the 2018/19 accounts. A disclaimer opinion is only issued when the possible effects of undetected misstatements due to the lack of audit evidence (a scope limitation) could be both material and pervasive to the financial statements. The negative opinion, or lack thereof, is predominantly due to inadequate processes and controls over journals posted by the old finance team in addition to inadequate record keeping and audit trails, lack of good working papers and appropriate reconciliations, mapping issues within the

financial statements ultimately resulting in a significant number of material misstatements identified in the 2018/19 accounts and material prior period misstatements relating to the 2017/18 accounts and before by the new finance team.

4.8 The Council's very serious financial challenges have arisen over a period of several years and represent the combined impact of a wide range of issues. Examples to note are as follows:

- inadequate minimum revenue provision - the single biggest amount within the capitalisation direction is due to the incorrect accounting for Minimum Revenue Provision for many years. The amount undercharged from 2008/09 to 2021/22 was £57m, with a further £18m needed for 2022/23
- inadequate provisions estimated at £25m (of which £11m is for bad debts) in a range of areas including bad debts such as adults social care, sundry debts and insurance
- incorrect capitalisation of revenue costs totalling £49m, the majority of this is for the period to 2021/22 which includes £24m of costs incorrectly capitalised relating to transformation funding, £4m for incorrectly recognised overage costs and £21m for incorrectly capitalised costs of property and IT staff to projects
- non-receipt of expected dividends from Company investments and potential liabilities in respect of winding up some of these companies totalling c£10m
- inadequate budget estimation and failure to deliver planned cost savings

4.9 As a result at the time of the s114 notice the Council effectively had no unallocated general reserves and a very significant general fund deficit

4.10 The Council had for several years suffered greatly from a lack of:

- understanding of and transparency about its true financial position
- corporate (at all levels) and financial ownership, drive and leadership of the problem as it understood it
- professional financial standards at all levels
- tight financial management by budget holders
- skilled project management
- development and leadership of the Council's finances and finance team
- financial drive, control, positive attitude, ownership at all levels and roles
- evidenced based decisions set within a context of value for money

4.11 All of which led to:

- no (complete and accurate) accounts for at least 5 years
- no proper management of its budgets
- poor financial systems
- effectively no general reserves

- the need for an exceptional level of capitalisation direction that exceeded any in the Country at the time from what is a very small Council
- a very large DSG deficit with no plans to tackle it
- very poor governance of all of its companies
- many extremely adverse internal and external reviews with very little response from the Council up to May 2021

4.12 At the same time as identifying the financial issues facing it the Council also began work on its financial strategy to recover from this situation. The financial strategy agreed and actioned by the Council was to:

- address the identified problem, this began in July 2021
- start selling assets to reduce borrowings and thus reduce MRP/interest costs and finance the CD – agreed September 2021
- reduce net revenue expenditure, both general fund and the dedicated schools grant – ongoing since July 2021
- produce and have audited annual accounts – work to prepare, correct and submit the outstanding years of accounts has been going on by the new Finance Team since 2021
- operate proper and rigorous budgeting and build up reserves – from July 2021
- design and implement a permanent structure for the Council's finance service – now complete and currently being recruited to
- all to an appropriate standard and in an appropriate manner and with an understanding that this will take up to five years

4.13 The Council's strategy is starting to come to fruition although there is a great deal of work still to do and risks to be managed before stability can be achieved. The position throughout this paper is of course at a point in time and will undoubtedly change. The key developments have been:

- achieving asset sales of over £173m to date during this financial year with a planned total of over £200m for the whole year and already planning for £200m plus in 2023/24. This is greatly in excess of that assumed in the budget and is reducing debt, the level of minimum revenue provision and reducing the total capitalisation direction
- an overall reduction in the Capitalisation Direction from £782m to £357m
- projecting a budget which for 2023/24 is currently showing a reduction of £47m in the Capitalisation Direction compared to the original expectation of £79m.
- planning for savings of £22.4m in 2023/24
- agreeing with the DfE, subject to formal approval, a DSG recovery plan that achieves an in year balanced position by 2025/26 from what was a previously forecast £7m annual increase in the overspend and should see the Council's historic deficit of £27m financed by the DfE
- producing annual accounts, 2018/19 and 2019/20 produced to date, 2018/19 audit completed, 2020/21 and 2021/22 in progress

- starting to build up reserves as indicated in the Capitalisation Direction
- designing and having approved a new structure for the finance service which is currently being advertised, interviewed and appointed to.

4.14 These problems are now being addressed but designing, implementing and embedding new processes together with the required changes to organisational financial management culture and process will take an estimated 5 years to achieve. More detailed assessments of the improvement timeframe will only become possible as the situation in Slough develops locally and will inevitably vary. Realistically the financial strategy will need to outline the actions required over the next decade in order to set the Council on a firmer and more sustainable financial footing.

5. LOCAL RISKS IMPACTING SLOUGH'S BUDGET SETTING FOR 2023/24

5.1 In addition to the general risks affecting the sector as a whole, which are set out in section 5 onwards, there are a number of specific local risks that need addressing in order to develop a sustainable financial plan, as follows:

- commitment from the Department of Levelling Up, Housing and Communities to the approval of a Capitalisation Direction of £299m to 31 March 2024 necessary for setting a legally balanced budget for 2023/24. The approval of future Capitalisation Directions is also fundamental to allow the Council to set legal budgets in 2024/25 and beyond. Without these Directions the Council cannot set a legally balanced budget
- identification and delivery of circa £400m of capital receipts by 31 March 2024 from the Asset Disposal programme. This needs to be undertaken with the support of expert advice in order to obtain best value for the Council. The Council engaged Avison Young as its external advisors in 2022 and work continues at pace with the Asset Disposal programme
- the Council's Dedicated Schools Grant deficit had grown and was essentially out of control. The deficit had grown from £4.9m in 2015/16 to £20.6m at 31 March 2021, and could potentially have grown to £43m by 2024/25 if no further action had been taken. This has now been addressed, the Council having reduced the annual in year deficits from £7m to nil and the DfE considered and agreed to finance the historic deficit of £27m. However, this is dependent on the Council ensuring that the significantly reduced level of expenditure is maintained from 1 April 2023
- the Council's company, Slough Children First Ltd, set up in response to a DfE direction to deliver its statutory children's services remains in an extremely challenging financial position and will need to manage its budget very robustly to meet its statutory responsibilities and remain a going concern. A revised business plan is being considered on the same Cabinet agenda and the Council has raised significant concerns about the ability of the company to deliver its planned improvements, deliver savings and balance its budget. It is forecast to overspend the budget approved by the Council in 2022/23 by over £5m.
- the Council prior to 2022/23 and the Children's Company do not have a track record of delivering savings. In order to achieve the financial recovery plan targets, very significant annual revenue savings will be required, subject to support from DLUHC and DfE

- the Council's 2018/19 accounts (including 20 prior period adjustments) have been prepared and audited. The 2019/20, 2020/21 and 2021/22 accounts have been or are being prepared/finalised but have yet to be audited and signed off by the Council's External Auditor. It is expected that the audit for each of these years' accounts will be completed by September 2023 thus allowing greater certainty on which to base the future financial plan. However, any issues arising from these audits will potentially impact the budget and MTFS.
- the current finance team is heavily dependent on interim support, particularly at the senior level, which is unsustainable in the medium-term. Whilst a re-structure of the department and a major recruitment exercise has been undertaken this will not begin to have a sustained impact until well into 2023/24
- the financial issues faced by the Council over the past 21 months have highlighted weaknesses due to the operational standards of the previous finance team across all aspects of the Council's finances
- and likewise budget and financial management across the Council including financial reporting, controls and financial oversight. These areas are being improved through the implementation of the finance recovery action plan but this will take time to fully implement and embed

5.2 There are a number of areas of risk that remain subject to volatility.

- **Capital Receipts** - In certain areas, such as capital receipts the planned receipts estimated to the Council can be volatile depending on both the prevailing local economic conditions and timing and this has an adverse impact on the financing of the Capital Programme. However, the Council has procured experts and have highly experienced internal resources to assist it to generate the necessary receipts, and as noted above is delivering this work well in excess of the budgeted assumptions
- **Fees and charges** The Council is currently budgeting to collect an additional circa £1.0m (2023/24) in fees and charges including fees in respect of planning fees, car parking charges, waste disposal, burials and cremations, licensing, street works etc. These will be closely monitored and are sensitive to local economic conditions. Variances are reported through the General Fund revenue budget monitoring reports to Cabinet.
- **Demand Led Budgets** - Adults and Children's Social Care budgets are demand led. The impact of high-profile national cases can lead to a significant increase in safeguarding concerns and the subsequent referrals and demand for placements within Children's Services. Demand for Adult Social Care is increasing with an ageing population living longer and with more complex needs. Whilst future years' estimates have been made based on cost and volume assessments there is a risk that these assessments may be exceeded particularly in respect of Slough Children's Services. There is also the risk of provider failure as prevailing market conditions may deteriorate. The Council, however, has invested significantly in social care in recent years including additional social workers to assist in managing these risks given the considerable demand and price pressures.
- **Council Tax Collection** - There is a risk that future local economic conditions will deteriorate and that the current projected levels of council tax collection will

fall leading to a deficit on the Collection Fund. This risk has increased since 2013/14 with the localisation of council tax benefits and welfare reform. The risk has been exacerbated by the Covid-19 pandemic. The Council has budgeted on the basis of collecting 98.3% of 2023/24 Council Tax. The total business rate base has been set at £38.7m for 2023/24. The performance against these collection rates will be monitored on a monthly basis and the Council has a good track record of managing this risk

- **Inflation** has been applied to various budgets, specifically to pay, energy and some contract budgets. Whilst Government announced a pay increase of 2 per cent for public sector workers this is separate from the negotiation in respect of Local Government. Some inflation assumptions are necessarily based on estimates at a point in time (e.g. energy costs). These markets are currently very volatile and remain largely driven by international factors that are difficult to predict with any certainty. The risk assessment puts a figure to the potential for a higher level of inflation that would not seem to be unreasonable to include in the budget as it may materialise

- **Borrowing** – The Treasury Management Strategy approved in March 2022 set out plans for reducing the Council's borrowing levels by generating capital receipts via the Asset Disposal Strategy. As reported elsewhere the Strategy has significantly exceeded target capital receipts and is on track to generate at least £210m of capital receipts by 31 March 2023 and forecast generate a further £200m in 2023/24. As a result total temporary borrowing is on track to be reduced by £203m from £336m at 31 March 2022 to £133m by 31 March 2023 and fully repaid by September 2023. In addition, long-term borrowing from the PWLB continues to be repaid as loans mature and the Council is now on track to reduce overall borrowing to a sustainable level of £335m by March 2025.

- **Investments –** The Treasury Management Policy identifies the security of capital as the main priority; with liquidity and yield as lesser priorities. To maintain security the Council adopts robust credit criteria and applies this to all investment counterparties. Currently surplus cash from the Asset Disposal strategy has been invested temporarily with the Debt Management Office (DMO) to match the maturity of temporary borrowing. This will generate £1m of interest at an average rate of 3.1% in 2022/23. While the Asset Disposal Strategy is underway it is expected that cash generated will be invested temporarily either with the DMO or money market funds, thus ensuring security and liquidity of funds while continuing to generate a yield.

- **Other investments**. The Council has two forms of other investment, namely loans to subsidiary companies and shareholding in those investments. Loans outstanding to companies at 31 March 2023 total £69m. All of the loans advanced present risk of non-payment to the Council, which potentially will impact on the General Fund in the event of the need to impair the loans. The Council's shareholdings in subsidiary companies are held for service provision rather than financial gain, nonetheless the Council is exposed to risk of financial loss as the companies are all generating losses. The Council also is a partner in Slough Urban Renewal (SUR). In line with the Council's financial recovery plan, it is divesting itself from SUR, which also brings financial risk in the form of the Council's share of the running costs as schemes are wound up.

5.3 The Council has been in continual discussion with DLUHC about a significant package of support through a Capitalisation Direction and other matters which may allow the Council to develop a sustainable medium term financial strategy. Even with additional support, improving the Council's underlying financial position will take several years to rectify. The support has yet to be confirmed but may come with additional conditions.

6 RISKS AFFECTING THE SECTOR

Short Term nature of the Local Government Finance Settlement and Fair Funding Review

6.1 The forthcoming year, 2023/24, will be the fourth year where local authorities will only receive a single-year finance settlement. The October 2021 Spending Review was the first multi-year Spending Review since the end of 2019 with single year Spending Rounds in October 2019 and 2020. Despite the October 2021 Spending Review projecting public sector resources to 2024/25, local authorities have continued to only receive a single settlement for 2023/24. The Council's funding beyond 2023/24 will be determined by the outcome of the Review of Relative Needs and Resources (previously the Fair Funding Review) and the reforms to the Business Rates Retention System under the Levelling Up agenda. At this time there is no indication of future funding levels, and the Council is only able to financially plan with difficulty beyond 2023/24.

Legislative Changes/Burdens

6.2 There have been a number of major legislative changes/burdens that in some cases go back some time but given Slough's particularly fragile financial state continue to potentially impact on Council funding in future years. These include:

- **Better Care Fund and Discharge Fund** - The Government has continued its commitment to an alignment of funding for health and social care which is to be shared between the NHS and local authorities with social care responsibilities. The Spending Review 2021 confirmed that the BCF grant will continue in 2023 to 2024 and be maintained nationally at its current level (£2.140bn), meaning £4.0m is again allocated to Slough. An additional £600 million will be distributed in 2023-24 and £1 billion in 2024-25 through the Better Care Fund to get people out of hospital on time into care settings, in the form of a new Discharge Fund. The funding will be split 50:50 between DLUHC and DHSC, meaning DLUHC will distribute £300 million in 2023-24 and £500 million in 2024-25. Of the £300m, Slough will receive £0.559m.
- **Fair Cost of Care** - In the recent Autumn Statement from the Chancellor, the fair cost of care pressure on councils has been pushed out from the original planned date of implementation in October 2023 by another two years, effectively into the next parliament. This would pose a significant risk to the Council's finances and while modelling to date has been hard to verify, the impact would be in the multi-million pounds. Given the lack of affordability of this to the Council, and the fact that the issue has been pushed out another two years, the latest modelling of the MTFS excludes provision for such a potential pressure.

7 INHERENT RISKS

7.1 As a Unitary authority the Council provides the broadest possible range of services and has an inherently higher level of risk than many other authorities simply due to the complexity and nature of the services it provides. Additionally, the Council has taken policy decisions to establish several alternate delivery models including wholly owned companies and PFI arrangements which whilst potentially having advantages also have the potential to increase the Council's risk profile. These are currently being addressed as set out in the revenue budget report.

7.2 Other inherent risks include the:

- significant staffing shortages within the Finance department and the potential difficulties in recruiting sufficient qualified staff given the Council's financial position and reputation
- risk of grant clawback including Government funding and housing benefit subsidy
- Council's risk as an employer which has and will require the Council to budget for the cost of severance packages incurred in the delivery of the required budget savings, service transformation and restructuring. The Government has indicated that it may introduce an exit cap regulation which would make workforce restructuring more difficult. There are further risks from other employee related claims
- full effects of any economic measures with the potential for higher demands on services e.g. social care for both Children's Services and Adults Services and falling income levels
- risk of major litigation, both currently and in the future
- risk of claims arising from the Council's ownership of land and property and potentially historic service failings
- need to retain a general contingency to provide for any unforeseen circumstances, which may arise
- magnitude of the savings that the Council has to deliver in 2023/24, all of which must be delivered in full or alternatives found within the services. This is of a scale the Council has not delivered previously and will require a very significant focus throughout the year on delivery plans, budget monitoring and expenditure and income control that goes beyond what the Council has previously achieved

8 FINANCIAL MANAGEMENT

8.1 The extensive issues concerning the financial management of the Council across the many elements of this report have been well analysed, documented and reported to the Council and elsewhere within the corporate body.

8.2 There are many aspects to this and much remains to be done. Fundamentally, putting the other related issues to one side, at the budget level the robustness of the estimates depends on:

- the quality of the budget setting process,

- detailed, rigorous and quality assured back up to the savings proposals,
- review of all existing estimates and the evidence to support them
- ownership of estimates by all concerned, and
- a shared acknowledgement across the whole Council (both officers and Members) of the imperative of living within the approved estimates or finding equal value alternative options.

8.3 The Council has begun the process of designing what is needed e.g. functional capacity and capability assessments, business cases, and action plans. However, embedding these fully across the Council will take another two years. Zero Based Budgeting is a proven technique for delivering savings, but will require a great deal of data cleansing and analysis to provide a fit for purpose base to work from. Attitudes of all departments in working to agreed budgets will similarly take time to embed culturally.

8.4 The 2023/24 budgets will contain inherent but in the longer term reducing financial management risks. Mitigations to minimise this position have operated as far as possible since 2021/22 and will develop further.

Preparation for 2023/24

8.5 The Council has taken a much improved approach to developing its Medium-Term Financial strategy (MTFS) given the challenging circumstances in which it finds itself.

8.6 All aspects of the Council's budget, efficiency savings, additional income, service reductions and pressures have been subject to review, with Executive Directors, Assistant Directors and Group Managers being required to review the plans they put forward to confirm delivery of the proposals. This work will continue in future years to ensure that a high standard of budgeting is developed over the coming year. Budget proposals have subsequently been reviewed by:

- the Finance Business Partnering Team
- the Executive Director of Strategy and Improvement and the PMO manager
- Executive Directors (Corporate Leadership Team)
- Lead Councillors
- The Council's scrutiny committees

8.7 The Council's HRA and Capital Programme is undergoing a similar review process alongside a review of all the Council's companies.

8.8 The assumptions on which the budget is based are contained within the main budget report presented elsewhere on the agenda, however, key assumptions include:

- for the future agreement of the Capitalisation Direction for 2024/25 and future years as proposed to DLUHC in January 2023 at £299m to 31/3/24 and £23m for 2024/25
- likewise agreement by DLUHC that they will agree to issue Capitalisation Directions or provide other support to equal the actual figures for the

outstanding, current and forthcoming years as the accounts for the years are closed

- agreement by DLUHC that they will agree to issue Capitalisation Directions or provide other support to equal the estimated figures for future years as the budgets are prepared for these future years
- agreement by DLUHC that they will agree to issue Capitalisation Directions or provide other support or agreed mechanisms to supplement the level of revenue budget savings that the Council can achieve as discussed and as will be reviewed.
- Council Tax increase – at 9.99% for 2023/24 and 4.99% per annum thereafter
- finance settlement – the figures are as per the Government's Final Settlement announcement
- pay assumptions – this has been provided for at a level similar to that seen in 2022/23, estimated to be 4.8% on average with £2.8m provided for in total.
- inflation – OBR forecasts in January 2023 projected that inflation is to come down significantly in 2023 and 2024, such that the average rate for CPI across 2023/24 is 5.5%. We currently have provision for 4.8% general inflation on contracts provided for, together with further specific monies against known areas of potential pressure. This amounts to £6.9m in general inflation and £2m specific provision within the contingency discussed later in this report. Inflationary pressures will need to managed in negotiations where possible, with other costs not bound by contractual terms needing to be contained within existing budget envelopes.
- reserves and provisions – that the reserves and provisions identified as needed as the accounts are closed and budgets prepared will be added into future years capitalisation direction and supported by DLUHC
- asset sales and capital receipts of up to £200m in 2023/24 are planned which will finance the capitalisation direction and reduce borrowing
- the Council has scaled back its Capital Programme to a minimum in the light of its financial situation. Over the next five years it will carry out projects totalling £165m (£102m General Fund and £63m Housing Revenue Account). The entire capital programme will be funded from capital grants, capital receipts and the major repairs reserve (HRA only), which means that there will be no recourse for any additional external borrowing. This is in line with the aim to be a Council which lives within its means.
- The Council's temporary borrowing is projected to reduce to £133m by 31 March 2023 and be fully repaid by September 2023 from asset sales, and to return to a sustainable level of £335m by March 2025. The associated capital financing costs together with the revenue implications of the specific schemes are provided for within the Capitalisation Direction and relevant revenue accounts.

8.9 It should also be noted that to deliver the Council's policy priorities and a balanced budget in each year of its MTFS 2024/25 to 2028/29 very significant savings in the order of £12.9m will be required per annum in addition to further capitalisation directions.

8.10 The continued need to deliver a high level of savings poses an inherent risk to the delivery of a balanced budget position as over time they become more complex and difficult to deliver. Consequently, it is important there is an absolute continued focus on savings delivery to ensure they are identified and delivered as planned.

8.11 To provide some resilience to the 2023/24 budget and future position, a contingency has been included in the Capitalisation Direction for 2023/24 and beyond to allow for and to mitigate any potential shortfall or slippage in the delivery of higher risk savings. For 2023/24 this equates to a £3m provision against non-delivery and £3m against slippage in delivery of savings. This is considered to be a prudent approach considering the increasing difficulty experienced in identifying and delivering further savings in the budget, but it is incumbent on senior management, executives and elected members to ensure that savings are delivered in full and on time in order to assist the Council's long-term position.

8.12 In addition to the above, the Council has a contingency figure of £6m to mitigate anticipated ongoing pressures arising from the need to create a bad debt provision, address liquidity requirements of the Slough Children First company, rent reductions arising from the asset disposal strategy, temporary accommodation, additional adult social care inflation/demographic pressures and a number of other minor items. The Council also has circa £15m in one-off contingency to address non-recurring issues such as the delayed delivering in savings, delivery of the local plan, redundancy and one-off implementation costs resulting from the savings proposals, temporary interim staffing to support the transition in the customer contact centre and finance team, and to cover the cost of the CCTV service being extended until 1 January 2024.

8.12 The longer-term position will need continual review given the magnitude of the position the Council finds itself in, the uncertainties associated with that and the inability at this stage to advise on the long-term going concern of the Council.

8.13 In order to allow the Council to set a budget for 2023/24 and to continue to plan for 2024/25 and beyond the following mitigations will be needed during 2023/24:

- ➢ all budgets approved by Council for 2023/24 are cash limited, including all Companies, and all Departments and Companies will have to manage within those sums
- ➢ a level of contingency as funded from the capitalisation direction will be held centrally against unforeseen events and risks and will be used to increase the Council's reserves as at 31/3/24 if not required
- ➢ no sums can be released from those contingencies except in extreme circumstances and only then with the approval of Cabinet following a report by the Executive Director of Finance and Commercial and appropriate Executive Director
- ➢ all expenditure of whatever type and funded by whatever means will be subject to approval by an expenditure control panel,
- ➢ any expenditure incurred outside of this process will be reported to Cabinet as part of the budget monitoring process
- ➢ a review will be undertaken of all estimates as part of the ongoing work of the finance department, along with the continued work on the accounts

- continuous budget meetings will be held with Executive Directors to review issues, savings, mitigations, and delivery of efficiencies.
- thematic reviews of budgets covering types of expenditure, income, and contracts in order to assess the potential for savings.

Adequacy of Reserves and Balances

8.14 The prudent level of reserves a Council should maintain is a matter of judgement. The consequence of not having adequate reserves can be significant. In normal circumstances the Council would be setting its budget and identifying reserves and provisions in a systematic manner. However, in the current circumstance the setting of the level of general fund and earmarked reserves is much less secure due to the extreme circumstance in which the Council finds itself. As at 31 March 2023 the Council had a general fund balance of £21.5m, of which £20m comes from the capitalisation direction. The medium-term financial strategy also expects at least £1m per annum to be put in reserves from revenue balances. This is the bare minimum position and will be subject to on-going review and risk assessment.

8.15 As opportunity arises, the financial situation improves and the Council becomes more capable of managing its finances then the Council will look to create a range of general and specific earmarked reserves in order to manage future risks. These reserves will be determined having regard to a risk-based assessment.

8.16 In setting the budget for 2022/23, estimates were made at the time of the required level of reserves and provisions, and this was included in the submission to DLUHC as part of the capitalisation directive. Provisions relate to known events, which have occurred and that have given rise to a liability for the Council, where the exact amount or timing of the payment is not clear. As a result of the forensic investigation of the accounts during 2021, amounts have been requested from Government as part of the capitalisation directive to ensure adequate provisions are in place for items such as bad debts, insurance claims and other known liabilities. Others may well be identified and further needed as part of this process.

8.17 In addition to known liabilities, the budget also has regard to various risk issues where at the time of setting the budget there is no contractual liability but there is a possibility that payment may be required at some point in the future; in these cases earmarked reserves are normally created. These reserves are established to cover specific risk issues as highlighted in the Council's risk registers. For 2023/24 one earmarked reserve has been set to allow the Council to consider in the future what it may need to finance/mitigate.

8.18 In reviewing the adequacy of reserves, the Executive Director of Finance and Commercial recommends the level of the General Fund Balance to be £21m in 2023/24 having regard to the risks set out in this report and the request for financial support being discussed with Government. The Executive Director of Finance and Commercial is of the view that the level of reserves is adequate solely for 2023/24, having regard to the risks identified and the level of contingency in the budget. The revised Medium Term Financial Strategy will in the future identify in greater detail the plans for replenishing reserves.

8.19 CIPFA (Chartered Institute of Public and Finance and Accountancy) in its review of financial resilience within councils have stated that there should be no imposed limit on the level or nature of balances required be held by an individual Council. However, in light of recent high-profile failures and funding concerns being raised by authorities they launched a financial resilience index which uses a basket of 15 indicators to measure individual authorities' financial resilience compared to their comparator group. Key indicators include:

- ➢ the level of reserves held as a percentage of net revenue expenditure
- ➢ the average change in reserves over the last three years
- ➢ the reserve "burn rate"
- ➢ the cost of adult social care as a percentage of net revenue expenditure
- ➢ the average cost of children's social care as a percentage of net revenue expenditure
- ➢ OFSTED rating
- ➢ the auditors value for money conclusion

8.20 It is anticipated that the requirement to formally report on these indicators will be incorporated into a new Financial Management Code and the Council will identify and consider these as it develops its MTFS.

9 CONCLUSION

9.1 Slough's budget deficit:

a) has moved from an initially submitted one year request of £15.2m to a potential worst case of £782m to a 10 year £357m problem, potentially rising well beyond this if £12.9m of additional, recurrent annual savings are not delivered from 2024/25

b) has changed continuously and will continue to do so as work has been undertaken

c) will continue to change throughout the next 12 months while the accounts up to 31/3/23 are prepared and audited and the budget for 2024/25 worked up in detail

d) is of a magnitude which had not previously been seen before across the UK and is accompanied by a range of issues that are likewise extremely wide ranging, unique in their appearance and size at one Council, and, of a significance that will take several years to correct in full

e) is successfully being reduced as the financial strategy starts to come to fruition

9.2 In these circumstances it is impossible to give an assurance that is normally required within a S25 report. However what can be said is that:

a) the Council has a well-developed, rigorous and extensively reported financial strategy that is starting to come to fruition – particularly successfully in asset sales, borrowing reduction, revenue budget management, DSG budget management, preparation of accounts and restructuring of the finance service

b) has an increased awareness of financial management's importance, requirements and the necessity of preparing and living within budget, taking appropriate financial decisions and operating sound governance

c) is better equipped to meet its budgetary challenges given the focus it has applied to this work since May 2021 and will continue to do so in future years

d) has kept DLUHC fully involved in all aspects of its financial situation and will continue to do so in the future

e) given the above, the contingency built into the budget estimates, the assumption that DLUHC will support the Council in full as it continues its work on the accounts, estimates and financial processes and that managers will manage within their allocated budgets it should be able to manage within these estimates for 2023/24.

In providing this statement, the Executive Director of Finance and Commercial will maintain an on-going and robust review of all risks, including those associated with the delivery of budget savings decisions and report throughout the financial year.

Steven Mair
Executive Director of Finance and Commercial (Chief Finance Officer)
Date 27 February 2023

10. Implications of the Recommendations

10.1 Financial implications

10.1.1 The recommendation has a direct financial impact on the setting of the Council's budget for 2023/24 and the Medium-Term Financial Strategy.

10.2 Legal implications

10.2.1 Section 25 of the Local Government Act 2003 requires the chief finance officer to report on two matters as follows:
(a) the robustness of the estimates made for the purposes of the calculations, and
(b) the adequacy of the proposed financial reserves.

10.2.2 Full Council is obligated to have regard to this report when making decisions about the calculation of council tax as a billing authority in accordance with s.31A of the Local Government Finance Act 1992.

10.3 Risk management implications

Summary of risks.

Category	Risk/Opportunity	Controls	Residual Risk Score (1 (Low) to 10 (high)	Additional Controls
Financial	The Council is fully appraised of the Executive Director of Finance and Commercial's views on the robustness of the budget setting process.	Inclusion of all Executive Directors in detailed planning and agreement of the budget.	6	Budget monitoring process and regular reporting on achievement of budget and savings.
Financial	The Council is fully appraised of the Executive Director of Finance and Commercial's views on the adequacy of reserves.	Risk assessment of the level of reserves and the building of contingency into the base budget to protect future volatility.	8	Regular assessment and review of new and existing areas of volatility or uncertainty.

10.4 Environmental implications

10.4.1 No specific environmental implications arise from this decision.

10.5 Equality implications

10.5.1 The budget is subject to an equality impact assessment which is reflected in this report.

10.6 Procurement implications

10.6.1 There are no procurement implications of this report

10.7 Workforce implications

10.7.1 There are no workforce implications of this report

10.8 Property implications

10.8.1 This report has no direct implication on properties.

11. Background Papers

None.

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Slough Borough Council

Report To:	Cabinet
Date:	27 February 2023
Subject:	Capital Programme 2023/24 to 2027/28
Lead Member:	Cllr Anderson – Financial Oversight and Council Assets
Chief Officer:	Steven Mair, Director of Finance (S151 officer)
Contact Officer:	Steve Muldoon, Deputy Director of Financial Management
Ward(s):	All
Key Decision:	YES
Exempt:	NO
Decision Subject To Call In:	NO
Appendices:	Appendix A Detailed Capital Programme 2023/24 to 2027/28

1. Summary and Recommendations

The report sets out the Council's capital strategy from 2023/24 to 2027/28.

Recommendations:

1.1 Recommend approval of the Capital Programme for 2023/24 to 2027/28 to full Council as set out in this report and Appendix A.

Reason:

1.2 The Council should have an approved capital programme over the medium term as part of its overall Financial Framework. This will comply with the requirements of the Capital Strategy as set out in the Treasury Management Strategy which is set out in a separate report. Capital expenditure is defined as expenditure that is predominantly incurred on buying, constructing or improving physical assets such as land, buildings, infrastructure and equipment.

Commissioner Review

1.3 The capital programme is a key component of the budget papers for 2023/24. This paper sets out that programme which has been compiled using some key principles, including meeting statutory requirements, including health and safety, Significantly, the programme is funded through external funding sources including grants, capital receipts and S106 funding. This means that no additional borrowing is undertaken which would incur additional debt repayment costs. The commissioners support this approach – it is essential that the borrowing costs are reduced supporting the council's overarching aim to live within its means.

Introduction

1.4 The capital programme set out in the Capital Strategy forms a key part of the Council's budget setting process.

1.5 Prior to the 2022/23 capital programme, previous years' capital programmes have been ambitious involving several major projects in any one year and were heavily dependent on external borrowing. There was insufficient capacity to deliver the capital programme, resulting in slippage of 40% in delivering the programme.

1.6 The previous capital programme approved 9th March 2022, envisaged spending £219m (including 21/22) with a borrowing requirement of £17.540m. This year the size of the capital programme is £165m, with no new external borrowing needed. The programme is fully funded from grants, S106 contributions and capital receipts from the asset disposal programme. This ensures the Council lives within its means in respect of the capital programme.

Options considered

1.7 The options available to the Council are dependent to the extent to which funding is available to pay for the capital projects, and whether it has the ability to borrow to finance an increased size of programme. Given the Council's current financial position, it is considered prudent to minimise and even eliminate as far as possible the amount of capital spend on projects which are dependent on the council funding from its own very limited resources, and to prioritise projects for which the Council has health and safety obligations and to comply with statutory requirements. It is currently having to sell off assets to generate capital receipts in order to reduce the level of minimum revenue provision (MRP) and pay off short term debt owed to other councils, so including expenditure in the programme which requires borrowing and increases the MRP is counter-productive in the Council's aim to live within its means.

1.8 The capital programme is therefore largely financed through capital receipts and particularly external capital grants, and it is the Council's ability to bring in such grants, and the conditions placed on such grants, that will determine the size and nature of schemes in the capital programme.

Background

1.9 The total capital programme over the 6 years 2022/23 to 2027/28 is £165m largely funded by capital grants and the major repairs reserve in respect of the Housing Revenue Account (HRA) – see summary below:

Table 1 - Funding of Capital Programme

	General Fund £m	HRA £m	Total £m
Spend	(102)	(63)	(165)
Funded by			
Government Grant	(83)	0	(83)
Capital Receipts	(18)	(12)	(30)
Developer contributions (s.106)	(1)	0	(1)
Major Repairs Reserve	0	(51)	(51)
Revenue contributions	0	0	0
Capitalisation Direction	0	0	0
Total external funding	**(102)**	**(63)**	**(165)**
Total borrowing requirement	**0**	**0**	**0**
Total funding including borrowing	**(102)**	**(63)**	**(165)**

1.6 The detailed capital programme for both the General Fund and the HRA is set out in Appendix A.

1.7 In addition to the capital budgets and revenue implications, the report sets out:

- The Council's asset base
- Delivery strategies;
- Governance
- Capital funding and
- Risk management

2 Report

The Council's Assets

2.1 The Council has total long-term assets of £1.303 billion comprising property, plant, equipment, investment property, heritage and other assets summarised in the table below:

Table 2 - Asset Portfolio

Asset type		Net book value at 31/3/2022 £m
Council dwellings		587
Other land and buildings		365
Investment property		208
Infrastructure assets		71
Assets under Construction		33
Community Assets		11
Vehicles, plant and equipment		8
Surplus assets		19
Intangible assets		1
Total		**1,303**

2.2 Since March 2022 the Council has embarked on an asset disposal strategy. To date the Council has generated £173m of capital receipts from the asset disposal programme and is anticipating raising a total in excess of £210m by 31 March 2023, with a further £200m forecast for 2023/24.

2.3 The majority of capital expenditure set out in this strategy will be spent on enhancement to the existing property portfolio and infrastructure assets. The remainder will be revenue expenditure funded from capital under statute (REFCUS) – either funding loan advances to GRE5 or funding the capital direction.

2.4 The Council carries out regular maintenance on its properties and infrastructure assets. The capital programme ensure that the Council's highways, operational properties and council dwellings are continuously maintained to a good standard.

Overview of delivery strategies

2.5 The Council's capital programme objectives are:

- To rationalise the capital portfolio, so the remaining assets continue to deliver the services to the public.
- Ensure the necessary works to enhance the working conditions of the remaining assets, so they are fit for purpose and meet statutory requirements.
- Minimise any other works to those which are fully funded from external sources and can be undertaken at no additional cost to the Council.

Development schemes

2.6 In the past the Council had engaged in a substantial regeneration and acquisition programme in partnership with Slough Urban Renewal LLP, its joint venture with Morgan Sindall Investments Ltd.

2.7 As part of the Council's asset disposal strategy, and in response to the Council's financial situation, the Council has embarked on a process to disengage from all developments with Slough Urban Renewal LLP.

2.8 Consequently:

- there will be no further capital investment by the Council into the sites that are optioned to SUR.
- Two sites have been disposed of in 2022/23 with a further two to complete before 31st March 2023. The remaining sites are due to be disposed in 2023/24 and 2024/25.

Strategic Acquisitions

2.9 The 2022/23 Treasury Management Strategy identified that the investment properties acquired in previous years were not actually generating an adequate return for the Council. Consequently, these assets have been prioritised for disposal under the Asset Disposal Strategy. To date, seven assets have been sold and a further nine are scheduled to be sold by 31 March 2023.

Operational

2.10 As a result of stopping all development and strategic acquisitions, the capital programme is focussed solely on improvement works to the Council's operational asset portfolio and other schemes as fully funded through external grants. Departments will work with the programme management team to ensure that delivery of all projects is suitably resourced

3 Governance

3.1 Once the capital programme is approved by full Council, any changes must be approved in accordance with para 2.4.6 of the Council's financial procedure rules. These require the following:

3.1.1 Cabinet approval is required for all capital budget and funding virements and yearly profile changes (slippage or accelerated spend) between approved capital programmes i.e., as per the budget book. The report must show the proposed:

(i) Budget transfers between projects and by year.
(ii) Funding transfers between projects and by year; and
(iii) A summary based on a template approved by the Chief Finance Officer

3.1.2 The Chief Finance Officer can approve virements of capital monies up to £1m under delegated responsibilities but these must be reported to Cabinet on a quarterly basis.

3.1.3 Cabinet approval is required for all capital additions to the capital programme. All Capital additions are reviewed by senior officers prior to being recommended for approval to Cabinet. Capital additions should also be included in the quarterly budget monitoring report to Project Review Board for noting.

3.1.4 Funding substitutions in order to maximise funding are the responsibility of the Chief Finance Officer.

3.1.5 Cabinet can approve spend on new capital projects up to £5m where expenditure is covered by external grant, is in accordance with the Council's treasury management strategy, has no full year revenue implications and does not exceed £20m in total in any one year.

3.1.6 The Chief Executive can approve virements between projects of up to £1m following consultation with the Chief Finance Officer and the Lead Member.

3.1.7 The Chief Finance Officer can approve virements between projects of up to £500k following consultation with the Lead member.

3.1.8 Executive Directors can approve virements between projects of up to £250k following consultation with the Chief Finance Officer and the Lead Member.

NB- all virements will be reported to Cabinet on a quarterly basis

4 Summary of the Capital Programme 2022/23 to 2027/28

4.1 The capital programme and the proposed funding is set out in table below:

Table 3 - Proposed Capital Programme 2022/23 to 2027/28

	Forecast	Five Year Plan					
	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	Total
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Expenditure							
General Fund							
Housing & Property	10,335	8,397	2,400	2,400	400	0	23,932
Place & Communities	15,982	22,428	13,434	2,562	1,999	1,339	57,744
Adults	1,818	1,169	1,140	1,140	1,140	1,140	7,547
Children's Services	877	4,323	2,961	2,080	1,680	941	12,862
Finance & Commercial	0	0	0	0	0	0	0
HRA	10,720	10,093	8,019	9,531	10,196	14,875	63,434
Total expenditure	**39,732**	**46,410**	**27,954**	**17,713**	**15,415**	**18,295**	**165,519**
External funding	(39,732)	(46,410)	(27,954)	(17,713)	(15,415)	(18,295)	(165,519)
Borrowing Requirement							
General Fund	0	0	0	0	0	0	0
HRA	0	0	0	0	0	0	0
Total Borrowing Requirement	**0**	**0**	**0**	**0**	**0**	**0**	**0**

4.2 In drawing up the above programme, the emphasis has been on ensuring that only schemes which are essential for meeting health and safety requirements or complying with statutory obligations and are largely funded from external sources are prioritised. Hitherto, the Council's capital programme has been heavily dependent on borrowing to the extent that the borrowing level and associated costs have become unaffordable and are consuming a substantial part of the net revenue budget.

4.3 The table below summarises the changes to the capital programme arising from the review of the programme and the need to reduce future borrowing. As a result, the overall capital budget reduces by £54m over a five-year timescale. This has been largely achieved by stripping out schemes which were reliant on new external borrowing in line with the Council's overarching aim to live within its means.

Table 4 - Summary of Reductions in Capital Programme

	Forecast	Five Year Plan					
	2022/23 £000s	2023/24 £000s	2024/25 £000s	2025/26 £000s	2026/27 £000s	2027/28 £000s	Total £000s
Capital Programe 21/22							
General Fund	38,323	45,259	8,333	7,878	7,863	6,370	114,026
HRA	13,001	22,111	24,108	24,770	7,253	13,951	105,194
Total	**51,324**	**67,370**	**32,441**	**32,648**	**15,116**	**20,321**	**219,220**
Capital Programme 22/23							
General Fund	29,012	36,317	19,935	8,182	5,219	3,420	102,085
HRA	10,720	10,093	8,019	9,531	10,196	14,875	63,434
Total	**39,732**	**46,410**	**27,954**	**17,713**	**15,415**	**18,295**	**165,519**
Change	**(11,592)**	**(20,960)**	**(4,487)**	**(14,935)**	**299**	**(2,026)**	**(53,701)**
Borrowing							
Capital Programme 21/22	8,538	7,103	8,050	10,380	1,500	1,500	37,071
Capital Programme 22/23							
Change	**(8,538)**	**(7,103)**	**(8,050)**	**(10,380)**	**(1,500)**	**(1,500)**	**(37,071)**

Key Projects

Place & Communities Directorate

4.4 Zone 4 – Stoke Road

This is the final element of a wider improvement scheme approved by the Council and funded through the Berkshire LEP programme. This final stage includes the implementation of improvements to two junctions associated with the North West Quadrant site and will enable the sale and development of the site by improving access/egress of traffic. There will also be some upgrade works to the Heart of Slough junction to ensure the entire traffic signal junction works well.

4.5 Flood Defence Measures (Sponge City Project)

The Council has been awarded from Defra Grant funding of £5.65m - £7.9m for delivery of the Smart, Sponge Catchments Project. This aims to improve flood resilience in the Chalvey Ditches and Salt Hill Stream river catchments in north-west Slough and southern Buckinghamshire. The project will help the Council to meet its corporate priority for an environment that helps residents live more independent, healthier and safer lives, by delivering infrastructure and enriched public spaces that can act as sponges, soaking up surface water to improve resilience to flooding.

4.6 A4 Safer Roads

The A4 in Slough was identified in 2016 as being in the UK’s 50 most dangerous roads and SBC is required by Government to make changes to improve its safety. This project will introduce road safety improvements on the A4 that will be funded by the Department for Transport’s (DfT) Safer Roads Fund grant. A number of road safety measures will be designed and introduced to regulate driver behaviour. One of these measures is a proposed speed reduction on some sections of the A4. Additional complementary engineering measures, to reduce the number and severity of fatal and serious injury collisions, will be introduced as the overall scheme design progresses in consultation with residents, key partners and subject to the necessary approvals within the Council.

4.7 **Destination Farnham Road**

The Council's Transport team have been advised of an award of £9.249m from the Department for Levelling Up, Housing and Communities. In addition, a 10% local contribution of £1.004m provided through other DFT grants and S106 contributions related to the location. The proposed scheme will revitalise the Farnham Road (A355) corridor by transforming its public realm, in a way that prioritises walking and cycling, and improves bus priority through signal upgrades and the enforcement of parking restrictions. Fully grant funded, initial designs will be presented to Cabinet to enable progression to consultation, detailed design and construction. The scheme focuses on the Britwell and Northborough wards and Farnham. North-south transport connections will be made stronger to enhance connections to Slough town centre. Farnham Road District Centre's public realm will be improved to support economic growth and improved social function.

4.8 **A4 Cycleway**

The Council's Transport team have secured £10.2m from the Department for Transport for the design and implementation of an off road cycleway along the A4. The scheme extents are from Huntercombe to the Town Centre. The procurement process has started and will continue in 2023/24 for design support.

Housing & Property Directorate

4.9 **Fire Risk Assessment Nova House**

Nova House is a block of 68 apartments in the town centre which failed flammability tests. GRE5 owns the freehold lease of Nova House. In 2018, the Council acquired 100% of the shares of GRE5 due to concerns about the capacity of GRE5 to undertake the substantial remediation works required to the building and concerns about the safety of residents. In addition to replacement of ACM cladding, there are significant deficiencies in the fire safety of the building identified on the Fire Risk Assessment that need rectifying. The expenditure has been converted to a loan to GRE5 which was executed August 2022. The loan limit is currently £10m and repayments are being made as claims are submitted to Homes England. This is to be increased by £5m to £15m as a result of additional costs. Currently the company has a Grant Funding Agreement with Homes England for £9.3m of "eligible development costs". The company is currently engaged in legal proceedings with the building's warranty provider, Allianz. The timing and amount of any final settlement are uncertain, and it may be that some costs will have to be borne by leaseholders. There are substantial risks associated with this project in terms of cost escalation, the outcome of the insurance claim and leaseholders may not be liable for all of the unfunded costs. Therefore there is a risk that the Council may need to impair the loan for any unrecoverable costs

4.10 **Britwell Hub Development**

The Britwell Hub Development was a part refurbishment and part extension of the Britwell Community Centre in partnership between Slough Borough Council and East Berkshire CCG / Frimley Health and Care ICS. The refurbishment of the existing building provided meeting rooms and a new hall, and the extension provided a modern up to date purpose designed medical centre which was completed in April 2022. The retention held on this contract is payable following completion of the works after the defect's liability period ends in April 2023. Further works are also required together with upgrading the existing mechanical and electrical systems. In addition, there is also a requirement to repay the balance of funding owed to the DfE for Grove Academy S278 works, that SBC is liable for.

4.11 **Office Accommodation Strategy**

SBC intends to reduce its corporate footprint to a minimum level to reduce running costs and maximise disposal opportunities. 6 assets are likely to be retained and are candidates for accommodating the full desk requirement of the council (currently set at 460 desks). The first step is to appoint consultants to carry out costed options appraisals. These will inform the Council's decision on best use of these 6 assets, to accommodate the Council's office requirements. Once a decision is taken on the final number of desks to be provided and location of these desks, conversion works will be undertaken to deliver the project.

Children's Directorate

4.12 The key projects for the Children's Directorate continue to be the schools modernisation programme and the expansion of the special schools provision in the Council area to meet the increasing numbers of pupils with Special Education Needs. Both projects are largely funded from capital grant from the Department for Education (DfE) supplemented by developer contributions.

5 Capital Funding

5.1 The Council is required to have a funded capital programme that is affordable. i.e. all capital expenditure should have a source of funding and if that funding source is borrowing, the cost of borrowing should be built into a balanced revenue budget.

5.2 The key sources of funding for the Council are:

- grants
- developer contributions
- capital receipts
- direct revenue funding
- Major Repairs Reserve (HRA only) and
- borrowing

Grants

5.3 These are predominantly Government grants and are usually provided to the Council to fund specific schemes or programmes. The majority of grants which the Council receives for capital are from:

- the Department for Education (DfE) to ensure the Council is meeting its statutory duty to provide school places and that school buildings are in good condition;
- the Department for Transport (DfT) for infrastructure (i.e. highways) improvements; and
- Department for Levelling Up, Housing and Communities (DLUHC) for disabled facilities grant (DFG).

5.4 Capital grants usually have conditions attached which require the grant to be used for specific schemes and potentially require repayment in the event that they are not used for the purpose intended or within a set timetable.

Developer contributions

5.5 Developer contributions are a contract between a developer and the Council, which have to be used on specific projects rather than a more general objective. These are either:

- s.106 agreements made under the section 106 of the Town and Country Planning Act 1990 whereby the planning authority places an obligation on the developer to undertake an obligation as part of the planning permission, and the developer agrees to pay a contribution to the authority for the authority to undertake the works to discharge the obligation; and
- s.278 agreements made under section 278 of the Highways Act 1980 which allow a developer to enter into an agreement with the highways authority to make permanent alterations or improvements to a public highway as part of a planning approval.

Capital Receipts

5.6 Capital receipts are generated from the sale of non-current assets (e.g. land and buildings). The use of capital receipts is statutorily prescribed, such that they can only be used primarily to fund capital expenditure or repay borrowing. The Council holds all capital receipts corporately, which ensures that they can be used to fund the overall capital programme.

5.7 As set out in the Debt Recovery Strategy approved by Cabinet on 20 September 2021, capital receipts generated from asset sales will be used:

- firstly, to finance the much reduced flexible use of capital receipts programme set out in the revenue budget report
- secondly, to finance any expenditure capitalised under any Capitalisation Direction granted by the Government; and
- thirdly, to repay existing external debt.

5.8 In addition, because the capital receipts have significantly exceeded forecasts for both 2022/23 and 2023/24, the Council has the potential to pay off the pension fund deficit.

Borrowing

5.9 Borrowing to fund capital expenditure is normal practice in both the private and public sector. In local government the prudential regime has operated since 2003/04 under which local authorities must take responsibility to ensure that borrowing is both affordable and sustainable for the revenue budget and the council taxpayer.

5.10 Borrowing can take the form of internal or external borrowing. Internal borrowing is a temporary position where the Council uses its cash balances instead of externally borrowing at that point in time. If not used for internal borrowing, these cash balances would be invested on a medium to long-term basis providing the Council with a return on investment. However, the Council does not have any internal borrowing as all internal resources have been used in previous years.

5.11 Consequently, the Council's borrowing is entirely external borrowing. External borrowing is where the Council borrows money from the open market such as from banks or the Government via the Public Works Loans Board or other local authorities.

5.12 Although the capital programme may highlight a need to borrow to fund capital expenditure (the borrowing requirement referred to in Table 2), the timing and type of borrowing depends on cashflow modelling in line with the Council's Treasury Management Strategy.

5.13 The Council's total borrowing requirement is based on capital expenditure incurred historically but yet to be financed is measured and reported as the Capital Financing Requirement. This is published in the Statement of Accounts in the Capital Expenditure and Financing Note and projections are reported in the Treasury Management Strategy.

5.14 All borrowing incurs capital financing costs, namely interest charges and a minimum revenue provision (MRP). MRP is an amount which the Council is statutorily required to set aside to repay borrowing to the extent that the Council's CFR remains positive.

5.15 All capital financing costs must be treated as a revenue cost and built into the Council's budget plans. In essence the more the Council borrows, the greater the call on the revenue budget, which then requires further service savings to be identified to fund this in the longer term. Consequently, it is important that borrowing is set at a level which is both affordable and sustainable in revenue budget terms.

6 Capital Programme Funding 2022/23 to 2027/28

6.1 Table 5 summarises the funding of the proposed capital programme both for the General Fund and the HRA.

Table - 5 Analysis of Proposed External Funding

2021/22 Actual £000s		2022/23 Forecast £000s	2023/24 Estimate £000s	2024/25 Estimate £000s	2025/26 Estimate £000s	2026/27 Estimate £000s	2027/28 Estimate £000s	Total £000s
	Expenditure							
38,323	General Fund	29,012	36,317	19,935	8,182	5,219	3,420	102,085
13,001	HRA	10,720	10,093	8,019	9,531	10,196	14,875	63,434
51,324		**39,732**	**46,410**	**27,954**	**17,713**	**15,415**	**18,295**	**165,519**
	Funding							
	General Fund							
(12,816)	Government Grant	(25,577)	(31,394)	(15,789)	(4,930)	(3,278)	(2,220)	(83,188)
(41)	Capital Receipts	(3,435)	(4,255)	(4,146)	(3,252)	(1,941)	(1,200)	(18,229)
(1,194)	Developer contributions (s.106)	0	(668)	0	0	0	0	(668)
(200)	Revenue contributions	0	0	0	0	0	0	0
(15,534)	Capitalisation Direction	0	0	0	0	0	0	0
	HRA							
0	Government Grant	0	0	0	0	0	0	0
(1,834)	Capital Receipts	(5,331)	(2,422)	(2,563)	(1,325)	(482)	0	(12,123)
(11,167)	Major Repairs Reserve	(5,389)	(7,671)	(5,456)	(8,206)	(9,714)	(14,875)	(51,311)
0	Revenue contributions	0	0	0	0	0	0	0
0	Developer contributions (s.106)	0	0	0	0	0	0	0
(42,786)		**(39,732)**	**(46,410)**	**(27,954)**	**(17,713)**	**(15,415)**	**(18,295)**	**(165,519)**
8,538	**Net financing need for the year**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

6.2 Table 5 above shows that the entire capital programme of £165m will be fully funded from capital grants, capital receipts and developer contributions without recourse to any external borrowing.

6.3 This is a huge change in capital strategy compared to that approved in March 2021, which was planning to incur additional borrowing of £119m over the shorter period from 2021/22 to 2023/24 or 55% of the capital programme. The reduction in reliance on borrowing has been achieved by removing schemes which were totally relying on borrowing and seeking alternative sources of funding.

7 Revenue Implications of the Programme

7.1 Any General Fund capital expenditure which is not fully funded from available capital resources (i.e. capital receipts, capital grants, developer contributions and direct funding from revenue) gives rise to borrowing which incurs capital charges in the form of MRP and interest. Where expenditure is to be met from a capitalisation direction, this incurs MRP also which is amortised over 20 years in line with the Statutory Guidance on Minimum Revenue Provision (issued by DCLG 2018).

7.2 HRA capital expenditure falls outside the MRP requirements. Instead, loan repayments are a direct charge to the HRA.

7.3 No additional MRP arises from the current capital programme because it is fully funded.

8 Risk Management

8.1 Capital projects require careful management to mitigate the potential risks that can arise. Effective monitoring, management and mitigation of these key risks is a key part of managing the capital strategy, which are set out below.

Interest Rate Risk

8.2 Whilst the capital programme does not envisage any additional external borrowing over the next five years, the Council is still exposed to interest rate risk on the temporary borrowing which historically had been used to fund the capital programme. As a result of the Asset Disposal Programme, the capital receipts generated to date are forecast to reduce temporary borrowing to £133m by 31 March 2023 and to fully repay temporary borrowing by September 2023. This will largely eliminate interest risk from the capital programme.

8.3 Interest rates are variable and are forecast to increase over the next year as the Bank of England seeks to manage inflation nationally. To date, any additional borrowing required has been met by borrowing short-term from other local authorities. This strategy works well provided that there is surplus money within the local authority money market. In the event that liquidity slows in this market then the Council will need to lock into fixed borrowing with the PWLB, but will seek to avoid doing so while the current debt reduction strategy is in place.

Inflation Risk

8.4 Construction inflation (e.g. on highways works, not solely developments) over and above that budgeted could impact on the affordability of the capital programme. A rise of 1% in the cost of the overall programme would increase the cost of the programme by £1.7m, or £0.5m in 2023/24. Whilst this can be mitigated through regular, close monitoring of project expenditure, this may require projects to be scaled back in ambition, deferred to future years or deleted. Where projects are financed through external grants, the intent should be to manage within the same overall budget envelope rather than require the Council to borrow to meet an overspend.

9. Implications of the Recommendation

9.1 Financial Implications

9.1.1 The financial implications are set out in the main body of this report.

9.2 Legal implications

9.2.1 The Local Government Act 2003 sets out the framework for local authority capital finance. This confers a broad power to borrow, subject to affordable borrowing limits. This framework is supplemented by the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003, as amended, and by codes of practice and statutory guidance.

9.2.2 Approval of the budget and policy framework is reserved to full Council. In accordance with Part 4.3 of the Council's Constitution, by the end of February Cabinet shall consider the resources available to finance capital projects for the next five years together with the Prudential Indicators and approve the capital expenditure programme for the next five years. By 11 March, Cabinet shall recommend to full Council the capital programme, borrowing limits and the Prudential Indicators for the following five years.

9.2.3 The legal implications for each individual scheme within the capital programme will be considered when approval is sought for that particular scheme. Each scheme within the capital programme will be approved in accordance with the Council's constitution and in particular the Financial Procedure Rules.

9.3 Risk management implications

9.3.1 These are set out in the main body of the report in section 8.

9.4 Environmental implications

9.4.1 Inevitably, with any capital projects there are likely to be environmental implications, which will be considered when approval is sought for particular schemes. The HRA report looks further at this with respect to decarbonisation of the housing stock and damp and mould issues.

9.5 Equality implications

9.5.1 At this stage, it is not possible to fully measure the impact of these proposals on those people who have protected characteristics under the Equality Act 2010, or how the geographic spread of the capital strategy proposals will be felt across all areas of Slough. However, our preliminary equality impact analysis of the planned activity for 2023/24 indicates that whilst the Council is focused on making a wide range of changes during 2023/24 in order to balance its budget, it is likely that many of the proposals will have limited negative impacts on the communities that we serve.

9.5.2 It should be noted that there a number of schemes included in the capital budget for 2023/24 which are specifically for the benefit of certain residents within the protected characteristic groupings, namely £1.140m of improvements funded by the Disabled Facilities Grant, £29k on a Learning Disability Change Programme and £4.323m on Children's Services. In particular within the latter, there is £1.675m for Special School Expansion and £1.250m for SEND Resource bases and Improvements. These are all expected to have favourable benefits for vulnerable residents.

9.5.3 In order to ensure that the Council complies with its duty under section 149 of the Equality Act 2010, individual equality impact assessments will continue to be undertaken as proposals are developed in order to ensure there are mitigating actions, where possible, to minimise any adverse impacts on our communities.

10 Background Papers

10.1 HRA 2023/24 budget and 30-year business plan, containing the HRA capital programme and submitted as part of the overall suite of papers that form the Council's 2023/24 budget plans.

APPENDIX A

Detailed Capital Programme 2022/23 to 2027/28

General Fund Capital Programme	2022/23 Forecast £000s	2023/24 Budget £000s	2024/25 Budget £000s	2025/26 Budget £000s	2026/2027 Budget £000s	2027/28 Budget £000s	Grand Total Gross Spend £000s
Fire Risk Assessment (Nova House)	7,400	5,000	-	-	-		12,400
Capital works following stock condition survey/Bus station fire damage	737	400	400	400	400		2,337
Britwell Hub Development incl DFE Repayment for Grove	1,047	1,047	-	-	-		2,094
Thames Valley University site	104	-	-	-	-		104
Leisure Centre Farnham Road	100	100	-	-	-		200
St Martins Place	19	-	-	-	-		19
Retention monies re OLS Commercial Development	537	-	-	-	-		537
Compulsory Purchase Orders	391	-	-	-	-		391
Cornwall House Fire Strategy		950					950
Office Accommodation Strategy		900	2,000	2,000			4,900
Housing & Property TOTAL	**10,335**	**8,397**	**2,400**	**2,400**	**400**	**-**	**23,932**
Cemetery extension	207	100	750				1,057
Traffic Signals Maintenance Grant	475	-	-	-	-		475
Domestic Wheeled Bins & Containers	40						40
Refuse fleet & Grounds Plant equipment	582	-	-	-	-		582
Urban Tree Challenge Fund	185	82	82	82	82		513
Local Sustainable Transport	-	222	-	-	-		222
LTP Implementation Plan	-	139	139	139	139	139	695
Colnbrook Bypass	115	-	-	-	-		115
Burnham LEP		-	-	-	-		-
Zone 1 Sutton Lane Gyratory (MRT)	1,979	-	-	-	-		1,979
Zone 2 - Foxborough (MRT)	980	-	-	-	-		980
Zone 3 - Park & Ride (MRT)	18		-	-	-		18
Zone 4 - Stoke Road (Stoke Rd)	2,250	2,500	-	-	-		4,750
Zone 5 - Slough Station (Stoke Rd)	2,950		-	-	-		2,950
Zone 7 - Offroad cycle routes - Stoke Road	150	-	-	-	-		150
Flood Defence Measures (Sponge City Project)	1,000	1,482	1,537	1,530	278		5,827
A4 Safer roads	200	1,511	-	-	-		1,711
High Street Langley Widening	2,200	-	-	-	-		2,200
Electric Vehicle Network	-	157	-	-	-		157
Carbon Management - Public Sector	479	22	-	-	-		501
Car Club	-	100	-	-	-		100
Reading Archives SBC Contribution	200	188	55	11	-		454
Community Investment Fund - Cabinet	25						25
DSO Replacement RCVs					1,200	1,200	2,400
DSO Replacement Fleet		500	500	500			1,500
DSO Food/Fibre vehicles and Caddies			400	300	300		1,000
A4 Cycleway	4	10,168					10,172
Transport and Highways Grant	1,943	2,489	2,489				6,921
Destination Farnham Road		2,768	7,482				10,250
Place & Communities TOTAL	**15,982**	**22,428**	**13,434**	**2,562**	**1,999**	**1,339**	**57,744**
Hold long-term disabilities grant	224	-	-	-	-		224
Disabled Facilities Grant	1,594	1,140	1,140	1,140	1,140	1,140	7,294
Learning disability change programme	-	29	-	-	-		29
Adults TOTAL	**1,818**	**1,169**	**1,140**	**1,140**	**1,140**	**1,140**	**7,547**
Primary expansions (Phase 2 for 2011)	5	167	-	-	-		172
Schools Modernisation Programme	690	810	600	600	600		3,300
Special School Expansion	60	1,675	1,031	1,000	1,000	941	5,707
SEND Resource Bases and Improvements	11	1,250	1,250	400			2,911
Secondary Expansion	5	315	-	-	-		320
Schools Devolved Capital	80	80	80	80	80		400
323 High St/Haybrook	26	26	-	-	-		52
Children's Services TOTAL	**877**	**4,323**	**2,961**	**2,080**	**1,680**	**941**	**12,862**
							-
GRAND TOTAL	**29,012**	**36,317**	**19,935**	**8,182**	**5,219**	**3,420**	**102,085**

HRA Capital Programme	2022/23 Forecast £000s	2023/24 Budget £000s	2024/25 Budget £000s	2025/26 Budget £000s	2026/2027 Budget £000s	2027/28 Budget £000s	Grand total Gross Spend £000s
CAPITAL EXPENDITURE							
Planned Major Works & Improvements	7,120	8,793	7,506	9,006	9,658	14,323	56,406
Work to promote decarbonisation	100	500	513	525	538	552	2,728
Affordable Homes	3,500	800				-	4,300
HRA GRAND TOTAL	**10,720**	**10,093**	**8,019**	**9,531**	**10,196**	**14,875**	**63,434**

TOTAL	**39,732**	**46,410**	**27,954**	**17,713**	**15,415**	**18,295**	**165,519**

SLOUGH BOROUGH COUNCIL

REPORT TO:	Cabinet
DATE:	27 February 2023
SUBJECT:	Treasury Management Strategy 2023/24
CHIEF OFFICER:	Steven Mair, Executive Director Finance and Commercial (s151)
CONTACT OFFICER:	Peter Worth, Finance Lead Technical Advisor Miriam Adams, Finance Manager - Treasury
WARD(S):	All
PORTFOLIO:	Cllr Anderson – Financial Oversight and Council Assets
KEY DECISION:	YES
EXEMPT:	NO
DECISION SUBJECT TO CALL IN:	NO
APPENDICES:	Treasury Management Strategy 2023/24 to 2027/28

1 Summary and Recommendations

1.1 This report sets out the Council's treasury management strategy for 2023/24 to 2027/28 covering:

- borrowing and the debt reduction strategy;
- prudential indicators;
- the Minimum Revenue Provision (MRP) policy; and
- the investment strategy which includes loans to third parties.

1.2 Cabinet is asked to recommend to Council the following:

a. Approve the Treasury Management Strategy (TMS) for 2023/24 to 2027/28 including:

   i. Minimum Revenue Provision Policy Statement for 2023/24 (Appendix 1)
   ii. Annual Investment Strategy for 2023/24 (Appendix 2)
   iii. Approved Counterparty List (Appendix 3)
   iv. Approved Countries for Investments (Appendix 4)
   v. the Prudential Indicators for the period 2023/24 to 2025/26 (Section 4 of the TMS)

Reason: To promote effective financial management relating to the Authority's borrowing and investment powers contained in the Local Government Act 2003, associated regulations and guidance.

Commissioner Review

This report is an important part of the Council's financial strategy and its financial recovery. The Commissioners are content with this report.

2 Report

Introduction

2.1 The Council has powers to borrow and invest money under Part 1 of the Local Government Act 2003. In applying these powers, the Council is required to have regard to statutory guidance issued by the Secretary of State and Codes of Practice issued by the CIPFA. The Council is obliged to follow these documents, unless there is good reason not to. The Statutory Guidance requires the Council to:

- agree a treasury strategy for borrowing
- prepare an annual investment strategy
- an interim report and annual treasury management review.

Background

2.2 As reported in the TMS in March 2022, the Council's borrowing had reached £760m at 31 March 2021, which was the third highest per head of population amongst all unitary authorities. In particular around 50% of this was short-term temporary borrowing from other local authorities exposing the Council to financial risk from increasing interest rates. In addition, the 2022/23 TMS highlighted that the combined cost of debt charges (MRP and interest) was likely to be about 32% of the Council's net revenue budget, which was neither affordable nor financially sustainable.

2.3 The 2022/23 TMS highlighted that the Council had had to apply to the Secretary of State for permission to capitalise £307m of revenue expenditure to 31 March 2023.

2.4 In the past 12 months:

- the Finance Team have completely redrafted the 2018/19 statement of accounts sufficient for the external audit to be undertaken.
- the Council has embarked on an Asset Disposal Strategy which has generated £173m of capital receipts to date and is forecast to yield £216m to 31 March 2023 and a further £200m in 2023/24;

2.5 The combination of the two has meant that the Council:

- has a much improved view of the liabilities facing the Council which has resulted in a £40m reduction in the Capitalisation Direction request for the period to 31 March 2023 to £267m; and

- Officers have been able to finance a significant part of the Capital Financing Requirement for the current and previous years and significantly reduce MRP for 2023/24 and future years.

2.6 CIPFA published two new codes of practice in December 2021, which directly impact treasury management, namely, the revised Treasury Management Code of Practice (TM Code) and the Prudential Code for Capital Finance in local authorities. Both Codes have statutory force. The key changes from previous editions are around permitted reasons to borrow, knowledge and skills and the management of non-treasury investments. Both Codes took immediate effect, although local authorities could defer implementing the revised reporting requirements to 2023/24. The Council adopted the revised reporting requirements with effect from 2022/23.

2.7 The treasury management operation should help the Council to ensure that its cash flow is adequately planned, with cash being available when it is needed. A second function of treasury management is to fund capital plans. These capital plans provide a guide to the borrowing need of the Council to allow a longer term approach to cash flow planning. During 2022/23 a detailed cashflow forecasting model was implemented which provides improved management of the Council's cash balances which is helping to maximise the use of the additional cash flowing through from asset sales pending repayment of temporary borrowing.

2.8 An effective Treasury Management Strategy and service is critical to the Council, as the balance of debt and investment operations should ensure liquidity and the ability to make spending commitments as they fall due.

2.9 CIPFA defines treasury management as:

"The management of the local authority's borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

2.10 The Council is required to receive and approve, as a minimum, three main reports each year, which incorporate a variety of policies, estimates and actuals.

1. **Treasury Management Strategy Statement Report** – (this report) The first, and most important report is forward looking and covers:
    - the capital plans, (including prudential indicators)
    - a minimum revenue provision (MRP) policy, (how residual capital expenditure is charged to revenue over time)
    - the treasury management strategy, (how the investments and borrowings are to be organised), including treasury indicators; and
    - an investment strategy, (the parameters on how investments are to be managed)
2. **Mid-Year Review Report** – This is primarily a progress report presented to Cabinet in December/January and updates Members on the progress of the Capital Programme, reporting on Prudential Indicators to give assurance that the treasury management function is operating within the Treasury Limits and Prudential Indicators set out in the TMSS. The 2022/23 Treasury

Management Mid-Year Report was reported to Cabinet on 21 November 2022.

3. **Treasury Management Outturn Report** – This is a backward looking review, typically presented to Cabinet in June/July and provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the TMSS and Mid-Year Reports.

2.11 **Capital Strategy** – In addition to the three main treasury management reports, the CIPFA 2021 Prudential and Treasury Management Codes require all local authorities to prepare a capital strategy report which provides the following:

- a high-level long-term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services
- an overview of how the associated risk is managed
- the implications for future financial sustainability

2.12 The aim of the Capital Strategy is to ensure that all elected members on the full Council fully understand the overall long-term policy objectives and resulting capital strategy requirements, governance procedures and risk appetite. The Capital Strategy is included in the TMS at Section 1.

Changes to the capital finance regulations

2.13 The Government consulted on changes to the Local Authorities (Capital Finance and Accounting)(England) Regulations 2003 over the period November 2021 to February 2022. The two proposed changes were to:

- emphasise that MRP has to be set aside on all unfunded capital expenditure, because some authorities were not charging MRP on assets which were acquired to provide a capital receipt in the future, which included investment property and capital loans; and

- confirm to local authorities that it was unlawful to use capital receipts in lieu of making a MRP charge.

2.14 Neither of the above proposals would impact on the Council, because the revised MRP policy adopted last year ensures that MRP is charged on all unfunded capital expenditure and the recalculation of MRP undertaken last year corrected earlier practices to use capital receipts in lieu of making a MRP charge.

2.15 Introduction of the changes to the 2003 Regulations was expected to be from April 2023 onwards, but it seems likely that it may be deferred to April 2024.

3. Implications of the Recommendation

3.1 Financial implications

3.1.1 This report details the Council's strategies for treasury management and investment activity. The proposed changes to the Council's strategies are designed to bring the Council back onto a financially sustainable footing, principally by reducing debt, but also by disposing of assets.

3.2 Legal implications

3.2.1 The Local Government Act 2003 sets out the framework for local authority capital finance. This confers a broad power to borrow, subject to affordable borrowing limits. This framework is supplemented by the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003, as amended, and by codes of practice and guidance. These collectively require the Council to set out its treasury strategy for borrowing and to prepare an Annual Investment Strategy, setting out the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments.

3.2.2 Approval of the budget and policy framework is reserved to full Council. In accordance with Part 4.3 of the Council's Constitution, by the end of February Cabinet shall consider the resources available to finance capital projects for the next five years together with the Prudential Indicators and approve the capital expenditure programme for the next five years. By 11 March, Cabinet shall recommend to full Council the capital programme, borrowing limits and the Prudential Indicators for the following five years.

3.3 Risk management implications

3.3.1 The key risks are:

- asset sales either do not generate the expected receipts or are delayed. The mitigation is using external consultants to ensure best consideration is achieved through a managed asset disposal plan and by accelerating the asset disposal plan so far as possible;

- interest rates rise thus increasing borrowing costs. The temporary borrowing portfolio is at risk of interest rate rises. This can be mitigated by locking into PWLB borrowing and by repaying temporary borrowing as such loans mature.

3.4 Environmental implications

3.4.1 There are no specific implications.

3.5 Equality implications

3.5.1 There are no specific implications.

3.6 Procurement implications

3.6.1 There are no specific implications.

3.7 Workforce implications

3.7.1 There are no specific implications.

3.8 Property implications

3.8.1 In order to reduce the overall level of borrowing and finance the capitalisation direction, the Council has an asset disposal programme to generate capital receipts.

4. Background Papers

Treasury Management Strategy Statement

Minimum Revenue Provision Policy Statement and Annual Investment Strategy

2023/24 to 2027/28

Including commercial activities / non-treasury investments

Treasury Management Strategy executive summary

Introduction

1. All local authorities are required by law to approve a treasury management strategy (TMS), investment strategy and minimum revenue policy before the year to which they apply as part of the budget setting process. The TMS combines all three.

Key changes to the previous Treasury Management Strategy

2. There are no major changes to the Treasury Management Strategy (TMS) since 2022/23. In line with the Council's recovery plan, there has been a rigorous review of the capital programme and the funding of the programme. The capital programme is now fully funded from capital grants, capital receipts, developer contributions and the major repairs reserve, meaning that there is no new external borrowing required to support the programme, This is the first time that the Council has been in the position for some years and supports the Council in its aim to live within its means.

3. As reported in the 2022/23 TMS, the investment property portfolio is not generating a positive return for the Council, and these properties have been prioritised for disposal under the Council's Asset Disposal Strategy. To date six investment properties have been disposed of together with three sites originally acquired by the Council for re-development. Capital receipts generated to date total £173m and are expected to achieve £216m by 31 March 2023.

4. During 2022/23 the Council's 6 dormant companies have been dissolved and work continues on improving the governance of the remaining four companies, including the need for investments and loan facilities.

5. Steps to reduce the Council's debt areprogressing with the approval and implementation of the Asset Disposal Strategy. Temporary borrowing has been reduced by £154m to date from £337m at 31 March 2022 and is forecast to reduce by a further £50m to £133m by 31 March 2023 and be fully repaid by September 2023. This will significantly reduce the Council's exposure to interest rate risk and borrowing costs overall.

INTRODUCTION

6. The Council is required to set a balanced annual revenue budget. The timing and nature of income and expenditure within the budget needs to be understood and managed so that cash is available when it is required (**Liquidity**). This is a key function of the Treasury Management operation.

7. The second key function is the funding of the Council's capital plans, which is the key driver for the borrowing needs of the Council. This may involve arranging new or replacement loans of the planned use of cash balances.

8. The Treasury Management Strategy (TMS) for 2023/24 – 2027/28 sets out the Council's approach to ensuring cashflows are adequately planned to ensure that the Council's capital programme and corporate investment plans are adequately funded, with cash being available when it is needed to discharge the Council's legal obligations and deliver Council services. Surplus monies are invested in low risk counterparties (**Security**), providing access to funds when required (**Liquidity**) before considering optimising investment return (**Yield**).

Background

9. The Council's Treasury Management Strategy has been set in line with:

- the Local Government Act 2003;
- the Local Authorities (Capital Finance and Accounting)(England) Regulations 2003, as amended;
- Statutory Guidance on Minimum Revenue Provision issued by MHCLG (now DLUHC) 2018;
- Statutory Guidance on Local Government Investments issued by MHCLG (now DLUHC) 2018;
- the Prudential Code issued by CIPFA 2021;
- the Treasury Management Code of Practice issued by CIPFA 2021.

10. The strategy also has regard to:

- the Markets in Financial Instruments Directive II (MiFID II);
- international Financial Reporting Standard (IFRS) 9 Financial Instruments; and
- the UK Money Markets Code issued by the Bank of England April 2021.

Treasury Management Policy Statement

11. In setting the Treasury Management Strategy, the Treasury Management Code recommends that an organisation's Treasury Management Strategy adopts the following to define the policies and objectives of its treasury management activities:

(a) The Council defines its treasury management activities as the management of the authority's borrowing, investments, and cash flows including its banking, money market and capital market transactions, the effective control of the risks associated with those activities and the pursuit of optimum performance consistent with those risks.

(b) The Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the Authority and any financial instruments entered into manage these risks.

(c) The Council acknowledges that effective treasury management will provide support towards achievement of its business and service objectives. It is therefore committed to the principles of achieving best value for money in treasury management, and to employing suitable, comprehensive performance measurement techniques within the context of effective risk management.

12. In implementing the Treasury Management Code, Appendix 5 to this TMS sets out how the Council follows the key requirements of the Code.

13. The TMS covers five main areas summarised below:

Section 1 Capital spending

- Capital strategy
- Commercial activity – referred to investments for service commercial purposes under the CIPFA Treasury Management Code
- Capital Finance Requirement (CFR)
- Affordability
- Minimum Revenue Provision (MRP) policy statement

Section 2 Borrowing

- Overall borrowing strategy
- Post-PWLB interest rate increase borrowing strategy
- Alternative Borrowing Options
- Limits on external borrowing
- Maturity structure of borrowing
- Policy on borrowing in advance of need
- Debt rescheduling

Section 3 Managing cash balances

- The current cash position and cash flow forecast
- Prospects for investment returns
- Pension pre-funding payment
- Council policy on investing and managing risk
- Balancing short and long term investments

Section 4 Summary of Prudential Indicators

Section 5 Legal Implications

14. The Annual Investment Strategy (AIS) at Appendix 2 provides more detail on how the Council's surplus cash is to be invested in 2022/23 and future years. In particular, the approved schedules of specified and non-specified investments have been revised to comply with DLUHC Guidance and the Council's actual investment activities.

SECTION 1 - CAPITAL STRATEGY

Capital spending plans

15. The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans.

16. Table 1 summarises the Council's capital expenditure plans, both in terms of those projects agreed previously, and those forming part of the current budget cycle. The table sets out the Council's current expectations for financing the capital expenditure.

17. In line with the Council's financial recovery plan, the capital programme has been re-focussed to concentrate on schemes which are funded from capital grants, capital receipts, developer contributions and the major repairs reserve. Consequently, the revised capital programme does not require any new external borrowing.

Table 1 Capital spending and funding plans (Prudential Indicator 1)

2021/22 Actual £m		2022/23 Forecast £m	2023/24 Estimate £m	2024/25 Estimate £m	2025/26 Estimate £m	2026/27 Estimate £m	2027/28 Estimate £m	Total £m
	Expenditure							
38	General Fund	29	36	20	8	5	4	102
13	HRA	11	10	8	10	10	14	63
51		**40**	**46**	**28**	**18**	**15**	**18**	**165**
	Funding							
	General Fund							
(13)	Government Grant	(26)	(31)	(16)	(5)	(3)	(2)	(83)
0	Capital Receipts	(3)	(4)	(4)	(3)	(2)	(2)	(18)
(1)	Developer contributions (s.106)	0	(1)	0	0	0	0	(1)
0	Revenue contributions	0	0	0	0	0	0	0
(16)	Capitalisation Direction	0	0	0	0	0	0	0
	HRA							
0	Government Grant	0	0	0	0	0	0	0
(2)	Capital Receipts	(5)	(2)	(3)	(1)	0	(1)	(12)
(11)	Major Repairs Reserve	(6)	(8)	(5)	(9)	(10)	(13)	(51)
0	Revenue contributions	0	0	0	0	0	0	0
0	Developer contributions (s.106)	0	0	0	0	0	0	0
(43)		**(40)**	**(46)**	**(28)**	**(18)**	**(15)**	**(18)**	**(165)**
8	**Net financing need for the year**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
210	Capitalisation Direction	57	32	23	17	12	6	357
218	**Total Financing Need for the Year**	**57**	**32**	**23**	**17**	**12**	**6**	**357**

18. A major change last year was the inclusion of an additional line in Table 1 above to reflect the capitalisation direction being sought from the Department of Levelling Up, Housing and Communities (DLUHC). The purpose of the capitalisation direction is to allow the Council to classify revenue expenditure as capital expenditure – this is referred to as revenue expenditure funded from capital under statute (REFCUS). This allows the Council to then spread the cost of this expenditure over a number of years or finance from capital receipts.

19. As a result of improved financial information from closure of the accounts, the total Capitalisation Direction has been revised downward from a potential worst case of £782m to the current £357m.

20. As set out the Debt Recovery Strategy approved by Cabinet 20 September 2021, capital receipts generated from asset sales are being used:

- ➢ to finance any expenditure capitalised under the provisional Capitalisation Direction granted by the Government; and
- ➢ to repay existing external debt and reduce the Capital Financing Requirement (CFR) and thus reduce the Minimum Revenue Provision (MRP).

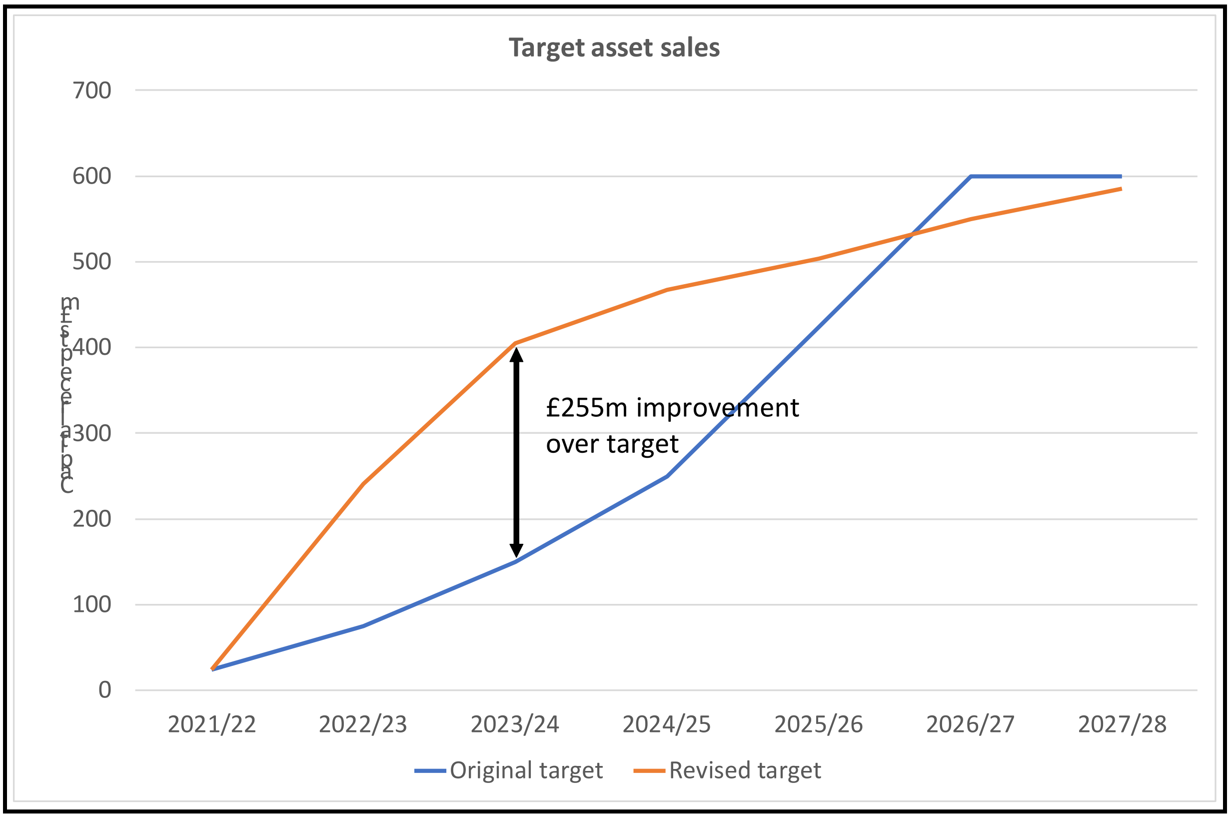
21. In addition, because the capital receipts have significantly exceeded forecasts for both 2022/23 and 2023/24, the Council has the potential to pay off the pension fund deficit – see paras 95 to 105 below.

22. As reported previously, the risks are that:

- ➢ slippage in the Asset Disposal programme could result in the need to set aside more MRP in the short-term pending receipts being realised;
- ➢ interest rates start to rise, thus increasing interest charges. This could be mitigated by fixing temporary borrowing through the PWLB to reduce the volatility from temporary borrowing rates.

23. In the event, the Asset Disposal programme has generated capital receipts significantly in excess of the target reported in the 2022/23 TMS – see Chart 1 below.

Chart 1 Target – potential asset sales



24. Increases in interest rates on temporary borrowing have increased interest charges for the Council during 2022/23 doubling interest on such borrowing to c. £3m. However, this has been mitigated by repaying temporary borrowing as loans have matured. Interest on temporary borrowing is expected to reduce to c. £1.7m in 2023/24 as the temporary loans are repaid in the period to September 2023.

Governance

25. All projects included in the capital programme have to have a full business case which is subject to review by finance, legal, CLT and by the Commissioners before being submitted for approval by Cabinet. The primary aim of this process is to ensure that any capital expenditure

incurred is fully justified in the light of the need to reduce overall borrowing but also maintain service delivery. Consequently, there is a greater emphasis on schemes which are funded from capital grants or developer contributions, unless there is a health and safety need for the expenditure.

Commercial activity

26. As well as investing in assets owned by the Council and used in the delivery of services, the Council can also invest, where appropriate, in:

- investment property for return;
- loans to third parties;
- shareholdings, and loans to limited companies and joint ventures.

27. Such investments are treated as capital expenditure for treasury management and prudential borrowing purposes even though they do not create physical assets in the Council's accounts. Appropriate budgets in respect of these activities are agreed as part of the Council's budget setting and ongoing monitoring processes and considered as part of the Annual Investment Strategy.

28. Currently the Council is invested in the following activities which fall within the category of commercial activity under the CIPFA Prudential Code:

- a substantial investment property portfolio currently valued at £208m, including £106m of assets acquired as part of the previous policy of acquiring an investment portfolio;
- loans to third parties totalling £69m - see Table 14 and paragraphs 106 to 112 below;
- investment in a number of Council companies summarised in Table 3 below.

29. The Council started investing in investment property in 2016/17 following Cabinet approval on 14 September 2015. From the outset, the objectives were blurred in that it was partly focussed on acquiring property for investment return and partly for acquiring property for regeneration. There were no targets set for returns or other performance measures.

30. CIPFA's guidance Prudential Property Investment issued 2019 advises that the following key issues should be taken into account when considering directly investing in property:

Key issue	**Assessment**	**Actions taken**
Transparency and democratic accountability -proposals should be compliant with the investment strategy;	The investment strategies have lacked targets for proposals to be measured against	Draft performance benchmarks set out in Table 2 below
Contribution – the contribution that investments make toward service delivery should be disclosed;	Gross rental income of £5.7m was disclosed in the 2021/22 Investment Strategy but not the contribution net of costs including operating and capital financing costs	Gross rental income for 2022/23 is £6.7m. Capital financing charges are £8.6m. The value of investment property fell by £2.8m. This is a net loss of £5.2m on a portfolio costing £108m
Performance indicators should be published to allow Members and the public assess the authority's risk exposure	The only indicator published in the 2021/22 Investment Strategy was gross yield of 5.78%, but takes no account of changes in market value of the investment property.	Performance set out in Table 2 below

Key issue	Assessment	Actions taken
Security – there should be a process in place for assessing risk of loss before entering into a transaction, including any security obtained	No demonstrable process in place	Due diligence process to include credit rating and company searches of all new tenants
Liquidity – the investment strategy should set out the procedures for accessing funds invested in property when needed	No exit strategy	The Council has approved an asset disposal strategy to realise capital receipts to reduce borrowing costs.
Proportionality – procedures for assessing the maximum amount that the revenue budget could reasonably support in terms of rent shortfalls	No assessment of the risk of loss to the revenue budget	At £6.7m rental income from investment property is 6% of the net revenue budget before the capitalisation direction.
Capacity, skills and culture – capacity of Members and officers to manage an investment property portfolio	No evidence that the capacity, skills and knowledge of Members and officers to manage an investment portfolio had been considered or the evidence to support such an assessment	Member training to be provided

31. Income generated from the investment property portfolio in 2022/23 is £6.2m per annum or 5.7% based on the cost of the assets. However, this is a gross return and does not take account of the fact that the assets have all been acquired through borrowing, so are fully leveraged, and have suffered a 5% fall in value. Because the investment properties were acquired by borrowing, any returns would need to cover the full costs of capital finance (i.e. interest and MRP) plus operating costs (i.e. maintenance, insurance, rent concessions etc) before they generated a positive rate of return. This would mean generating a return of at least 5.5%.

32. The Statutory Guidance on Local Government Investments issued by the DCLG in 2018 requires local authorities to develop quantitative indicators to allow Councillors and the public to assess a local authority's total risk exposure as a result of its investment decisions. Set out in Table 2 below is a range of key performance indicators recommended in the Guidance.

Table 2 Performance indicators

Indicator	Benchmark	Performance
Commercial income to net service expenditure		5.79%
Investment cover ratio	more than 3	0.07
Loan to value ratio	less than 80%	101.25%
Benchmark returns	5.00%	-1.61%

33. Because the investment portfolio has been entirely acquired using borrowing:

- investment cover ratio measures the extent to which investment income net of expenses cover interest expense. Good practice is that this should be in excess of 3 and that 2 is the minimum acceptable amount. The Council's investment cover ratio is below the minimum acceptable amount

- the loan to value ratio is more than the value of the assets. This is because the Council solely used borrowing to finance the acquisitions and values have fallen since acquisition. Consequently, the Council is at risk of realising losses of £9m from disposing of the investment portfolio at current values

- the rate of return on investment on the investment property portfolio is a negative 4.14%. Although the Council did not set a target, local authority pension funds with direct property investments typically have benchmark targets of around 5%.

34. Paragraph 51 of the Prudential Code 2021 states that to comply with the Code an authority must not borrow to invest primarily for financial return. Paragraph 53 of the Code goes onto say that authorities should not automatically exit such investments but seek to rebalance their portfolios.

35. As demonstrated in Table 2 above, against all the recommended performance indicators, the Council's investment property portfolio is performing significantly below the benchmark rate of return. Based on the above performance, notwithstanding that there is a potential unrealised loss of £9m, the investment property portfolio is a cost to the Council rather than generating a return. Consequently, disposal of the investment property portfolio has been prioritised in the asset disposal programme. Disposal of the first six investment properties has realised a net loss of £1.9m but this is more than offset by the savings in debt charges.

36. The Council's investment in companies is summarised in Table 3 below. The Council has board representation on all companies.

Table 3 Investment in Council companies

Company name	Ownership	Nominal value £	Net worth 31/3/2022 £000s
Subsidiaries			
James Elliman Homes **	100%	1	(630)
Ground Rent Estates 5 Ltd **	100%	455,001	21
Development Initiative for Slough Housing Co Ltd	100%*	1	0
Slough Children First Ltd **	100%*	1	0
Joint Venture			
Slough Urban Renewal LLP ***	50%	100	9,478
Total		**455,104**	**8,869**

* companies limited by guarantee rather than share capital. The Council controls this company via voting rights
** Net worth based on 2020/21 accounts as 2021/22 accounts not yet published
*** net worth shown is the Council's 50% share

37. During 2022/23 the Council dissolved the following dormant companies as part of the Finance Action Plan

Table 4 Dormant companies dissolved in 2022/23

	Date of dissolution
Subsidiaries	
Slough Asset Management Ltd	05/07/2022
Herschel Homes Ltd	10/05/2022
DISH RP FP Ltd	06/09/2022
DISH CLS Ltd	07/06/2022
Slough Direct Services Ltd	07/06/2022
Associate	
DISH RP Ltd.	10/05/2022

38. The Council is not dependent on income generated from the companies, as they are generally not making a substantial return primarily for delivering service policy objectives for the Council. The investment in SUR was to deliver a return arising from profit distributions from site developments and has delivered a return in previous years. However, the performance of the companies represent a substantial financial risk to the Council:

- James Elliman Homes – the company is breaking even and although it has property assets of £55m, it has £51.7m of borrowing from the Council all secured on property owned the company, and has significantly higher levels of rent arrears from its tenants, than compared with the HRA;

- GRE5 – the loan agreement was executed in August 2022 providing a £10m loan facility. Since the loan was advanced costs for remediating Nova House have escalated and the loan will need to be increased to £15m. Currently the loan is being repaid by GRE5 as claims are made to Homes England under the Grant Funding Agreement. However there remains some uncertainty over the extent to which the loan advances will be fully recoverable from the company. Therefore, there may be a need to impair the loan by up to £5m;

- Slough Urban Renewal – the company has accumulated substantial costs, which would ordinarily be recoverable from future asset sales. However, given that the Council is looking to sever its involvement with SUR, then the Council will have to bear its half of the accumulated costs – estimated to be £0.450m.

Capital Financing Requirement (CFR)

39. The CFR measures the extent to which capital expenditure has not yet been financed from either revenue or capital resources. It is essentially a measure of the Council's indebtedness and so its underlying borrowing need. Any capital expenditure which has not immediately been paid for through a revenue or capital resource, will increase the CFR.

40. In addition to traditional capital expenditure on tangible assets, such as buildings, the CFR includes PFI schemes and finance leases. Whilst these increase the CFR, and therefore the Council's borrowing requirement, these contracts include an element of the charge to repay the financing provided by the PFI provider or the lessor. Consequently, the Council is not required to separately borrow for these schemes. At 31 March 2022, £34.4m of the CFR was in respect of PFI schemes and finance leases.

41. The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the indebtedness in line with each asset's life, and so charges the economic consumption of capital assets as they are used.

42. Table 5 below shows that the CFR will decrease over the medium term. A major contributor to the size of the General Fund CFR is the £362m Capitalisation Direction (see Table 1 above) which is necessary to avoid the Council's General Fund being in deficit for the period 2021/22 to 2027/28. The CFR peaked at £893m in 2021/22 and is forecast reduce significantly as capital receipts generated from the Asset Disposal programme are applied to fund previous years' capital expenditure.

43. The size of the CFR is a major driver in the amount required to be charged to council tax as MRP. Because the Asset Disposal programme has generated accelerated capital receipts the CFR is forecast to reduce significantly compared with the 2022/23 TMS forecast. Consequently, MRP charges are forecast to reduce significantly.

Table 5 Capital Financing Requirement forecast (Prudential Indicator 2)

2021/22 Actual £m		2022/23 Forecast £m	2023/24 Estimate £m	2024/25 Estimate £m	2025/26 Estimate £m	2026/27 Estimate £m	2027/28 Estimate £m
	CFR as at 31 March						
713	General Fund	536	394	347	337	327	319
184	HRA	184	184	184	184	184	164
897		**720**	**578**	**531**	**521**	**511**	**483**
	Annual change						
	General Fund	(177)	(142)	(47)	(10)	(10)	(8)
	HRA	0	0	0	0	0	(20)
0		**(177)**	**(142)**	**(47)**	**(10)**	**(10)**	**(28)**
	Reason for change						
	Net financing	0	0	0	0	0	0
	Capitalisation Direction	57	32	23	17	12	6
	Less repayment of debt	(216)	(164)	(63)	(20)	(16)	(28)
	Less MRP	(18)	(10)	(7)	(7)	(6)	(6)
0	**Net financing**	**(177)**	**(142)**	**(47)**	**(10)**	**(10)**	**(28)**

44. It should be noted that the 2021/22 figure of £897m for the CFR is provisional pending completion of the statement of accounts.

45. Table 6 below confirms that the Council's gross debt is not forecast to exceed the total of the CFR in the preceding year (i.e. 2022/23) plus the estimates of any additional CFR for current year and the following financial years (i.e. 2023/24 and succeeding years).

Table 6 Borrowing compared to the CFR (Prudential Indicator 3)

2021/22 Actual £m		2022/23 Forecast £m	2023/24 Estimate £m	2024/25 Estimate £m	2025/26 Estimate £m	2026/27 Estimate £m	2027/28 Estimate £m
749	Gross Projected Debt	604	435	372	323	314	280
897	Capital Financing Requirement	720	578	531	521	511	483
148	**Under/(over) borrowing**	**116**	**143**	**159**	**198**	**197**	**203**

46. The impact of the Capitalisation Direction has been to restore the headroom between external borrowing and the CFR. Normally this would indicate that the Council has funded capital expenditure from internal borrowing. In Slough's case it reflects that the Council has had to capitalise £357m of revenue expenditure, which is being financed from capital receipts.

Affordability

47. The objective of the affordability indicator is to ensure that the level of investment in capital assets proposed remains within sustainable limits and, in particular, highlight the impact of capital financing costs (i.e. MRP and interest) on the Council's "bottom line". The estimates of financing costs include current commitments and the proposals in the Council's budget report. Table 7 below sets out the expected ratio of capital financing costs to income for both General Fund and HRA activities:

Table 7 Ratio of capital financing costs to income (Prudential Indicator 4)

2021/22 Actual %		2022/23 Forecast %	2023/24 Estimate %	2024/25 Estimate %	2025/26 Estimate %	2026/27 Estimate %	2027/28 Estimate %
12.89%	General Fund	21.47%	15.92%	11.84%	8.69%	7.90%	7.61%
38.54%	HRA	36.56%	34.75%	32.16%	31.70%	30.72%	29.76%

48. The increase in the ratio of capital financing charges to income between 2021/22 and 2022/23 above reflects the first year that the amortisation of the Capitalisation Direction to effect which added £7m to MRP in 2022/23. However because of the accelerated capital receipts from the Asset Disposal programme, the ratio of capital financing costs to income has dropped from 27.87% forecast for 2022/23 last year down to 21.47%. Whilst this is still high compared with other authorities and represents a significant charge against the revenue budget, the impact of the accelerated capital receipts is forecast to bring the ratio down to levels comparable with other unitary authorities of between 5-7% over the medium-term. The HRA ratio remains in line with other housing authorities at 25-33% reflecting the nature of self-financing within the HRA.

49. Similarly expressed as a percentage of the net revenue budget capital financing charges (excluding interest receivable) which were originally forecast to exceed 30% of net revenue budget for the period 2022/23 to 2024/25 are forecast to significantly reduce as shown in Table 8 below. This brings the debt charges down to a level which is affordable for the Council.

50. The forecasts in Tables 7 and 8 are heavily dependent on capital receipts being generated from the asset disposal strategy. If receipts are not generated in the quantum forecast or to time or are diverted to other projects, then the reduction in the burden of debt charges on the Council budget will be undone.

Table 8 Ratio of capital financing charges to net revenue budget

2021/22 Actual %		2022/23 Forecast %	2023/24 Estimate %	2024/25 Estimate %	2025/26 Estimate %	2026/27 Estimate %	2027/28 Estimate %
17.98%		25.95%	19.70%	14.87%	11.59%	10.12%	9.89%

51. The capital financing charges arising from the HRA capital programme increase in line with the forecast increase income, hence capital charges as a proportion of the HRA net revenue stream remain fairly steady. Table 7 shows a decrease of 8% between the outturn for 2021/22 and the five year estimate to 2027/28. This is because the increase in depreciation charges (which fund the Major Repairs Reserve) are expected to track the overall increase in rental income and because the HRA capital programme has been reduced to concentrate resources on the existing stock. As the HRA is statutorily ring-fenced there are no consequences for the General Fund arising from the HRA capital programme.

Minimum Revenue Provision Policy Statement

52. Regulation 27 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 ('the 2003 Regulations') requires local authorities to 'charge to a revenue account a

minimum revenue provision (MRP) for that year'. The minimum revenue provision is an annual amount set aside from the General Fund to meet the cost of capital expenditure that has not been financed from available resources, namely: grants, developer contributions (e.g. s.106 and community infrastructure levy) revenue contributions, earmarked reserves or capital receipts.

53. MRP is sometimes referred to as the mechanism for setting aside monies to repay external borrowing. In fact, the requirement for MRP set aside applies even if the capital expenditure is being financed from the Council's own cash resources and no new external borrowing or other credit arrangement has been entered into.

54. Regulation 28 of the 2003 Regulations requires full Council to approve a Minimum Revenue Provision (MRP) Statement setting out the policy for making MRP and the amount of MRP to be calculated which the Council considers to be prudent. This statement is designed to meet that requirement.

55. In setting a prudent level of MRP local authorities must "have regard" to guidance issued from time to time by the Secretary of State for Housing, Communities and Local Government. The latest version of this guidance (version four) was issued by Ministry of Housing, Communities and Local Government (MHCLG) in February 2018.

56. In setting a level which the Council considers to be prudent, the Guidance states that the broad aim is to ensure that debt is repaid over a period reasonably commensurate with that over which the capital expenditure provides benefits to the Council.

57. Therefore, the implication is that MRP bears a relationship to the overall level of borrowing of the Council. In other words if borrowing increases, the MRP should increase.

58. The Guidance sets out four "possible" options for calculating MRP, as set out below,

Option	Calculation method	Applies to
1: Regulatory method	Formulae set out in 2003 Regulations (later revoked)	Expenditure incurred before 1 April 2008
2: CFR method	4% of Capital Financing Requirement	Expenditure incurred before 1 April 2008
3: Asset life method	Amortises MRP over the expected life of the asset	Expenditure incurred after 1 April 2008
4: Depreciation method	Charge MRP on the same basis as depreciation	Expenditure incurred after 1 April 2008

59. Two main variants of Option 3 are set out in the Guidance: (i) the equal instalment method and (ii) the annuity method. The annuity method weights the MRP charge towards the later part of the asset's expected useful life and is increasingly becoming the most common MRP option for local authorities.

60. The Guidance also includes specific recommendations for setting MRP in respect of finance lease, investment properties and revenue expenditure which is statutorily defined as capital expenditure under the 2003 Regulations (also referred to as revenue expenditure funded from capital under statute or REFCUS). Examples of REFCUS include:

Example	MRP amortisation period
Revenue expenditure capitalised under Direction from the Secretary of State	20 years
Loans or grants to third parties for capital purposes	Life of assets being financed by loan

Purchase of shares in limited companies	20 years

61. Other approaches are not ruled out however they must meet the statutory duty to make prudent MRP provision each financial year.

62. As reported in the 2022/23 TMS, the previous MRP Policy did not comply with Statutory Guidance on MRP nor had the policy actually been applied in practice leading to a material undercharge of MRP in previous years. Correction of the undercharge remains a key element of the Capitalisation Direction.

63. Paragraph 19 of the Statutory Guidance on MRP permits the MRP policy to be amended during the year provided this is presented to full Council for approval. In view of the non-compliance issues highlighted in the 2022/23 TMS, the MRP policy was amended last year to take effect from 1 April 2021. No changes are proposed to the MRP policy for the forthcoming year, which is set out at Appendix 1.

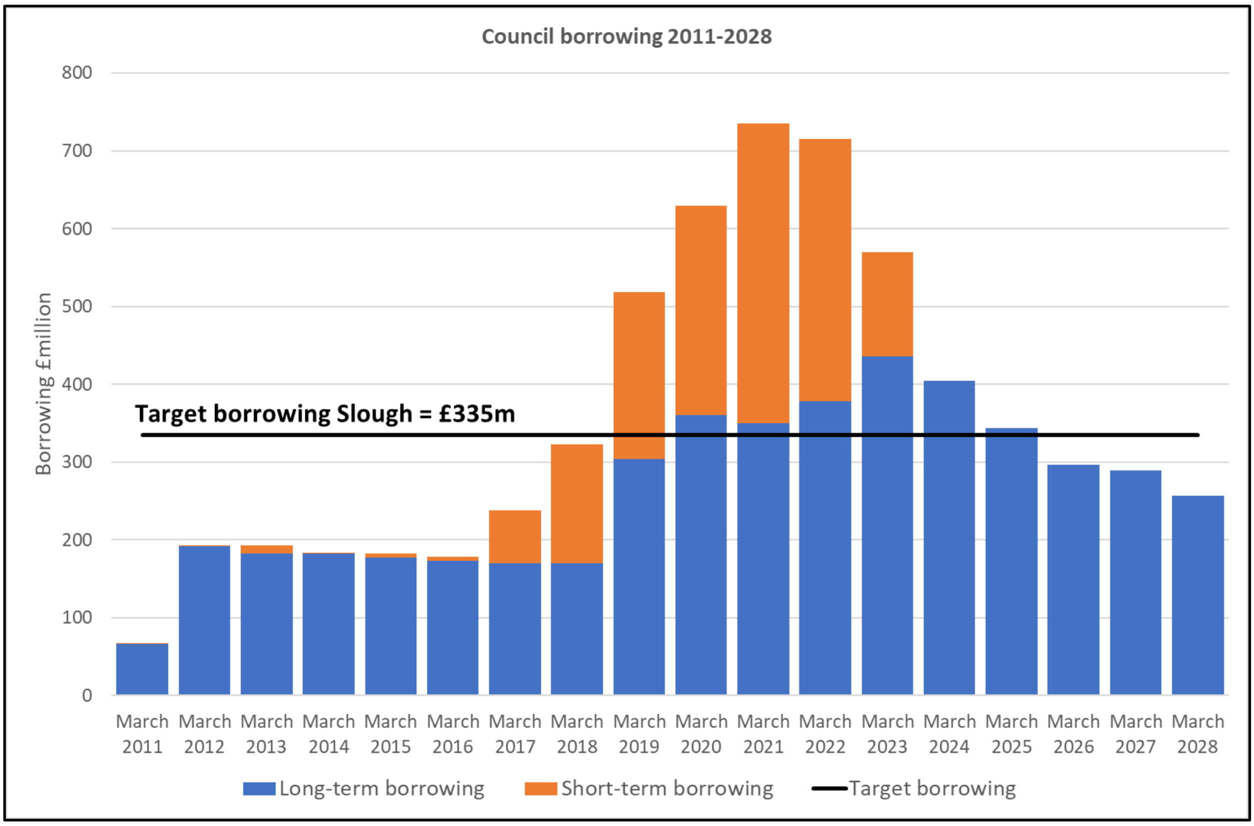
SECTION 2 - BORROWING

Overall borrowing strategy

64. One of the main functions of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer term cash flow planning, to ensure that the Council can meet its capital spending obligations. This management of longer term cash may involve arranging long or short-term loans, or using longer-term cash flow surpluses. On occasion, when it is prudent and economic, any debt previously drawn may be restructured to meet Council risk or cost objectives.

65. The Council's main objective when borrowing money is to strike an appropriate balance between securing low interest costs and achieving cost certainty over the period for which funds are required. For the period 2016/17 to 2020/21 the Council's borrowing strategy was to use temporary borrowing from other local authorities to fund the capital programme as shown in Chart 2 below.

Chart 2 Total borrowing 2011 -2028



66. As previously reported whilst this approach served the Council well in keeping interest costs down compared with fixing borrowing through the PWLB, this exposed the Council to interest rate risk and the risk associated with replacing temporary borrowing as loans matured. Following the s.114 notice the number of local authorities willing to lend to the Council has reduced significantly.

67. In response to the s.114 notice and the Finance Action Plan, the 2022/23 TMS introduced a debt reduction strategy with the aim of reducing the Council's borrowing down to a target level of £335m which is a sustainable level of borrowing for an authority the size of Slough. As can be seen from Chart 2, the level of borrowing is forecast to reduce by £145m to £570m by 31

March 2023 and £404m by 31 March 2024. Thus bringing the Council's borrowing down to a sustainable and affordable level.

68. Currently inflation is driving interest rate rises. Inflation in Q4 of 2022 was at 10.9% - the highest rate for 30 years. The Bank of England is forecasting inflation to reduce to 5.2% by Q4 2023 and reduce to 1.4% by Q4 2024.

69. In response to the rise in inflation, the Bank of England Monetary Policy Committee (MPC) increased base rate from 2.25% to 3.0% on 11 November 2022, then 3.5% on 28 December 2022 and to 4.0% on 2 February 2023. The MPC forecast bank rate will peak at 5.2% in Q4 2023 and start to reduce in 2024 to 4.7% by Q4.

70. Given the above it remains key to the Council's financial recovery plan to reduce interest rate exposure from temporary borrowing and to continue to reduce borrowing overall.

Post-PWLB Interest Rate Change Borrowing Strategy

71. On 5 November 2020, the Public Works Loan Board (PWLB) reversed its decision to increase the cost of borrowing for local authorities for general fund purposes by 1%, bringing the rates offered in line with those for housing revenue account purposes. All new loans are therefore now subject to the relevant gilt yields +0.8% (certainty rate).

72. The Council's treasury management strategy permits borrowing from various sources, but it has not been previously anticipated that any alternatives to PWLB would need to be utilised, given the current low cost of PWLB funding.

73. The key advantage of PWLB is the speed and ease of transaction processing and the low fee and administration cost associated with the loans. Alternative types of funding could result in lengthy due diligence, consultancy costs, legal advice and fees and will be far more costly administratively.

Alternative Borrowing Options

74. There are a range of alternatives to borrowing from the PWLB, namely:

- commercial loans from banks
- pension fund institutional investors
- issuing a bond privately; or
- borrowing via the Municipal Bonds Agency.

75. However, given that the Council is having to seek a substantial capitalisation direction from central government in order to balance the budget lawfully, the Council is not an attractive proposition for other lenders. Therefore, these options are not available to the Council and the primary source of borrowing will remain the PWLB for fixed term borrowing (should the need arise to fix borrowing) and other local authorities for temporary borrowing.

76. Immediate liquidity needs can be satisfied by borrowing from other local authorities in the short term, consistent with the Council's current approved treasury management strategy.

Debt Reduction Strategy

77. In view of the unsustainably high level of borrowing highlighted in Chart 2 above, the strategy remains to use capital receipts from the asset disposal programme to repay borrowing. As explained above the debt reduction strategy started last year is beginning to bear fruit with a £145m reduction in overall borrowing by 31 March 2023 and a further reduction to £404m in the following year. This will bring the overall borrowing down to sustainable level and in line with the target of £335m for the Council.

Limits on external borrowing

78. The Prudential Code requires the Council to set two limits on its total external debt, as set out in Table 9 below. The Authorised Limit has been increased in line with the CFR.

Table 9 Overall borrowing limits (Prudential Indicators 5a and 5b)

2021/22 Actual £m		2022/23 Forecast £m	2023/24 Estimate £m	2024/25 Estimate £m	2025/26 Estimate £m	2026/27 Estimate £m	2027/28 Estimate £m
904	Authorised Limit:	793	638	587	574	562	530
794	Operational boundary	757	609	560	548	536	506

79. The limits are:

- **Authorised Limit for External Debt (Prudential Indicator 5a)** – This is the limit prescribed by section 3(1) of the Local Government Act 2003 representing the maximum level of borrowing which the Council may incur. It reflects the level of external debt which, while not desired, could be afforded in the short term, but may not be sustainable in the longer term. This has been set at the level of the CFR forecast in Table 5 plus 5%

- **Operational Boundary (Prudential Indicator 5b)** – This is the limit which external debt is not normally expected to exceed. The boundary has been set at the level of the CFR plus other financial liabilities (see Table 5 above).

80. The Director of Finance reports that the Council complied with these prudential indicators in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in this report.

Maturity structure of borrowing (Prudential Indicator 7)

81. Managing the maturity profile of debt is essential for reducing the Council's exposure to large fixed rate sums falling due for refinancing within a short period, and thus potentially exposing the Council to additional cost. Table 10 below sets out current upper and lower limits for debt. The principal repayment profile for current council borrowing remains within these limits.

Table 10 Debt maturity profile limits (Prudential Indicator 7)

Maturity structure of fixed rate borrowing	Upper Limit %	Lower Limit %	Forecast maturity of fixed rate borrowing at 31 March 2023 £m	%	Compliance with set limits?
Under 12 months	70%	0%	134	23%	Yes
1 to 2 years	50%	0%	79	14%	Yes
3 to 5 years	35%	0%	65	11%	Yes
6 to 10 years	25%	0%	40	7%	Yes
10 to 20 years	50%	0%	155	27%	Yes
20 to 30 years			64	11%	
30 to 40 years			0	0%	
40 to 50 years			33	6%	
Total			**570**	**100%**	

82. The indicator is designed to control the Council's exposure to refinancing risks. The indicator covers the risk of replacement loans being unavailable, rather than interest rate risk. The Council has no Lender Option Borrower Option loans (LOBOs) with option dates as potential repayment dates. The Council converted its Barclays bank LOBO into a fixed rate loan in 2016, and this does not contain any option dates either.

83. Table 11 below sets out the upper limits for interest rate exposures. The Council has no variable interest rate loans in its portfolio; all loans are fixed interest rate loans. The Council is impacted by increasing interest rates at the point of re-financing. However this risk is being mitigated by repaying all temporary borrowing using capital receipts from asset sales.

Table 11 Interest rate exposures

Interest rate exposure indicator	2022/23 Forecast	2022/23 Limit	Complied?
Limits on fixed interest rates based on net debt	100%	100%	Yes
Limits on variable interest rates based on net debt	0%	60%	Yes

84. In the event that there is a much sharper rise in long and short term rates than currently forecast, then the balance of the loan portfolio will be revisited with a view to taking on further longer term fixed rate borrowing in anticipation of future rate rises.

Policy on borrowing in advance of need

85. The Council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds.

86. Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism. There are no plans to borrow in advance of need while the Council reduces its overall borrowing over the next 5-6 years.

Debt rescheduling

87. As short term borrowing rates will be considerably cheaper than longer term fixed interest rates, there may be opportunities to generate savings by switching from long term debt to short term debt. However, these savings will need to be considered in the light of the current treasury position and the cost of debt repayment (premiums incurred).

88. The reasons for any rescheduling to take place will include:

- generating cash savings and/or discounted cash flow savings;
- helping to fulfil the treasury strategy; and
- enhancing the balance of the portfolio by amending the maturity profile and/or the balance of volatility.

89. Should an opportunity for debt rescheduling arise, it will be reported to the Audit and Governance Committee and full Council at the earliest meeting following its action.

SECTION 3 – MANAGING CASH BALANCES

The current cash position and cash flow forecast

90. Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months).

91. As at 31 December 2022 core cash and short-term investments totalled £155.6m. This is a temporary position arising from receiving capital receipts in advance of temporary loans maturing. These balances are being invested on a temporary basis with the Debt Management Office (£102.5m), money market funds (£44.2m) and a 3 month loan to another local authority.

Prospects for investment rates

92. Investment returns for short-term money have kept level with movements in base rate. As a result the Council is earning an average of 3.1% on balances with the Debt Management Office (DMO) and 2.7% with money market funds. Cash generated from the asset sales has been invested in the DMO over durations to match the maturity of temporary loans. This will yield nearly £1m in 2022/23.

93. As part of the response to the pandemic and lockdown, the Bank of England and the Government provided financial markets and businesses with plentiful access to credit, either directly or through commercial banks. In addition, the Government provided large sums of grants to local authorities to help deal with the Covid-19 crisis; which caused some local authorities to have sudden large increases in cash balances searching for an investment home. The Government has started to recoup unused Covid grants, and consequently the amount of “spare” money on the local authority market has reduced significantly.

94. The suggested budgeted investment earnings rates for returns on investments placed for periods up to about three months during each financial year are set out in Table 12 below (the long-term forecast is for periods over 10 years in the future):

Table 12 Forecast investment returns

Average earnings in each year	
2022/23	2.00%
2023/24	3.00%
2024/25	3.00%
2025/26	2.50%
2026/27	2.50%
2027/28	2.00%
Long-term later years	2.00%

Pension pre-funding payment

95. Prepaying pension fund contributions to the pension fund has been seen to provide a better rate of return than typical short-term investment returns for many local authorities for the past 15 years. The Council prepaid primary and secondary contributions to Berkshire Pension Fund for 2022/23 which achieved a return of 2.6%. This was significantly better than investment in the money market for 12 months which was generating less.

96. In 2023/24, because the Council will have fully repaid all temporary borrowing by September and the Council is forecasting to generate an additional £200m of capital receipts in 2023/24, it is proposed that the Council enter into an agreement with Berkshire Pension Fund to use capital receipts remaining after repaying temporary borrowing to be used to pay off the Council’s pension fund deficit.

97. The actuary has provided a provisional rates and adjustment certificate following the March 2022 triennial funding valuation, which envisages the Council paying:

- Primary contributions for current service at 17.2% of pensionable pay for the period 2023/24 to 2025/26; and
- Secondary contributions in respect of the funding deficit of £51.1m at 31 March 2022 at c. £5.5m for the next 12 years.

98. By using capital receipts to fund a one-off payment to the pension fund of £51.1m in 2023/24, the Council would eliminate the need to pay secondary contributions to the pension fund on the basis of the 2022 valuation. This would save the revenue budget an average of £5.5m per annum for the next 12 years.

99. Normally employers pension contributions are a revenue charge. Making use of the flexible use of capital receipts powers would permit the Council to treat the one-off contribution as revenue expenditure funded from capital under statute and fund the payment from capital receipts.

100. DLUHC issued a revised Flexible Use of Capital Receipts for Transformation Projects Direction on 1 August 2022. Para 3 of the Direction permits local authorities to:

> treat as capital expenditure, expenditure which:
>
> i. is incurred by the Authorities that is designed **to generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs and/or transform service delivery in a way that reduces costs or demand for services in future years for any of the public sector delivery partners**; and
>
> ii. is properly incurred by the Authorities for the financial years that begin on 1 April 2022, 1 April 2023 and 1 April 2024.
>
> iii. is not incurred with respect to redundancy payments, except where such redundancy costs are necessarily incurred and limited to the amounts available as statutory redundancy payments.

101. Taking the three points in turn:

Criterion	**Analysis**	**Met?**
Is the expenditure designed to: (a) **generate ongoing revenue savings in the delivery of public services and/or** (b) **transform service delivery to reduce costs and/or** (c) **transform service delivery in a way that reduces costs or demand for services in future years for any of the public sector delivery partners**	By paying off the pension fund deficit in one lump sum, there would be an ongoing saving to the Council of £5.5m per annum for the next 12 years and would save the Council having to pay interest on the deficit of £14.48m.	Yes
Would the expenditure be properly incurred for the financial years that begin on 1 April 2022, 1 April 2023 and 1 April 2024	The expenditure would be a one-off payment in the year beginning 1 April 2023	Yes
The expenditure is not incurred with respect to redundancy payments?	The expenditure would be solely concerned with paying off the pension fund deficit	Yes

102. Therefore the above analysis indicates that the expenditure would meet the criteria for classification as transformation expenditure.

103. Para 4 and 5 of the Direction sets out further stipulations regarding capital receipts, which requires the "transformation expenditure " shall only:

- be met from capital receipts as defined by section 9 of the Local Government Act 2003 and the regulations made thereunder received in the years to which the Direction applies (ie. for the financial years beginning 1 April 2016 to 1 April 2024, inclusive; and
- that the capital receipts must be generated from disposals outside the group structure.

104. The capital receipts are being generated from disposals in the years commencing 1 April 2022 and 1 April 2023, so meet the first stipulation. The Council is not selling to any parties within its group structure. Indeed the Council is in the process of winding up companies within its group structure. Therefore, this meets the second stipulation.

105. The purpose of this section is to authorise the Director of Finance to enter into agreement with Berkshire Pension Fund to make a one-off payment to Berkshire Pension Fund to pay off the pension fund deficit, subject to there being sufficient capital receipts available after repaying all temporary borrowing and obtaining independent investment advice to mitigate any investment risk associated with the transaction.

Council policy on investing and managing risk

106. The aim is to manage risk and reduce the impact of any adverse movement in interest rates on the one hand but, at the same time, not setting the limits to be so restrictive that they impair opportunities to reduce costs or improve performance.

Balancing short and long-term investments

107. Greater returns are usually obtainable by investing for longer periods. While most cash balances are required in order to manage the ups and downs of cash flow where cash sums can be identified that could be invested for longer periods, the value to be obtained from longer term investments will be carefully assessed.

108. The Council has long-term investments in the form of loans to third parties set out in Table 13 below. The loans to third parties generate an interest stream to the Council of £1.9m with an effective rate of 3.39%.

Table 13 Loans to third parties

Interest receivable 2021/22 £000s	Debtor	Balance at 31/3/2023 £000s	Interest receivable 2022/23 £000s	Rate %
1,551	James Elliman Homes	51,700	1,551	3%
420	SUR LLP - senior debt [1]	0	144	5%
0	SUR LLP - loan notes [2]	2,885	0	5%
N/A	GRE 5 Ltd [3]	9,613	578	6%
28	Slough Children First Ltd	5,000	71	1.41%
1	St Bernards School [4]	repaid	2	2.49%
2,000		**69,198**	**2,346**	**3.39%**

Notes:

1 The senior debt loan was fully repaid in December 2022. Loan advances had totalled £10m

2 The interest on the loan notes has been impaired as it is unlikely that the remaining sales of apartments at the Old Library Square Residential scheme will generate sufficient income to do anything more than repay the loan notes.

3 The loan advance of £10m to GRE5 was executed in August 2022.

4 St Bernards School prematurely repaid the £130,000 loan in October 2022,

109. Since the loan was executed in August 2022, the costs for remediating Nova House have escalated and the loan will need to be increased to £15m. Currently the loan is being repaid from claims against Homes England. However there remains some uncertainty over the extent to which the loan advances will be fully recoverable from the company. Therefore, there may be a need to impair the loan by up to £5m.

110. The loans to James Elliman Homes Ltd, and Slough Children First Ltd have all been advanced at below commercial rates (known as soft loans).

111. All the loans are all for capital purposes, the Council incurs a Minimum Revenue Provision charge as these have all been financed from borrowing. The combination of MRP and interest mean that the Council is losing money on these loans. The only loans generating a net return are the senior debt loan to SUR and the loan to GRE 5 Ltd.

112. Given the Council's financial position, any future loans to third parties should no longer be provided as soft loans. Instead the interest rate charged should cover all the Council's capital financing costs (i.e. interest, MRP over the life of the loan plus 1% for risk).

113. Last year the TMS increased the investment limit to £90m to provide headroom for further advances, subject to due diligence on the prospective debtor. Increasing the loan to GRE 5 Ltd by £5m would still leave headroom beneath the £90m limit of £15m. Consequently, there is no proposal to adjust this limit – see table 14 below.

Table 14 Investment limits (Prudential Indicator 6)

	2022/23 Forecast £m	2023/24 Estimate £m	2024/25 Estimate £m	2025/26 Estimate £m
Actual principal invested beyond 364 days	69	74	71	71
Upper limit for principal sums invested for more than 364 days	90	90	90	90
Complied?	Yes	Yes	Yes	Yes

SECTION 4 - SUMMARY OF PRUDENTIAL INDICATORS (PIs)

114. The purpose of prudential indicators (PIs) is to provide a reference point or “dashboard” so that senior officers and Members can:

- easily identify whether approved treasury management policies are being applied correctly in practice and,
- take corrective action as required.

115. As the Council’s S151 officer, the Director of Finance has a responsibility to ensure that appropriate PIs are set and monitored and that any breaches are reported to Members.

116. The Director of Finance has confirmed that the PIs set out below are all expected to be complied with in 2022/23 and he does not envisage at this stage that there will be any difficulty in achieving compliance with the proposed indicators for 2023/24-2025/26.

PI Ref	Para ref	Prudential Indicator	2021/22 Actual £m	2022/23 Forecast £m	2023/24 Proposed £m	2024/25 Proposed £m	2025/26 Proposed £m
1	17	Capital expenditure	51	40	46	28	18
2	43	Capital financing requirement	897	720	578	531	521
3	45	Net debt vs. CFR - under/(over) borrowed	148	116	143	159	198
4	47	Ratio of financing costs to revenue stream					
		General Fund	12.89%	21.47%	15.92%	11.84%	8.69%
		HRA	38.54%	36.56%	34.75%	32.16%	31.70%
5a	78	Authorised limit for external debt	904	793	638	587	574
5b	78	Operational debt boundary	794	757	609	560	548
6	113	Limit on surplus funds held for more than 364 days (i.e. non-specified investments)	90	90	90	90	90
7	81	Maturity structure of borrowing					
		Upper limit under 12 months	23%	70%	70%	70%	70%
		Upper limit 10 years or more	44%	50%	50%	50%	50%

SECTION 5 - LEGAL IMPLICATIONS

117. The Local Government Act 2003 provides that a local authority has the power both to borrow and invest money for any purpose relevant to its functions and for the prudent management of its financial affairs. The Act requires the Council to determine and to keep under review how much money it can afford to borrow. The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003, as amended, provide that, in complying with this duty, the Council must have regard to the Prudential Code for Capital Finance in Local Authorities published by CIPFA. The Council is also required to have regard to the CIPFA Treasury Management Code of Practice.

118. The CIPFA Treasury Management Code of Practice 2021 and the Secretary of State's Investment Code both require the Section 151 officer (Director of Finance) to present an Annual Treasury Management Strategy Statement, which includes an Annual Investment Strategy, for the forthcoming year for approval by the Full Council before the beginning of each financial year.

119. The CIPFA Prudential Code for Capital Finance in Local Authorities sets out various indicators that are to be used to support capital expenditure plans and treasury management decisions. The prudential and treasury indicators have to be set by the Full Council when the budget is set and are monitored during the year. The prudential indicators are included in section 4 of this report.

120. The Council is also required to approve a Treasury Management Policy Statement setting out the overarching framework for treasury management services within the Council. This statement is set out at paragraph 11 of this report and Appendix 5 sets out how the Council complies.

10. APPENDICES

1 Minimum Revenue Provision (MRP) Policy

2 Annual Investment Strategy

3 Approved Counterparty List

4 Approved Countries for Investments

5 CIPFA Treasury Management Code requirements including:

  a. Treasury Management Scheme of Delegation

  b. Treasury Management role of s.151 officer

BACKGROUND PAPERS

1. Treasury Management Strategy Statement 2022/23 (approved by Council 10 March 2022)
2. Capital Strategy and Capital Programme: 2022/23 to 2026/27 (approved by Council 10 March 2022)

APPENDIX 1

Minimum Revenue Provision (MRP) policy statement

1. Having regard to current Guidance on MRP issued by MHCLG and the “options” outlined in that Guidance, the Council is recommended to approve the following MRP Statement to take effect from 1 April 2021:

    - For all supported borrowing, MRP will be calculated using Option 1, ie 4% of the closing CFR from the previous year;
    - all capital expenditure incurred since 2007/08 financed from unsupported borrowing, MRP will be based on expected useful asset lives (Option 3 – asset life), calculated using the annuity method;
    - asset lives will be arrived at after discussion with valuers, but on a basis consistent with depreciation policies set out in the Council’s annual Statement of Accounts, and will be kept under regular review;
    - MRP for finance leases and service concession contracts shall be charged over the primary period of the lease, in line with the Guidance,
    - for expenditure capitalised by virtue of a capitalisation direction under section 16(2)(b) of the Local Government Act 2003 or Regulation 25(1) of the 2003 regulations, the ‘asset’ life should equate to the value specified in the statutory Guidance.

2. In applying ‘Option 3’:

    - MRP should normally begin in the financial year following the one in which the expenditure was incurred. However, in accordance with the Statutory Guidance, commencement of MRP may be deferred until the financial year following the one in which the asset becomes operational;
    - the estimated useful lives of assets used to calculate MRP should not exceed a maximum of 50 years except as otherwise permitted by the Guidance (and supported by valuer’s advice);
    - if no life can reasonably be attributed to an asset, such as freehold land, the estimated useful life should be taken to be a maximum of 50 years.

APPENDIX 2

ANNUAL INVESTMENT STRATEGY

Investment policy

1. The Council's investment policy has regard to the following:

   - MHCLG' Guidance on Local Government investments (the "Guidance)
   - CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2021 ("the Code")
   - CIPFA Treasury Management Guidance Notes 2021

2. The Council's investment priorities will be security first, portfolio liquidity second and then yield, (return). The above guidance from MHCLG and CIPFA places a high priority on the management of risk. This Council has adopted a prudent approach to managing risk and defines its risk appetite by the following means:

   i. Minimum acceptable **credit criteria** are applied in order to generate a list of highly creditworthy counterparties. This also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the short term and long-term ratings.

   ii. **Other information**: ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To achieve this consideration the Council will engage with its advisors to maintain a monitor on market pricing such as "credit default swaps" and overlay that information on top of the credit ratings where applicable.

   iii. **Other information sources** used will include the financial press, share price and other such information pertaining to the financial sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.

   iv. This authority has defined the list of **types of investment instruments** that the treasury management team are authorised to use. There are two lists in appendix 5.4 under the categories of 'specified' and 'non-specified' investments.

      - **Specified investments** are those with a high level of credit quality and subject to a maturity limit at the start of the investment of up to one year.

      - **Non-specified investments** are any financial investments that are not loans and do not meet the criteria to be treated as specified investments. These tend to be lower credit quality than specified investments and carry a higher degree of credit risk.

   v. Investments will only be placed with counterparties from countries with a specified minimum **sovereign rating**.

   vi. This authority has engaged **external consultants**, (see paragraph 4-7 Appendix 5), to provide expert advice on how to optimise an appropriate balance of security, liquidity and yield, given the risk appetite of this authority in the context of the expected level of cash balances and need for liquidity throughout the year.

   vii. All investments will be denominated in **sterling**.

viii. As a result of the change in accounting standards for 2020/21 under IFRS 9, this authority will consider the implications of investment instruments which could result in an adverse movement in the value of the amount invested and resultant charges at the end of the year to the General Fund.

3. However, this authority will also pursue **value for money** in treasury management and will monitor the yield from investment income against appropriate benchmarks for investment performance. Regular monitoring of investment performance will be carried out during the year.

Creditworthiness Policy

4. The primary principle governing the Council's investment criteria is the security of its investments, although the yield or return on the investment is also a key consideration.

5. After this main principle, the Council will ensure that:

- it maintains a policy covering both the categories of investment types it will invest in, criteria for choosing investment counterparties with adequate security and monitoring their security. This is set out in the specified and non-specified investment sections below; and

- it has sufficient liquidity in its investments. For this purpose, it will set out procedures for determining the maximum periods for which funds may prudently be committed. These procedures also apply to the Council's prudential indicators covering the maximum principal sums invested.

6. The Director of Finance will maintain a counterparty list in compliance with the following criteria and will revise the criteria and submit them to Council for approval as necessary. These criteria are separate to those which determine which types of investment instrument are either specified or non-specified as they provide an overall pool of counterparties considered high quality which the Council may use, rather than defining what types of investment instruments are to be used.

7. Credit rating information is supplied by the Council's treasury advisors, Arlingclose Ltd. Any counterparty failing to meet the criteria would be omitted from the counterparty (dealing) list. Any rating changes, rating watches (notification of a likely change), rating outlooks (notification of the longer-term bias outside the central rating view) are provided to officers almost immediately after they occur and this information is considered before dealing.

8. The Council takes into account the following relevant matters when proposing counterparties:

- the financial position and jurisdiction of the institution;
- the market pricing of credit default swaps for the institution;
- any implicit or explicit Government support for the institution;
- Standard & Poor's, Moody's and Fitch's short and long term credit ratings;
- sovereign ratings to select counterparties from only the most creditworthy countries; and
- core Tier 1 capital ratios.

9. Changes to the credit rating will be monitored and, in the event, that a counterparty is downgraded and does not meet the minimum criteria specified in Appendix 1, the following action will be taken immediately:

- no new investments will be made;
- existing investments will be recalled if there are no penalties; and
- full consideration will be given to recall or sale of existing investments which would be liable to penalty clause.

Specified and Non-specified investments

10. The MHCLG Guidance on Local Government Investments made under section 15(1) of the Local Government Act 2003, places restrictions on local authorities around the use of specified and non-specified investments.

11. A specified investment is defined as an investment which satisfies all of the conditions below:

- the investment and any associated cash flows are denominated in sterling;
- the investment has a maximum maturity of one year;
- the investment is not defined as capital expenditure; and
- the investment is made with a body or in an investment scheme of high credit quality; or with the UK Government, a UK Local Authority or parish/community council.

12. Non-specified investments are those with less high credit quality, may be for periods in excess of one year, and/or are more complex instruments which require greater consideration by members and officers before being authorised for use. In addition to the long-term investments listed in the table at the end of Appendix 1, the following non-specified investments that the Council may make include:

- **Green Energy Bonds** - Investments in solar farms are a form of Green Energy Bonds that provide a secure enhanced yield. The investments are structured as unrated bonds and secured on the assets and contracts of solar and wind farms. Before proceeding with any such investment, internal and external due diligence will be undertaken in advance of investments covering the financial, planning and legal aspects.

- **Social Housing Bonds** – Various fund managers facilitate the raising of financing housing associations via bond issues. The investment is therefore asset backed and provides enhanced returns. Officers will need to undertake due diligence on each potential investment in order to understand the risks and likelihood of default. This is a type of vehicle a number of local authorities are involved which not only helps to meet a local authority's statutory duty to house the homeless, but also provides a return in excess of short-term investment rates.

- **Loans** - The Council will allow loans (as a form of investment) to be made to organisations delivering services for the Council where this will lead to the enhancement of services to the Council's Stakeholders. The Council will undertake due diligence checks to confirm the borrower's creditworthiness before any sums are advanced and will obtain appropriate levels of security or third party guarantees for loans advanced. The Council would expect a return commensurate with the type, risk and duration of the loan. A limit of £60 million for this type of investment is proposed with a duration commensurate with the life of the asset and Council's cash flow requirements. All loans will need to be in line with the Council's Scheme of Delegation and Key Decision thresholds levels.

- **Shareholdings in limited companies and joint ventures** – The Council currently invests in two forms of company:

    i. Trading vehicles which the Council has set up to undertake particular functions. These are not held primarily as investments but to fulfil Council service objectives. Examples include Slough Children First Ltd and James Elliman Homes Ltd. Any new proposals will be subject to due diligence as part of the initial business case. As these are not to be held primarily as investment vehicles, then there is an expectation that they will break even.

    ii. Trading vehicles held for a commercial purpose where the Council is obliged to undertake transactions via a company vehicle. An example is the joint venture Slough Urban Renewal for undertaking regeneration of various sites across the Council.

13. For any such investments, specific proposals will be considered by the Director of Finance after taking into account of the following:

- cash flow requirements
- investment period
- expected return
- the general outlook for short to medium term interest rates
- creditworthiness of the proposed investment counterparty
- other investment risks.

14. The nominal value of non-specified investments will be capped at £90m (see Table 14 above).

Country of Domicile

15. Due care will be taken to consider the exposure of the Council’s total investment portfolio to non-specified investments, countries, groups and sectors.

16. The Council has determined that it will only use approved counterparties from countries with a minimum sovereign credit rating of AA- from Fitch except the UK. The list of countries that qualify using this credit criteria as at the date of this report are shown in Appendix 4. This list will be kept under review and any proposed changes to the policy reported to the next meeting.

Schedule of investments

17. The criteria for providing a pool of high quality short, medium and long-term, cash-based investment counterparties along with the time and monetary limits for institutions on the Council’s counterparty list are set out in Appendix 3.

18. Officers will monitor the impact of the UK’s exit from the European Union on the names within the Council’s counterparty list.

Other considerations

19. Sector limits will be monitored regularly for appropriate ness, to help mitigate concentration risk. This is the risk of having a significant proportion of the Council’s investments in one sector of the market and that market failing.

20. To ensure sufficient liquidity, detailed cashflow forecasts will be kept by the Treasury team to provide as accurate a picture as possible of the movement and timing of income and expenditure and the resulting daily cash balances.

21. When considering placing investments or temporary borrowing, officers will refer to the cashflow forecast to determine the best duration for the transaction.

22. Under the Markets in Financial Derivatives II Directive (MiFID II), the Council would be classed as a retail investor with an option to opt-up to professional status. The Council opted up to professional status in 2017.

APPENDIX 3
Approved counterparty list

There are no changes to the approved counterparty list and the Council is currently complying with the current limits

	Minimum credit criteria	Max % of total investments/ £ limit per institution	Max. maturity period	Actual at 31/1/2023 £m	Complied?
Specified Investments					
DMADF – UK Government	N/A	100%	6 months*****	81.5	Yes
Money market funds: CNAV and VNVAV	AAA	100%	Daily Liquidity	48.3	Yes
Local authorities	N/A	100%/£20m	10 years	5.0	Yes
Lloyds Bank plc (the Council's bankers)	A+	£20m £5m	Overnight deposits ** Up to 12 months	6.6	Yes
Term deposits with banks and rated building societies	A+		Up to 3 years	4.0	Yes
Current and Ex - Government Supported banks	A+	50%	Up to 1 year	0	N/A
Non-specified investments					
UK Government supported banks and Ex- Government supported banks	n/a	£70m or 50% of total investments	3 yrs.	0	N/A
Pooled Vehicles: Enhanced Money Market Funds: UK Government and Government Guaranteed securities Pooled Property Funds Short – Term Investment – grade sterling denominated instruments	N/A	£25m	4yrs	0	N/A

* DMO – is the maximum period offered by the Debt Management Office of H.M.Treasury

** Over £20 million with the explicit agreement of the Director of Finance

APPENDIX 4

APPROVED COUNTRIES FOR INVESTMENTS

1. This list is based on those countries which have sovereign ratings of AA- or higher, (we show the lowest rating from Fitch, Moody's and S&P) and also, (except - at the time of writing - for Hong Kong, Norway and Luxembourg), have banks operating in sterling markets which have credit ratings of green or above in the Link credit worthiness service.

Lowest available rating	Approved Country
AAA	Australia Denmark Germany Luxembourg Netherlands Norway Singapore Sweden Switzerland USA
AA+	Canada Finland
AA	Abu Dhabi (UAE) France
AA-	Belgium Hong Kong Qatar United Kingdom

APPENDIX 5
CIPFA TREASURY MANAGEMENT CODE

1. The Council has formally adopted CIPFA's Code of Practice on Treasury Management 2021 and complies with the requirements of the Code as detailed in this Appendix. There are no changes to the requirements formally adopted in the 2017 update with regard to reporting which are summarised below:

- Maintaining a Treasury Management Policy Statement setting out the policies and objectives of the Council's treasury management activities.

- Maintaining a statement of Treasury Management Practices that sets out the manner in which the Council will seek to achieve these policies and objectives.

- Presenting the Full Council with an annual TMSS statement, including an annual investment strategy and Minimum Revenue Provision policy for the year ahead (this report) a half year review report and an annual report (stewardship report) covering compliance during the previous year.

- A statement of delegation for treasury management functions and for the execution and administration of statement treasury management decisions. (see below)

- Delegation of the role of scrutiny of treasury management activities and reports to a specific named body. At Slough Borough Council this role is undertaken by the Audit and Governance Committee

Knowledge and Skills

2. The Council uses the knowledge and skills of its officers when considering treasury investment and borrowing decisions and where necessary it also relies on the expert knowledge of specialist external advisors.

3. Finance staff are professionally qualified to advise the Council on all areas of finance. Included within the team is an officer with specialist knowledge of treasury management. All finance staff undertake Continuous Professional Development and maintain knowledge and skills through regular technical updates from appropriate bodies and attending specialist courses. Staff follow the Treasury Management Practices approved by the Director of Finance.

4. Training for Members on treasury management matters does not appear to have occurred in the past year. A programme of training is being developed and will be open to all Members to assist in their understanding of the treasury management strategy.

Treasury management consultants

5. The Council uses Arlingclose Ltd as its external treasury management advisors.

6. The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance

is not placed upon the services of our external service providers. All decisions will be undertaken with regards to all available information, including, but not solely, our treasury advisers.

7. It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented and subjected to regular review.

8. The scope of investments within the Council’s operations now includes both conventional treasury investments, (the placing of residual cash from the Council’s functions), and more commercial type investments, such as investment properties. The commercial type investments require specialist advisers, and the Council uses Arlingclose Ltd in relation to this activity.

Treasury Management Delegations and Responsibilities

9. The respective roles of the Council, Audit and Corporate Governance Committee and Section 151 officer are summarised below. Further details are set out in the Treasury Management Practices.

(i) Full Council

- Approval of annual strategy, mid-year review and Annual Report

(ii) Audit and Corporate Governance Committee

- Review of the treasury management function as part of the Committee’s overall review of the Council’s corporate governance and risk management arrangements

(iii) Executive Director – Finance and Commercial

- approval of/amendments to the organisation’s adopted clauses, treasury management policy statement and treasury management practices;
- budget consideration and approval;
- approval of the division of responsibilities;
- receiving and reviewing regular monitoring reports and acting on recommendations;
- approving the selection of external service providers and agreeing terms of appointment.

THE TREASURY MANAGEMENT ROLE OF THE SECTION 151 OFFICER

The S151 (responsible) officer

- recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance;
- submitting regular treasury management policy reports;
- submitting budgets and budget variations;
- receiving and reviewing management information reports;
- reviewing the performance of the treasury management function;
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function;
- ensuring the adequacy of internal audit, and liaising with external audit;
- recommending the appointment of external service providers.

Slough Borough Council

Report To:	Cabinet
Date:	27th February 2023
Subject:	Housing Revenue Account Business Plan 2023/24 and 30-Year Housing Investment Plan
Lead Member:	Councillor Pavitar Mann, Housing and Planning
Chief Officer:	Patrick Hayes Executive Director, Housing and Property
Contact Officer:	Steve Muldoon Deputy Director – Financial Management
Ward(s):	All
Key Decision:	YES
Exempt:	NO
Decision Subject To Call In:	YES

Appendices:

A – HRA 5-year revenue budget
B – HRA 30-year revenue budget
C – HRA 5-year capital programme
D – HRA 30-year capital programme
E – HRA draft reserves & balances

1. Summary and Recommendations

1.1 This report sets out the proposed 30-year Business Plan for the Housing Revenue Account (HRA) and considers both the Revenue and Capital position. The Revenue Business plan over a 5-year period projects gross income of £224.654m and gross expenditure of £208.741m. The HRA Capital Programme provides for a total capital investment of £52.714m over the next 5 years and a total of £639.849m over the 30-year period.

1.2 The Business Plan demonstrates that Slough Borough Council is able to fund the proposals subject to the assumptions within the plan, and that the HRA remains sustainable and viable over the 30-year period.

Recommendations:

1.3 Cabinet is recommended to:

- Approve the HRA revenue budget for 2023-24 (Table 1 & Appendix A)

- Note the HRA 5-year revenue budgets for 2023-24 to 2027-28 (Table 1 & Appendix A)

- Note the HRA 30-year revenue budgets for 2023-24 to 2052-53 (Appendix B)

- Approve the HRA 5-year Capital Programme for a total £52.714m (Table 3 & Appendix C)

- Note the 30-year Capital Programme for 2023-24 to 2052-53 (Appendix D)

- Note the draft HRA reserves and balances for the 5-year Business Plan (Appendix E)

Reason

1.4 Section 76 of the Local Government and Housing Act 1989 requires Local Authorities with a Housing Revenue Account (HRA) to set a budget for the account, which is based on best assumptions, that avoids a deficit and keeps the HRA under review.

1.5 The budget has developed from a review of the baseline budget, current expenditure on Housing Service and capital investment to maintain and improve the Housing Stock.

Commissioner Review

The Commissioners are content with this report.

2. Introduction

2.1 The HRA business plan is the Council's strategy for spending and borrowing to maintain its stock, operate services for its tenants and leaseholders, and design and build new council homes. As with any other business plan, it must show that the Council has clear proposals for achieving its objectives and that these are financially viable in the short, medium and long term. Having an HRA Business Plan that is approved by full Council, based on reasoned assumptions and an underlying financial model, forms the basis of good governance and sound financial management. It demonstrates that we are spending residents' rent and service charges effectively and achieving value for money and managing debt and reserves to maintain a viable HRA in the long run.

2.2 This business plan recognises the realities of the financial pressures faced by local authorities across the United Kingdom especially the local situation in Slough Borough Council. A prudent and pragmatic approach has been adopted and the HRA capital programme has been reduced to reflect an organisation that is prepared to live within its means, balance its budgets and deliver best value for taxpayers and service users.

2.3 The need to ensure that Slough Borough Council (SBC) stays on a financially sustainable footing has meant significant reductions in the capital programme. The proposed five-year HRA capital programme budget is £52.714m in comparison to the 2018/19 – 2022/23 five-year HRA capital programme budget which was £123.4m.

2.4 The business plan projections reflect the income and expenditure required to manage the landlord function and, at the same time, work towards the Council’s objectives to maintain and improve stock condition.

3. HRA Background

3.1 The HRA specifically accounts for revenue expenditure and income relating to the Council’s own housing stock and is ring fenced from the Council’s General Fund as required by the Local Government and Housing Act 1989, which specifies the items that can be charged and credited to it. The account must include all costs and income relating to the Council’s landlord role (except in respect of leased accommodation, for households owed a homeless duty, and in respect of accommodation provided other than under Housing Act powers). The Council has a legal duty to budget to ensure the account remains solvent and to review the account throughout the year.

3.2 The HRA self-financing system for Council Housing was implemented in April 2012. Under HRA self-financing, the Council’s HRA continues to be a ring-fenced account (income and expenditure) for Council dwellings. HRA self-financing is intended to allow local authority landlords to manage and maintain their own stock from the rental income they generate.

3.3 The introduction of HRA self-financing was supposed to herald a more certain future for local authorities giving them more responsibility and to give them greater flexibility over their accounts. It was intended that authorities would also use self-financing as the opportunity to determine priorities with a more strategic longer-term view rather than on a year-to-year basis. This new approach as well as giving more responsibility to authorities also ensured that there was more risk for them. Spend and income for both capital and revenue had to be projected for in future years, treasury management and repayment of debt had to be accounted for, and the viability of the HRA had to be ensured.

3.4 In October 2018, the government announced that the HRA borrowing cap would be lifted, revoking the previous determinations that specified local authorities' limits on indebtedness. This has provided councils with new borrowing powers to increase their housing supply, with a focus on mixed-tenure development including homes for social rent, affordable rent and shared equity products.

3.5 Maintaining a residential property portfolio of 6,035 tenanted homes and 1,535 leasehold homes is a major financial commitment. Furthermore, the primary source of funding to meet this commitment is rent paid by tenants and the Council is strictly limited as to the extent it can raise these rents. It is therefore of utmost importance that the Council is clear as to how it intends to balance income and expenditure over time to ensure the property portfolio receives the level of investment it requires and borrowing stays within the necessary prudential limits.

3.6 As well as investing in our housing stock to ensure all residents' homes are safe, warm and dry, the Council will also wish to improve its housing stock and invest in significantly reducing its carbon footprint over the life of the Plan. Further improvements and regeneration projects are also likely to require funding during this period.

3.7 Each year the Council must review, update and approve the Plan in line with best practice. A re-profiling of capital expenditure proposals and updates on how the Council plans to finance the capital programme including use of surplus capital receipts, grants and HRA borrowing, will also be carried out annually.

4. National and local priorities that impact the HRA Business Plan

4.1 From April 2020 local authority rents have been regulated by the Regulator of Social Housing, alongside housing associations and other registered providers. Annual rent increases must comply with government rents policy for Social Housing 2019. The standard rent increases are currently limited to an increase of up to CPI plus 1% from April 2020 to 2024/25 (based upon CPI at the preceding September), with properties below target rent levels moved directly to target rent only when they become void. The recent announcement in the 2022 Autumn Statement affects the last two years of the current standard.

4.2 In light of the exceptional economic situation, the Government has since made directives / pronouncements in order to protect social housing tenants from very large nominal-terms rent increases that would otherwise have been permitted in 2023/24 due to higher-than-expected levels of inflation. The Chancellor in his 2022 autumn statement announced that for 2023/24, registered providers may increase rents by up to 7% or by up to CPI plus 1 percentage point, whichever is lower. This restriction applies to both social rent and affordable rent homes. By limiting the increase in rents, this will on average save tenants in rented accommodations circa. £200, as rent could have risen to 11.1% under current rules.

4.3 The maximum 7% cap on rent increase in 2023/24 as opposed to the CPI plus 1% (11.1%) increase that would have been applicable translates to a potential loss of income of £1.386m to SBC. The impact of this loss of potential income over 30 years amount to £41.6m which could have been deployed for future reserves or debt repayments.

4.4 The Welfare Reform Act 2012 introduced radical changes to the welfare system, which included a reduction of housing benefits for social tenants if their accommodation is considered larger than required. It also introduced a new universal credit system to be implemented over time, where benefit payments would be made directly to the tenant, rather than the landlord. This change increases the risk of non-collection, which could lead to a rise in rent arrears.

4.5 The Fire Safety (England) Regulations 2022 (the Regulations) have been introduced as an important step towards implementing the recommendations of the Grenfell Tower Inquiry Phase 1 report. The Regulations are being introduced under Article 24 of the Fire Safety Order and will come into force on 23 January 2023. These regulations will make it a requirement in law for responsible persons of high-rise blocks of flats to provide information to Fire and Rescue Services to assist them to plan and, if needed, provide an effective operational response. These legislations will have significant impact on the responsibilities of the Council as a landlord in the future as SBC own one high-rise block.

4.6 Decarbonisation: Whilst through the stock condition information available, it has been possible to indicate some expenditure and budget provision of some £5.6m over the next ten years relating to some ad hoc decarbonisation works it should be noted that this will almost certainly be insufficient to meet the full decarbonisation requirements associated with the Councils housing stock. It is essential a more detailed specialist survey is completed to evaluate the likely whole house approach required for some properties to deliver the full decarbonisation objectives. This additional specialist survey needs to be commissioned during 2023/24 and the findings used to inform the detailed investment needs over the next 10 years. This funding requirement is not at this time included in the investment costs as currently presented within the 30-year plan. Further the detailed appraisal of decarbonisation costs might also be mitigated to a degree by way of the Council bidding for the government supported decarbonisation funding, but without the necessary technical appraisal indicated above the bid cannot be made at this time. Finally, it may be appropriate to consider replacing gas boilers with electric heating systems at this time given the cost impacts on tenants, especially at a time of a cost of living crisis and should only be approved after a full and detailed appraisal of the benefits of completing these works in association with other insulation improvements is completed.

4.7 Damp and Mould: Officers have already been working with Osbournes (Repairs & Maintenance Contractor) to review the approach to dealing with Damp and Mould incidents occurring in the Councils stock. Whilst some progress has been made understanding fully the needs associated with rectifying such issues, it is essential further proactive work is concluded as a priority. This will include the full development of a risk-based inspection process for those cases notified as needing a rapid response to damp and mould, along with a planned approach for those particular property architypes which might be identified as requiring a planned maintenance approach. The initial costs and assumptions around a budget provision subject to an early technically based approach to these issues still needs development but it is proposed that an initial 10% figure of stock impacted by various degrees of damp and mould would be reasonable as a basis for estimates. This represents some 700 units. Again, costs associated with technical risk assessed surveys, rapid response delivery arrangements, and rectifying non-complex repairs and improvements to dwellings will be in the order of £800 per unit. This gives an initial budget requirement of £560,000 for 2023/24. It is however important to note that this figure could rise following the more detailed assessment and audit of the stock, and the final operational adjustments required to respond to the challenge. The necessary report will be submitted to the March Cabinet meeting. Any additional 2023/24 costs will be identified within that report but remain unknown at this stage. The revised approach to damp and mould is already subject to government and Regulatory intervention and it is imperative the Council responds fully to these issues or it may be at risk of penalties being applied.

4.8 The Government stated that new funding may be withheld from any housing provider that is failing in their obligations to tenants. Providers in breach of the Social Housing Regulator's consumer standards may not be able to draw funds from the Affordable Homes Programme (AHP) until improvements are made.

5. Local Context: Doing right by Slough

5.1 Slough has the youngest average age (33) of any large town or city in the UK. It is also one of the most ethnically diverse places in the UK and has attracted people from across the world for over a century shaping it into a major trading area. The town remains very well connected, situated 25 miles west of central London with major transport routes and the UK main international airport in proximity.

5.2 Its location has helped create an £8 billion economy, with around 7,500 businesses, the highest concentration of UK headquarters of global companies outside of London and the second largest concentration of data centres in the world. Slough’s top three specialised employment areas are warehousing and logistics (4.1 times greater than the national average), utilities and waste, and ICT media and creative services.

5.3 However, Slough’s business and connectedness has not brought prosperity to all its residents. While it has the second highest average workplace earnings after London, deprivation is high across much of the borough. In April 2021, 23% of the working aged population in Slough were claiming government-based benefits. The recent pandemic affected Slough particularly badly with increases in claims for unemployment-related benefits and with an average rate of 89 in 1,000 persons aged 16-64 claiming unemployment support. There is a recognised need to increase the skills of local residents – particularly with NVQ3 qualifications and above – so that Slough’s communities can be competitive and secure productive jobs.

5.4 Despite comparatively low levels of skills, Slough has a range of excellent primary and secondary schools. In 2019 57% of pupils achieved GCSE grade 5 or above in English and Maths, better than the national average of 43%, putting Slough consistently in the top 10 best performers in the country. But at A-level further progress remains important. 12.3% achieved grades AAB or higher, below the national average of 14.1% and the Council needs to understand the difference in outcomes between 16 and 18, and work with schools and partners to find ways to address this gap.

5.5 Geographically small, by comparison to other unitary council areas, Slough is a collection of formerly distinct villages and neighbourhoods, which still retain their distinct identity and characteristics today as clearly defined residential suburbs. House prices are relatively high, with affordability challenges contributing to high levels of deprivation, and in some parts of the borough the quality of housing is poor. There are high numbers of individuals requiring temporary housing, and the management of the housing stock including Slough's repairs service is not as responsive as it should be to its tenants.

5.6 With deprivation and challenging housing conditions often comes poor health and this is particularly true in Slough. Life expectancy is significantly below the national average and women on average can expect to live the last 24 years of their life in poor health (compared to 20 years on average in England), while men can expect to live the last 18 years of life in poor health (compared to 16 years in England). Key health and wellbeing challenges for the borough include ensuring a healthy start to life, improving childhood obesity, oral health, smoking, physical inactivity, diabetes, TB, alcohol and substance misuse, mental health issues and early deaths from cardiovascular disease.

5.7 Slough faces significant safety challenges in some areas with crime levels high when compared to other parts of the Thames Valley. There are specific concerns around violent crime including domestic violence which is high.

5.8 While Slough has a small footprint and is tightly bound, it does have a significant number of public green spaces and leisure facilities which have been invested in and improved. These, along with facilities in neighbouring areas, do provide opportunities for the local population to be active. While the quality of much of the public realm in Slough is good, there are some areas where more needs to be done to elevate the image of the town. There are also pockets where air quality is poor, and Slough's carbon footprint is relatively high and recycling rates low.

6. HRA Base Business Plan – Key General Assumptions

6.1 Housing Stock: Currently Slough Borough Council owns and manages over 7,633 properties (inclusive of social rented properties, leasehold, affordable homes, and commercial properties) across the borough though the HRA social and affordable rented properties is 6,035. While the overall number of homes in the borough has increased since the inception of self-financing in 2012, the number of council homes has fallen over the same period due to right to buy and other disposals. No new acquisition or new build assumption is made in this business plan though the council may partner with other social providers interested in building new social and affordable homes in the borough.

6.2 Housing Demand: Demand for council homes remains high with demand outstripping supply. If the council is unable to provide the kind of homes that people want to live in, or can afford to live in, there is a risk that the void rates will increase, undermining both the financial viability of the HRA and the stability of local communities.

6.3 Rental income: Rent is the biggest income driver within the business plan and so future projections have a significant impact on the business plan.

6.4 The Rent Standard is primarily the mechanism by which local authorities are compelled to increase or decrease their rents. Rent increases are currently limited to an increase of up to CPI plus 1% from April 2022 for a further 3 years (based upon CPI at the preceding September) but due to the current CPI being unusually high, the Chancellor in his 2022 autumn statement announced a 7% rent cap for social landlords.

6.5 The general inflation at September rate is 10.1% and 12.6% RPI, but the HRA Business Plan includes inflationary assumptions in line with the government rent cap of 7%, and the council's current assumption of 11.1% in relation to major works and 4% pay increase.

7. Business Planning Assumptions

Key Area	Assumption
General Inflation (CPI)	CPI = 10.1% 23/24, 5% 24/25, then 2%
Social Rent	7% in 2023/24, 5% in year 2024/25 and 2% going forward. Re-let 5% at Formula Rent
Rent increase - Other non-dwelling income	Capped at 7% for 2023/24
Right to Buy (RTB) Sale	40 RTB sales assumed in 2022-23, 50 for 2023-24 and 2024-25 respectively and 25 afterwards annually
Right to Buy Receipts	Projected receipts are based on pooling returns and 2022/23 sales (receipts).
Debt Management	Maturing debt refinanced throughout Plan. No additional borrowing is envisaged as no new housing development is expected
HRA Minimum Working Balances	HRA minimum working balance of £4m is assumed which represent circa. 10% of annual gross rent
Repairs and Maintenance Major works	Expenditure is adjusted in line with 11.1% in 23/24 and 5% afterwards and flexed in line with stock movements.
Supervision and Management	Employees cost element of £4.4m inflated by 4% in 2023/24 subsequent years. Other S&M costs of £5.4m inflated by 12.6%
Energy Costs	Energy costs inflated by £0.9m in 2023/24 and profiled to reduce to normal level within the next three financial years.
Bad Debt	Bad debt provision set at £1.5m which represents circa. 4% of Dwelling Rents
Service Charges	Service Charge income is assumed to be 7% in 2023/24
Voids	Rent loss from voids assumed to be 1.5% on Council dwellings
HRA Stock Movement	Baseline numbers are adjusted for projected RTB sales and new affordable housing supply. HRA rented stock level currently 6035 (social 5885, affordable homes 150), 1535 leasehold properties, 61 commercial properties and 3 non rentable properties.

Key Area	Assumption
Capital charges	Based upon the HRA share of the Council's debt as at 1 April 2023. No additional borrowing envisaged over the life of the business plan.

8. Table 1: 5 Year Summary HRA Income and Expenditure Account

	2023.24 £000	2024.25 £000	2025.26 £000	2026.27 £000	2027.28 £000
INCOME AND EXPENDITURE ACCOUNT					
Income					
Dwelling Rents	36,907	39,689	39,997	41,158	42,346
Non Dwelling Rents	1,835	1,945	2,004	2,064	2,126
Charges for services and facilities (net of voids)	2,670	2,830	2,915	3,002	3,092
Total Income	**41,412**	**44,464**	**44,915**	**46,224**	**47,564**
Expenditure					
Repairs and maintenance	(13,377)	(14,180)	(14,605)	(14,410)	(14,843)
Supervision and management	(10,688)	(11,274)	(11,557)	(11,829)	(12,149)
Rents, rates, taxes and other charges	(1,582)	(1,334)	(1,027)	(747)	(770)
(Increase)/decrease in provision for bad debts	(1,500)	(1,500)	(1,545)	(1,591)	(1,639)
Depreciation and impairment of fixed assets	(8,859)	(8,785)	(8,711)	(8,674)	(8,637)
Total Expenditure	**(36,007)**	**(37,073)**	**(37,445)**	**(37,252)**	**(38,037)**
Net Cost of HRA Services	**5,405**	**7,391**	**7,470**	**8,972**	**9,526**
Interest payable incl amortisation	(4,620)	(4,620)	(4,620)	(4,620)	(5,359)
HRA investment income	15	15	15	15	15
Surplus / (deficit) for the year	**800**	**2,787**	**2,865**	**4,368**	**4,182**

8.1 The average rent for 2023/24 is reported at £117.80, with annual rent of £36.907m (net of income lost through void). Table 2 below provides a summary of current average rent levels from occupied properties and the proposed increase capped at 7%.

Table 2: Social Housing Average Rent

Number of properties	Bedrooms	Current Average Rent 22/23	Average Rent 23-24 Estimate	Proposed Average Rent v Current
245	0	82.07	87.81	5.75
2100	1	94.33	100.93	6.60
1558	2	113.68	121.63	7.96
1803	3	125.36	134.13	8.78
145	4	137.39	147.00	9.62
31	5	156.53	167.49	10.96
3	>5	152.71	163.40	10.69
5885	**OVERALL**	**109.93**	**117.80**	**8.62**

8.2 A rent increase of 7% is estimated to result in an additional £2.3m of income when compared to 2022/23. This increase will augment some of the impact of increases in utility costs and repairs and maintenance costs. Service charges are excluded from the rent amount shown within the table as these are recharged to tenants and leaseholder based on actual costs incurred in providing the specific services.

8.3 The proposed 2023/24 average service charge is £14.80 per week equating to £2.67m per annum. This amount is partly inflated by the 7% rent cap proposed by the government except for expenditure such as insurance charges and water charges.

8.4 Non-Dwelling income is estimated at £1.835m in 2023/24 and consists mainly of income from garage rents, shops, ground rent.

8.5 The Housing Revenue Account receives interest on general or earmarked revenue balances, funds set-aside in the major repairs reserve (MRR) or the revenue debt repayment reserve and any unapplied capital balances or unspent grants. The projected interest income in the HRA business plan for 2023/24 and onward is £0.015m.

8.6 Repairs and Maintenance (R&M) budget funds the cost of repairing and maintaining the HRA housing stock and associated assets. R&M expenditure is projected at £13.38m in 2023/24 and is estimated to increase annually. The budget has been uplifted by a contingency of £1.0m while the financial impact of the latest government announcement on damp and mould and other interventions are assessed. R&M costs are mostly variable in nature.

8.7 Supervision and Management costs include allowances for pay inflation uplifts in the business plan. An assumed 4% inflation in 2023/24 for salary costs and 12.6% for other costs, amounted to an additional £0.826m budget requirement compared to previous year. Supervision and management costs are assumed to be 90% fixed and so 10% of the average cost per unit is assumed to be saved when the housing stock decreases due to either Right to Buy sales, demolitions, or other disposals

8.8 Due to the current economic situation, Covid19, continued roll out of universal credit and the potential impact on council tenant ability to pay their rents, the business plan has increased the bad debt provision from £1.338m budgeted in 2022/23 to £1.500m for 23/24 and 24/25.

8.9 In light of the huge increase in energy costs, the budget line for ‘Rent, rates, taxes and other charges’ have been increased by circa. £0.9M. The surge in energy prices have been profiled to reduce back to normal level over the next three financial years

8.10 As at 1 April 2022, the Housing Revenue Account had external borrowing of £138.016m in different maturity loans with the Public Works Loans Board (PWLB), internal and other market, with assumed rate of 3.35% depending upon the term of the loan. The Business Plan assumed 3.35% average interest rate on borrowing equating to £4.620m payable in 2023/24 and subsequent years until 2028/29 when it drops to £4.004m as the HRA borrowing is all fixed term borrowing from the PWLB. The interest repayment estimate is only for outstanding debt. The cost of local authority borrowing from PWLB has increased significantly following recent financial uncertainty and any future investment decisions are carefully considered because this will affect the HRA reserves. HRA is currently not expecting to borrow additional money, hence will not incur any additional higher interest cost.

8.11 The interest payable amount of £5.359m in 2027/28 instead of £4.620m is due to the potential £0.739m that may be charged to the HRA income and expenditure account being interest for unused Right to Buy retention (1-4-1) receipts. SBC are exploring options to ensure the 1-4-1 receipts are utilised via partnership with other Residential Social Landlords thereby avoiding the need to refund the 1-4-1 receipts along with the interest back to the government.

8.12 The Business Plan assumes the need to refinance the debts as and when the debts become repayable.

9. Major improvement and maintenance of HRA housing stock

9.1 Housing stocks owned by the council must meet the Decent Homes Standard. Landlords must continue to maintain homes to at least this standard. The stock condition information from the surveys and the stock grading modelling provides the basis for the capital programme, which also includes expenditure on aids and adaptations, energy efficiency, the refurbishment of apartment blocks and our estate improvement approach, bringing increased investment into the external environment. The Council agrees voluntarily to carry out minor aids and adaptations to improve quality of lives and to enable residents to live longer in their homes.

9.2 The Council's major work and planned maintenance schemes are on a rolling programme of works to improve the condition of existing stock. The planned works programme included in the business plan are: renewal of central heating and boiler upgrades; replacement of external doors and windows; renewal of roofs and soffits; external lighting upgrades; garage improvements, de-carbonisation and external environmental improvements, kitchen and bathrooms, and thermal insulation.

9.3 The proposed annual capital programme (RMI) costs for the next five years is £52.714m and is shown in table 3.

Table 3: Five Year Capital Programme

EXPENDITURE	2022/23 Projected Outturn	2023/24	2024/25	2025/26	2026/27	2027/28	Total
RMI Capital Programme	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Commissioning of Repairs Maintenance and Investment Contract		250	250	0	0	0	500
Boiler Replacement and heating	355	317	618	840	1,037	1,371	4,182
Kitchen & Bathroom Replacement	750	415	689	1,731	1,770	2,966	7,571
Electrical Systems	400	138	328	675	732	1,162	3,034
External rendering, repairs and redecoration of housing block	700	2,134	985	1,006	1,296	1,511	6,932
Capitalised Repairs	422	100	103	105	108	110	526
FRA & Asbestos Removal Works	1,884	2,000	2,000	250	256	263	4,769
Major Aids & Adaptations	691	300	308	315	323	331	1,577
De-Carbonisation Works	100	500	513	525	538	552	2,628
Windows and Door Replacement	181	842	328	673	1,116	1,688	4,647
Roof Replacement	796	1,726	1,447	2,925	2,454	4,311	12,863
Structural	115	211	83	108	178	213	793
Security & Controlled Entry Modernisation	766	300	308	315	323	331	1,577
Capitalised voids	60	60	62	63	65	66	672
Total	**7,220**	**9,293**	**8,019**	**9,531**	**10,196**	**14,875**	**51,914**
Affordable Homes	3,500	800	0	0	0	0	800
HRA GRAND TOTAL	**10,720**	**10,093**	**8,019**	**9,531**	**10,196**	**14,875**	**52,714**

9.4 The HRA major work expenditure is adjusted in line with the council's assumption of 11.1% in 2023/24 and 5% onward. The Plan allows for £639.849m for maintaining and improving existing HRA stock over the next 30 years. (See Appendix 4).

9.5 Based on the estimates over the 30-Year Plan, the HRA will continue to finance existing debts, together with the ongoing supervision and management, repairs and maintenance costs and maintaining adequate reserves.

10. Future Development Programme

10.1 The Tower and Ashbourne House tower blocks and Quantock Close Affordable Homes are two redevelopment schemes previously proposed. The original proposal was for 193 housing units to be built on the Tower and Ashbourne site and for 8 housing units to be built on the Quantock Close site. Tower House was demolished in September 2020 while Ashbourne House is to have vacant possession in the next few weeks and is to be demolished thereafter.

10.2 SBC has no intention of directly embarking on a programme of development of new homes but will take on the role of creating an enabling environment for developers to build in Slough.

10.3 In light of the financial situation faced by Slough Borough Council, the Affordable Homes programme will not be going ahead. The Affordable Homes budget for 2023/24 of £0.8m shown in table 3 above represents estimated demolition/decommissioning costs of Ashbourne House.

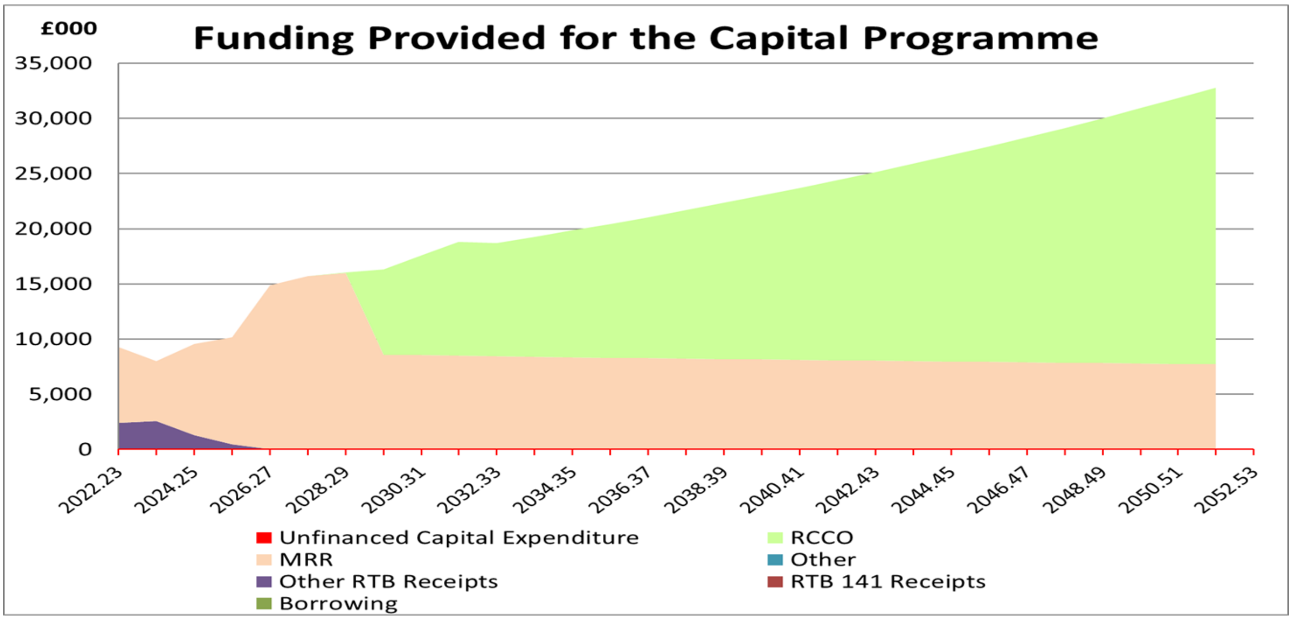
11. Capital Programme Funding

11.1 The financing of the capital programme is primarily from Major Repair Reserves (MRR), and RTB receipts after allowing for the element that can only be used to finance replacement homes. These resources can be supplemented by additional borrowing where required. The capital expenditure projections are based on combination of assumed inflation rate and stock condition. Table 4 shows the 22/23 programme outturn forecast and the capital programme from 2023/24 to 2027/28.

Table 4: Five Year Capital Programme and Funding

	2022.23 Projected Outturn £000	2023.24 £000	2024.25 £000	2025.26 £000	2026.27 £000	2027.28 £000	Total £000
CAPITAL EXPENDITURE							
Planned Major Works & Improvements	7,120	8,793	7,506	9,006	9,658	14,323	49,286
Works to promote decarbonisation	100	500	513	525	538	552	2,628
Development Schemes	-	-	-	-	-	-	-
Affordable Homes	700	800	-	-	-	-	800
Total Expenditure	7,920	10,093	8,019	9,531	10,196	14,875	52,714
FINANCING							
External Borrowing	-	-	-	-	-	-	-
RtB Receipts	1,831	2,422	2,563	1,325	482	-	6,793
Retained Receipts	700	-	-	-	-	-	-
Other Capital Receipts	-	-	-	-	-	-	-
Grant and other contributions	-	-	-	-	-	-	-
Major Repairs Reserve	5,389	7,670	5,455	8,207	9,714	14,875	45,921
Revenue Contribution	-	-	-	-	-	-	-
Total Financing	7,920	10,092	8,018	9,532	10,196	14,875	52,714

Graph 1 – Capital Programme Funding

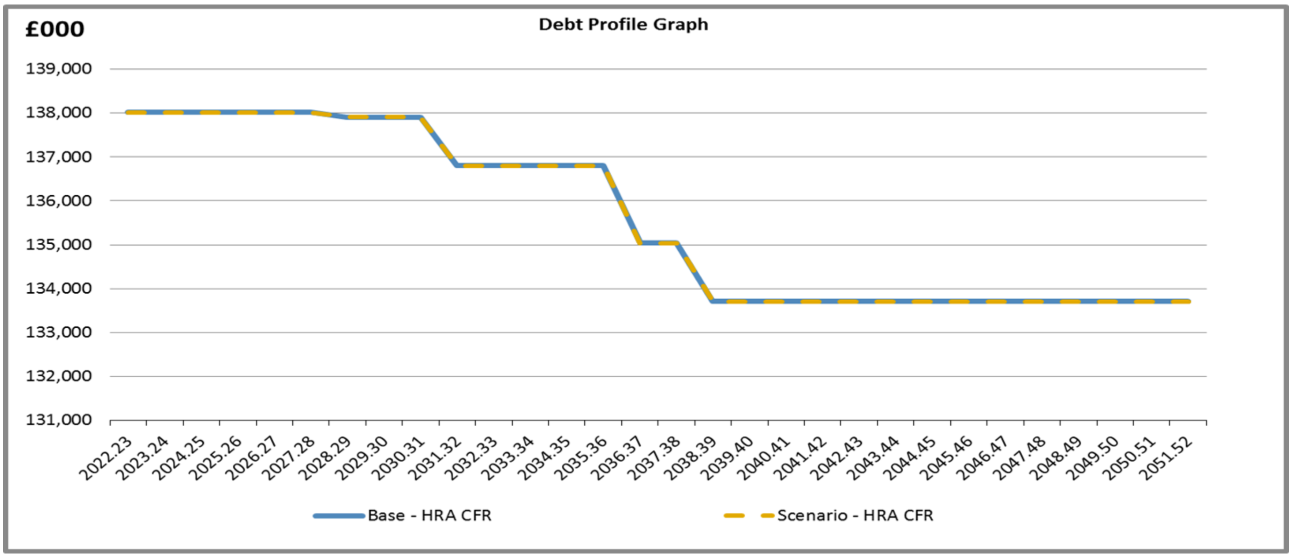


12. HRA Debt / Borrowing

12.1 At the introduction of HRA self-financing in 2012, SBC had to make payments to DCLG of £135.841m on 28th March 2012. This was funded by SBC taking out £125.841m of PWLB loans of various maturities and £10m of internal borrowing.

12.2 The HRA debt brought forward in April 2022 was £138m, at the interest rate of 3.35% depending upon the terms of the loan. This debt is serviced via the HRA and does not affect the General Fund. The HRA debt is assumed to decrease during the 30 years, as no additional borrowing is to be obtained as there is currently no plan to directly build new homes. HRA has sufficient resources to fund the ongoing capital programme without the need for further borrowings. The Business Plan assumes the need to refinance the debts as and when the debts become repayable. The graph below shows the HRA debt position over the 30-year business plan period.

Graph 2: Debt Profile



13. Sensitivity Analysis

13.1 The HRA Business Plan has been prepared based on currently available information. Despite this, it is particularly sensitive to changes in the Government's rent policy, fluctuations in interest rates, and increases to management and repairs costs. The sensitivity analysis looks at the potential impact on the HRA of alternative rates for inflation and interest, annual rent increases, management costs, repairs and the capital programme. To mitigate the risks associated with this, modelling of key sensitivities is undertaken to provide context on the impact. As the present time, the HRA has loans which are on fixed rates which do not expire for several years, hence any changes in the interest rates will not have a material impact on the I&E in the immediate future and so has not been modelled for sensitivity purposes.

13.2 The level of future rent increases has profound implications for the long-term viability of the HRA. The Government's policy is that rents should increase by 7% in 2023/24. It is unknown if another increase will be imposed by Government for 2024/25 onwards or if the rent increase will revert to the rent standard of CPI plus 1%.

Table 5: Sensitivity Analysis

Sensitivity	2023.24	2024.25	2025.26	2026.27	2027.28
	£000	£000	£000	£000	£000
Inflation					
1% reduction in inflation rate will result in a reduction in the estimated HRA accumulated Balance	221	256	287	331	373
Rents					
1% reduction in the Government's capped rent increase will result in a reduction in rental income	369	397	400	412	423

14. Analysis of key risks

14.1 The business plan is based on a set of assumptions, and there will always be an element of risk of changes in cashflow projections in the revenue and capital accounts, if any of the assumption fail to materialise. The risks that have been identified in the development of the HRA Business Plan are set out in table 6 below along with the mitigation.

Table 6: Risk Profile

Risk Area	Description	Mitigation Action
Uncertainty around Government's regulated rent policy	The 7% rent cap for 23/24 which is below the inflation rate may impact the Council's ability to fund its repairs and maintenance programme as it is primarily funded from rental income.	Impact of any proposed changes to national rent policy is incorporated into financial planning as early as possible with scenario impact quantified
Right to Buy receipts	Changes to the right to buy rules result in an increase in the level of sales, with the associated commitment to deliver replacement units or pay over receipts with interest. This impacts the resources available to finance the capital investment programme.	Retained resources are monitored to ensure delivery of required units or return of resource at earliest opportunity. Sensitivities modelled so potential impacts are understood. Delivery timeframe extended to 5 years, with ability to invest up to 40% of receipt into the replacement dwelling
Welfare and Benefit Reforms.	Reforms to welfare and benefits such as universal credit can affect the HRA Business Plan, has a potential to cause increases in rents and service charge arrears sometimes resulting in increased bad debt levels.	Establishing delivery partnership agreement that supports the most vulnerable. Performance closely monitored to allow further positive action if required. Continuing to review strategy for maximising rent

Risk Area	Description	Mitigation Action
		collection that reflects Universal Credit implications for transition and full service. Continuing raising awareness with residents about Universal Credit, including what it means for them.
Cost of Living impacts on tenants and leaseholders	With those on lower salaries suffering disproportionately in the current cost of living crisis, some tenants may fall into arrears as they struggle to pay higher rates of rent and service charge. This will impact on the Council's collection rates.	It may therefore be necessary to agree repayment plans for tenants and also increase the provision for bad debts.
Poor collection of rent	Rent income is under-achieved due to a major incident in the housing stock	Identify and address key issues in the housing stock to minimise likelihood of widespread of non-collection. It may therefore be necessary to agree repayment plans for tenants and also increase the provision for bad debts. Increased resources identified for income management. Performance closely monitored to allow further positive action if required.
Inflation	Inflation will always be the most obvious risk to the business plan. Inflation increase for income and expenditure should be some mitigation in itself. The highly increased inflation on the repairs element and elsewhere result in a deficit position.	A level of inflation on capital and revenue budget have been provided for in the business plan. However, market uncertainties may mean that this is insufficient.
Decarbonisation of Housing Stock	Government's commitment to target net zero carbon emission by 2050 and the resulting implication of the decarbonisation of SBC's social housing stock. The cost of achieving decarbonisation is likely to be huge. An unquantified estimate to achieve decarbonisation per property is speculated to be around £15K. With SBC stock	Detailed specialist survey is to be completed to evaluate the likely whole house approach required for some properties to deliver the full decarbonisation objectives.

Risk Area	Description	Mitigation Action
	numbers (circa. 6,000), that could amount to £90m.	
Damp and Mould	There is now the requirement for RSLs with more than a thousand homes to provide evidence to the Social Housing Regulator of their approach to dealing with damp and mould issues. The penalty of noncompliance or poor performance may mean new funding being withheld from such RSLs.	Officers are currently working with Osbourne (Repairs and Maintenance Contractor) to review the approach to dealing with damp and mould incidents occurring in the Councils stock.
New legislation and regulations	New legislation and regulations are likely to impact this business plan. Implications of new legislation / regulation or changes to existing are not identified. Changes in national housing or rent policy impact the ability to support the housing debt or deliver against planned investment programmes	Effective, formal, regular review processes are in place for the HRA to ensure that implications are identified, quantified, and highlighted. Impact of any proposed changes to national rent policy is incorporated into financial planning as early as possible with scenario impact quantified

15. Implications of the Recommendation

15.1 Financial implications

15.1.1 The financial implications are contained throughout this report

15.2 Legal implications (Mandatory)

15.2.1 Under section 74 of the Local Government and Housing Act 1989 the Council, as a Local Housing Authority, must maintain a Housing Revenue Account (HRA) which includes sums falling to be credited or debited in accordance with the category of properties listed within s74(1), which consists primarily of Council housing stock. HRA must include any capital expenditure on housing stock which a Local Authority has decided to charge to revenue. Save in accordance with a direction of the Secretary of State, sums may not be transferred between HRA or General Fund, therefore, HRA is ring-fenced and cannot be used to subsidise a budget deficit within General Fund, neither can General Fund be used to subsidise a budget deficit in HRA. Section 76 of 1989 Act requires Local Authorities to formulate and implement proposals to secure HRA for each financial year does not show a debit balance. If a debit occurs, this must be carried forward to next financial year.

15.3 Risk management implications (Mandatory)

15.3.1 See section 14 above.

15.4 Environmental implications (Mandatory)

15.4.1 See sections 4.6 and 4.7 above.

15.5 Equalities implications (Mandatory)

15.5.1 Pursuant to the Equality Act 2010, the Council, in the exercise of its functions, has to have ‘due regard’ to (i) eliminating discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act; (ii) advancing equality of opportunity between those with a relevant protected characteristic and those without; and (iii) fostering good relations between those with a relevant protected characteristic and those without. The relevant protected characteristics are age, race, disability, gender reassignment, pregnancy and maternity, religion or belief, sex and sexual orientation. The duty also covers marriage and civil partnership, but to a limited extent.

15.5.2 The HRA business plan is an operational document on the delivery of the landlord function by the council. Individual regeneration/improvement schemes will be subject to an Equalities Impact Assessment to ensure any arising issues are addressed. Major aids and adaptations are included as essential work within the capital programme.

15.6 Procurement implications (Discretionary)

15.6.1 None.

15.7 Workforce implications (Discretionary)

15.7.1 None.

15.8 Property implications (Discretionary)

15.8.1 None.

16. Background Papers

- Housing Rents and Charges Report, January 2023 Cabinet

Appendices

Appendix A - HRA Revenue 5-Year Business Plan

	2023.24 £000	2024.25 £000	2025.26 £000	2026.27 £000	2027.28 £000
INCOME AND EXPENDITURE ACCOUNT					
Income					
Dwelling Rents	36,907	39,689	39,997	41,158	42,346
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Interest payable incl amortisation	(4,620)	(4,620)	(4,620)	(4,620)	(5,359)
HRA investment income	15	15	15	15	15
Surplus / (deficit) for the year	**800**	**2,787**	**2,865**	**4,368**	**4,182**

Appendix B - HRA Revenue 30-Year Business Plan

	2023.24	2024.25	2025.26	2026.27	2027.28	2028.29	2029.30	2030.31	2031.32	2032.33
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
INCOME AND EXPENDITURE ACCOUNT										
Income										
Dwelling Rents	36,907	39,689	39,997	41,158	42,346	43,559	44,800	46,955	47,367	48,693
Non Dwelling Rents	1,835	1,945	2,004	2,064	2,126	2,190	2,255	2,323	2,393	2,464
Charges for services and facilities (net of voids)	2,670	2,830	2,915	3,002	3,092	3,185	3,281	3,379	3,480	3,585
Total Income	**41,412**	**44,464**	**44,915**	**46,224**	**47,564**	**48,934**	**50,336**	**52,657**	**53,240**	**54,742**
Expenditure										
Repairs and maintenance	(13,377)	(14,180)	(14,605)	(14,410)	(14,843)	(15,288)	(15,055)	(15,506)	(15,972)	(16,451)
Supervision and management	(10,688)	(11,274)	(11,557)	(11,829)	(12,149)	(12,457)	(12,773)	(13,097)	(13,430)	(13,771)
Rents, rates, taxes and other charges	(1,582)	(1,334)	(1,027)	(747)	(770)	(793)	(816)	(841)	(866)	(892)
(Increase)/decrease in provision for bad debts	(1,500)	(1,500)	(1,545)	(1,591)	(1,639)	(1,688)	(1,739)	(1,791)	(1,845)	(1,900)
Depreciation and impairment of fixed assets	(8,859)	(8,785)	(8,711)	(8,674)	(8,637)	(8,600)	(8,563)	(8,526)	(8,489)	(8,453)
Total Expenditure	**(36,007)**	**(37,073)**	**(37,445)**	**(37,252)**	**(38,037)**	**(38,826)**	**(38,947)**	**(39,762)**	**(40,602)**	**(41,467)**
Net Cost of HRA Services	5,405	7,391	7,470	8,972	9,526	10,108	11,390	12,895	12,637	13,276
Interest payable incl amortisation	(4,620)	(4,620)	(4,620)	(4,620)	(5,359)	(6,157)	(6,312)	(4,598)	(4,575)	(4,486)
HRA Share of Pension Costs	0	0	0	0	0	0	0	0	0	0
HRA investment income	15	15	15	15	15	15	15	15	15	15
Surplus / (deficit) for the year	**800**	**2,787**	**2,865**	**4,368**	**4,182**	**3,966**	**5,092**	**8,312**	**8,077**	**8,804**

	2033.34	2034.35	2035.36	2036.37	2037.38	2038.39	2039.40	2040.41	2041.42	2042.43
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
INCOME AND EXPENDITURE ACCOUNT										
Income										
Dwelling Rents	50,050	51,438	53,874	54,309	55,795	57,315	58,869	60,460	63,281	63,753
Non Dwelling Rents	2,538	2,614	2,693	2,774	2,857	2,943	3,031	3,122	3,215	3,312
Charges for services and facilities (net of voids)	3,692	3,803	3,917	4,035	4,156	4,280	4,409	4,541	4,677	4,818
Total Income	**56,281**	**57,855**	**60,484**	**61,118**	**62,808**	**64,538**	**66,309**	**68,123**	**71,174**	**71,882**
Expenditure										
Repairs and maintenance	(16,944)	(17,453)	(17,976)	(18,515)	(19,071)	(19,643)	(20,232)	(20,839)	(21,464)	(22,108)
Supervision and management	(14,122)	(14,482)	(14,851)	(15,231)	(15,620)	(16,019)	(16,429)	(16,850)	(17,282)	(17,727)
Rents, rates, taxes and other charges	(919)	(947)	(975)	(1,004)	(1,034)	(1,065)	(1,097)	(1,130)	(1,164)	(1,199)
(Increase)/decrease in provision for bad debts	(1,957)	(2,016)	(2,076)	(2,139)	(2,203)	(2,269)	(2,337)	(2,407)	(2,479)	(2,554)
Depreciation and impairment of fixed assets	(8,416)	(8,379)	(8,342)	(8,305)	(8,268)	(8,231)	(8,194)	(8,157)	(8,120)	(8,083)
Total Expenditure	**(42,358)**	**(43,275)**	**(44,220)**	**(45,194)**	**(46,196)**	**(47,227)**	**(48,289)**	**(49,384)**	**(50,510)**	**(51,671)**
Net Cost of HRA Services	13,923	14,580	16,264	15,924	16,612	17,310	18,019	18,739	20,664	20,212
Interest payable incl amortisation	(4,486)	(4,486)	(4,486)	(4,448)	(4,368)	(4,355)	(4,267)	(4,297)	(4,250)	(4,181)
HRA Share of Pension Costs	0	0	0	0	0	0	0	0	0	0
HRA investment income	15	15	15	15	15	15	15	15	15	15
Surplus / (deficit) for the year	**9,451**	**10,109**	**11,793**	**11,491**	**12,259**	**12,970**	**13,768**	**14,457**	**16,429**	**16,045**

	2043.44 £000	2044.45 £000	2045.46 £000	2046.47 £000	2047.48 £000	2048.49 £000	2049.50 £000	2050.51 £000	2051.52 £000	2052.53 £000
INCOME AND EXPENDITURE ACCOUNT										
Income										
Dwelling Rents	65,457	67,200	68,985	70,811	74,077	74,592	76,549	78,552	80,602	84,291
Non Dwelling Rents	3,411	3,514	3,619	3,728	3,839	3,955	4,073	4,195	4,321	4,451
Charges for services and facilities (net of voids)	4,962	5,111	5,264	5,422	5,585	5,752	5,925	6,103	6,286	6,474
Total Income	**73,830**	**75,825**	**77,868**	**79,961**	**83,501**	**84,299**	**86,547**	**88,850**	**91,209**	**95,216**
Expenditure										
Repairs and maintenance	(22,772)	(23,455)	(24,158)	(24,883)	(25,630)	(26,399)	(27,190)	(28,006)	(28,846)	(29,712)
Supervision and management	(18,181)	(18,649)	(19,129)	(19,622)	(20,128)	(20,648)	(21,181)	(21,727)	(22,291)	(22,867)
Rents, rates, taxes and other charges	(1,235)	(1,272)	(1,310)	(1,350)	(1,390)	(1,432)	(1,475)	(1,519)	(1,564)	(1,611)
(Increase)/decrease in provision for bad debts	(2,630)	(2,709)	(2,790)	(2,874)	(2,960)	(3,049)	(3,141)	(3,235)	(3,332)	(3,432)
Depreciation and impairment of fixed assets	(8,046)	(8,009)	(7,972)	(7,935)	(7,898)	(7,861)	(7,824)	(7,788)	(7,751)	(7,714)
Total Expenditure	**(52,864)**	**(54,094)**	**(55,361)**	**(56,664)**	**(58,006)**	**(59,389)**	**(60,811)**	**(62,275)**	**(63,784)**	**(65,336)**
Net Cost of HRA Services	20,966	21,731	22,508	23,296	25,495	24,910	25,736	26,575	27,425	29,880
Interest payable incl amortisation	(4,215)	(4,249)	(4,285)	(4,322)	(4,359)	(4,399)	(4,440)	(4,483)	(4,527)	(4,708)
HRA Share of Pension Costs	0	0	0	0	0	0	0	0	0	0
HRA investment income	15	15	15	15	15	15	15	15	15	15
Surplus / (deficit) for the year	**16,766**	**17,497**	**18,238**	**18,990**	**21,151**	**20,526**	**21,311**	**22,107**	**22,913**	**25,187**

Appendix C – 5-Year Capital Programme and Funding Streams

	2022.23 Projected Outturn £000	2023.24 £000	2024.25 £000	2025.26 £000	2026.27 £000	2027.28 £000	Total £000
CAPITAL EXPENDITURE							
Planned Major Works & Improvements	7,120	8,793	7,506	9,006	9,658	14,323	49,286
Works to promote decarbonisation	100	500	513	525	538	552	2,628
Development Schemes	-	-	-	-	-	-	-
Affordable Homes	700	800	-	-	-	-	800
Total Expenditure	7,920	10,093	8,019	9,531	10,196	14,875	52,714
FINANCING							
External Borrowing	-	-	-	-	-	-	-
RtB Receipts	1,831	2,422	2,563	1,325	482	-	6,793
Retained Receipts	700	-	-	-	-	-	-
Other Capital Receipts	-	-	-	-	-	-	-
Grant and other contributions	-	-	-	-	-	-	-
Major Repairs Reserve	5,389	7,670	5,455	8,207	9,714	14,875	45,921
Revenue Contribution	-	-	-	-	-	-	-
Total Financing	7,920	10,092	8,018	9,532	10,196	14,875	52,714

Appendix D – 30-Year Major Repairs and Improvements Financing

	Expenditure				**Financing**						
Year	**Major Works & Imps**	**Works to promote decarbonisation**	**Other**	**Total Expenditure**	**Borrowing**	**RTB 141 Receipts**	**Other RTB Receipts**	**Other**	**MRR**	**RCCO**	**Total Financing**
	£,000	**£,000**	**£,000**	**£,000**	**£,000**	**£,000**	**£,000**	**£,000**	**£,000**	**£,000**	**£,000**
2023.24	8,793	500	800	10,093	0	0	2,422	0	7,670	0	10,093
2024.25	7,506	513	0	8,019	0	0	2,563	0	5,455	0	8,019
2025.26	9,006	525	0	9,531	0	0	1,325	0	8,207	0	9,531
2026.27	9,658	538	0	10,196	0	0	482	0	9,714	0	10,196
2027.28	14,323	552	0	14,875	0	0	0	0	14,875	0	14,875
2028.29	15,123	566	0	15,688	0	0	0	0	15,688	0	15,688
2029.30	15,440	580	0	16,020	0	0	0	0	16,006	14	16,020
2030.31	15,739	594	0	16,333	0	0	58	0	8,526	7,749	16,333
2031.32	16,996	609	0	17,605	0	0	47	0	8,489	9,069	17,605
2032.33	18,163	624	0	18,788	0	0	36	0	8,453	10,300	18,788
2033.34	18,708	0	0	18,708	0	0	24	0	8,416	10,268	18,708
2034.35	19,270	0	0	19,270	0	0	12	0	8,379	10,879	19,270
2035.36	19,848	0	0	19,848	0	0	0	0	8,342	11,506	19,848
2036.37	20,443	0	0	20,443	0	0	0	0	8,305	12,138	20,443
2037.38	21,056	0	0	21,056	0	0	0	0	8,268	12,789	21,056
2038.39	21,688	0	0	21,688	0	0	0	0	8,231	13,457	21,688
2039.40	22,339	0	0	22,339	0	0	0	0	8,194	14,145	22,339
2040.41	23,009	0	0	23,009	0	0	0	0	8,157	14,852	23,009
2041.42	23,699	0	0	23,699	0	0	0	0	8,120	15,579	23,699
2042.43	24,410	0	0	24,410	0	0	0	0	8,083	16,327	24,410
2043.44	25,142	0	0	25,142	0	0	0	0	8,046	17,096	25,142
2044.45	25,897	0	0	25,897	0	0	0	0	8,009	17,888	25,897
2045.46	26,674	0	0	26,674	0	0	0	0	7,972	18,701	26,674
2046.47	27,474	0	0	27,474	0	0	0	0	7,935	19,539	27,474
2047.48	28,298	0	0	28,298	0	0	0	0	7,898	20,400	28,298
2048.49	29,147	0	0	29,147	0	0	0	0	7,861	21,286	29,147
2049.50	30,021	0	0	30,021	0	0	0	0	7,824	22,197	30,021
2050.51	30,922	0	0	30,922	0	0	0	0	7,788	23,134	30,922
2051.52	31,850	0	0	31,850	0	0	0	0	7,751	24,099	31,850
2052.53	32,805	0	0	32,805	0	0	0	0	7,714	25,092	32,805
	633,447	**5,602**		**639,849**	**0**	**0**	**6,970**	**0**	**264,377**	**368,502**	**639,849**

Appendix E – 5-Year HRA Reserve Projection

Year	2023.24 £000	2024.25 £000	2025.26 £000	2026.27 £000	2027.28 £000
Surplus / (deficit) for the year	800	3,417	3,167	4,348	4,182
HRA Balance Brought Forward	21,344	22,144	25,561	28,728	33,075
HRA Balance Carried Forward	**22,144**	**25,561**	**28,728**	**33,075**	**37,257**

The estimated opening balance on the HRA reserve at the start of the 2022/23 financial year was £18.67m. HRA's target level of reserves of £4m from 2023/24, is proposed to be retained, recognising the need to safeguard the Council against the risk and uncertainty in the current financial and operational environment for housing. The estimated HRA balances are subject to audit and may change as the Council accounts are being prepared/audited for the last four years.

Appendix F – 5-Year Major Repairs Reserve (MRR) Projection

Year	2023/24	2024/25	2025/26	2026/27	2027/28
	£,000	**£,000**	**£,000**	**£,000**	**£,000**
Opening Balance	15,986	17,175	20,504	21,009	19,969
Capital expenditure to be financed by MRR	(7,670)	(5,455)	(8,207)	(9,714)	(14,875)
Annual depreciation transferred to MRR	8,859	8,785	8,711	8,674	8,637
Closing Balance	**17,175**	**20,504**	**21,009**	**19,969**	**13,732**

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AGENDA ITEM 9

SLOUGH BOROUGH COUNCIL

REPORT TO:	Cabinet
DATE:	27th February 2023
SUBJECT:	Update on Dedicated Schools Grant Management Plan
CHIEF OFFICER:	Steven Mair, Executive Director of Finance and Commercial (s 151) Sue Butcher, Executive Director People Children, Chief Executive Slough Children's Service Trust Ltd
CONTACT OFFICER:	Liton Rahman, Deputy Director Corporate and Strategic Finance
WARD(S):	All
PORTFOLIO:	Cllr Rob Anderson, Financial Oversight, Council Assets and Performance Cllr Christine Hulme, Children's Services, Lifelong Learning and Skills
KEY DECISION:	No
EXEMPT:	No
DECISION SUBJECT TO CALL IN:	No
APPENDICES:	None

1 Summary and Recommendations

1.1 Local authorities are facing increased demand for places for pupils requiring specialist education provision, which has risen in Slough by 86% since 2015. As well as the significant increase in numbers, the complexity of pupils' needs is also increasing.

1.2 The Council's Dedicated Schools Grant (DSG) deficit has been growing since 2015/16, mainly due to the pressures for additional funding in the HNB and a lack of management action up to May 2021. The overall deficit has grown from £4.9m in 2015/16 to £25.5m as at 31 March 2022. The DSG has a forecast deficit at the end of 2021/22 of £29.1m, which is a £3.6m increase since 31st March 2022 due to the overspend on the High Needs Block.

1.3 All local authorities with DSG deficits are required to prepare and implement a deficit management plan, although the Department for Education (DfE) recognises that in some cases it may take several years for the situation to improve.

1.4 Whilst the authority did prepare and present a management plan to Schools Forum in January 2021, this was prepared prior to the finalisation of the 20/21 outturn position which was estimated to be £4m at the time and was used as a basis for projecting forward and therefore resulted in the year-end positions being underestimated. Also, the plan only included the projected unmitigated position without any focus on mitigating actions that would reduce the deficit position.

1.5 The Council had made no positive progress on addressing this growing deficit until May 2021 when the lack of progress was identified, and action began on preparing a revised management plan that was more reliable and included mitigations.

1.6 The outturn position in 2020/21 was an overspend of £7.2m and it was anticipated that an overspend of £7.2m would occur in 2021/22. However, as a direct result of the actions outlined within this report the overspend was reduced to £4.9m, a reduction of £2.3m when compared to last year's position. Attention is drawn to paragraph 4.9 in coming to this forecast and the risks that this may change.

1.7 The Council has been participating in the DfE's Safety Valve programme and has been engaging with the DfE on a bi-monthly basis and in doing so the DfE has been offering challenge and support to the process of recovery. The meetings have been focused on providing an effective service and achieving financial sustainability rather than simply reducing expenditure. Feedback from the meetings have been positive, the DfE have been very complimentary and pleased with the progress made by the Council. In particular, the commissioning work and the financial modelling. They have commented positively on the pro-active and comprehensive nature of the Council's responses to queries all of which is taking the DSG issue forward.

1.8 The Council submitted its initial proposal to the DfE on 13th January 2023 with a feedback session held on 23rd January 2023. The feedback session was very positive, and the Council submitted a final proposal on the 3rd February 2023.

1.9 If the proposals are agreed to by the Secretary of State, they will form the basis of a published agreement. The agreement will require the Council to implement reforms to the agreed timetable, alongside maintaining an agreed savings profile. It will also set out additional funding which the department will release to support the reduction of the cumulative deficit.

1.10 This report updates the Cabinet on the High Needs Budget position and the progress to date of the DSG Management Plan 2022/23 to 2026/27.

Commissioners comments

The commissioners welcome this comprehensive report which sets out the actions taken as part of the Safety Valve programme, and look forward to hearing the outcome of the final proposal submitted to the Department for Education on 3rd February 2023.

Recommendations

1.11 That the Cabinet note the following:

- the forecast position for DSG spend in 2022/23 to 2026/27

- the overarching issues that have resulted in the DSG deficit and the actions taken to date to address these
- the Council has been taking part in the ‘safety valve’ intervention programme with the DfE and has submitted its final proposal for addressing the deficit on the High Needs Block.

Reasons

1.12 Those who receive services via the Local Authority’s DSG (High Needs Block) are the most vulnerable children and young people (aged 0-25) with special educational needs and disabilities. An effective Management Plan for DSG High Needs Block spending is required to address the current overspend and ensure that services are sustainable and can continue to meet the needs of children, young people and their families in Slough.

1.13 This priority has to be achieved within a balanced budget and this has not been the case in the past with increasing deficits and no management action to address them.

2. Background

2.1. School Funding is received through the DSG, and is split into four blocks, each with its own formula to calculate the funding to be distributed to each local authority, and with specific regulations on what each block of funding can be spent on:

- **Schools Block (SB)** – funds primary and secondary schools through the school’s funding formula, and growth funding for new and growing schools/bulge classes.
- **Central Schools Services Block (CSSB)** – funds services provided by the local authority centrally for all schools and academies, such as the admissions service.
- **Early Years Block (EYB)** – funds the free entitlement for 2-, 3-, & 4-year-olds in all early year’s settings in the private, voluntary and independent (PVI) sector as well as maintained nursery schools, and nursery classes in mainstream schools.
- **High Needs Block (HNB)** – funds places in special schools, resource units and alternative provision, and top up funding for pupils with Education, Health & Care Plans (EHCPs) in all settings including non-maintained special schools, independent special schools, and further education colleges.

2.2. The Council’s DSG deficit has been growing since 2015/16, mainly due to the pressures for additional funding in the HNB and the lack of management action. The overall deficit has grown from £4.9m in 2015/16 to £20.6m as at 31 March 2021, and could potentially grow to £43m by 2024/25 if no mitigating actions are taken.

2.3. All local authorities with DSG deficits are required to prepare and implement a deficit management plan, although the DfE recognises that in some cases it may take several years for the situation to improve.

2.4. Slough’s revised deficit management plan was shared with the DfE in July 2021 (see para 4.1.6 below). Actions to manage demand for HNB funding and address the DSG deficit are included in this plan. The key areas of risk, actions taken to date and mitigations are identified in the sections that follow.

2.5. The Council has been invited to take part in the ‘safety valve’ intervention programme with the DfE with the aim of agreeing a package of reform to our high needs system that will bring the DSG deficit under control. Officers are currently in the process of updating the existing management plan and package of proposals in readiness for the review with the DfE which is expected to commence in April/May 2022.

2.6. If the proposals are agreed to by the Secretary of State, they will form the basis of a published agreement. The agreement will require the Council to implement reforms to the agreed timetable, alongside maintaining an agreed savings profile. It will also set out additional funding which the department will release to support the reduction of the cumulative deficit.

2.7. The following governance structure has been and is being implemented to ensure there is oversight of the delivery of the DSG Action Plan:

2.7.1. DSG Finance Group: meets weekly and is chaired by the Section 151 Finance Officer and provides assurance that actions to deliver the DSG plan is on track and provides financial reports to track impact. These actions are set out below in section 3

2.7.2. SEND Transformation Board; will meet monthly and is jointly chaired by Section 151 Officer and the Executive Director People Children. Membership also includes chair of school forum, Frimley Clinical Commissioning Group, Slough Children Trust Ltd, parent voice and Adult Social Care. This Board will provide challenge and oversight of the DSG Management Plan and links to improving SEND outcomes

2.8. This report is provided to Members to share detailed information about the financial pressures faced by the Council and local schools in providing services to children with additional needs including Special Educational Needs and Disabilities (SEND) through its nationally allocated High Needs Block (HNB) funding.

2.9. The report sets out strategic aims and strategies to address these pressures. High Needs funding is one of the four funding blocks within the DSG for the Council. The Council has authority regarding funding decisions about the DSG allocations including allocation of funding from the high needs block, although it is required to consult the local Schools’ Forum (a school stakeholders’ body) who also hold some regulatory powers for specific circumstances.

3. Overarching Issues

3.1. The Council is facing unprecedented financial challenges across the whole spectrum of its budgets culminating in the issuance of a s114 notice in July 2021. The problem at that stage was estimated at £174m. This increased to a potential Capitalisation Direction (CD) of £782m with annual revenue savings needed of £20m for 7 years.

3.2. In addition, the Council's DSG deficit has been growing since 2015/16, mainly due to the pressures in the HNB and the lack of management action. The overall deficit has grown from £4.9m in 2015/16 to £25.5m as at 31 March 2022. It was forecast to increase every year thereafter, rising to £41m by 2026/27. Due to work to address this in the last 18 months this is now forecasting to stop overspending in year by 2025/26 and outturn in that year at £27.7m, reducing to £27.0m by 2026/27, a reduction of £14.4m, 34%

Table 1 – DSG Deficit

£m	15/16	16/17	17/18	18/19	19/20	20/21	21/22
B/F	5.7	4.9	2.4	5.4	7.5	13.4	20.6
In-year	-0.8	-2.5	3.0	2.1	5.9	7.2	4.9
C/F	**4.9**	**2.4**	**5.4**	**7.5**	**13.4**	**20.6**	**25.5**

3.3. In 2020, the Government introduced a statutory override for a period of three years (up to end of March 2023) that meant that local authorities' DSG deficits could be separated from their wider accounts. The Government has agreed to extend the DSG statutory override by a further three years. In the case of Slough, the DSG is forecast to reach a cumulative deficit of over £27m by March 2023 and so having a separation of this from the council's own reserves is critical.

3.4. Key long-term areas of pressure in relation to Slough's HNB spending have been:

- increasing cost of top-up funding for Education Health and Care Plans (EHCPs) – this has increased in both mainstream and special schools. This is not in line with national trends and is being reviewed as part of this DSG Management Plan. Actions taken to date have seen the average cost of a newly issued plan decrease by 17% over 2 years.
- placements in Independent Non-Maintained Special School (INMSS) – the increase in Slough has been lower than in other unitary authorities; however, this is a focus for review as each individual placement can incur significant costs. To date our numbers, continue to be lower than our statistical neighbours and are reducing.
- Post-16 and Post 19 Placements – these have been increasing in line with national trends. This is a focus for the DSG Management Plan as the Council needs more effective commissioning to ensure value for money and sufficient capacity within the Slough area. There is now a Post-14 team in place to focus on this project, and commissioning practices have been significantly strengthened.
- Alternative Education Provision Commissioning of Placements – Slough is a statistical outlier in this, commissioning similar numbers of places to much larger authorities. This has had a significant impact on higher needs block spending and commissioning and delivery of these places is a focus of the DSG Management Plan. A project is in place and significant cost reductions are projected over 3 years, with year one already implemented.
- management of existing contracts and commissioning of services to support children and young people with additional needs – review of contracts and

commissioning arrangements in Slough will include individual tuition and therapies

3.5. It is also important to acknowledge that Slough has had to address a culture within the SEND team where there was:

- poor decision-making
- lack of leadership, ownership and drive
- lack of governance and accountability
- lack of effective commissioning processes and contract management, with a reliance on spot-purchasing
- lines of financial accountability lacking clarity
- poor use of finance and data systems
- lack of clarity around placements and their cost
- insufficient focus on budget reconciliation

4. Management Plan

4.1. All local authorities with DSG deficits are now required to prepare and implement a deficit management plan, although the DfE recognises that in some cases it may take several years for the situation to improve.

4.2. The issues outlined above are being addressed through improved governance, review of process and roles, increased scrutiny and accountability, and a focus on best value and transparent decision-making.

4.3. Since May 2021, officers have been working extremely hard on developing a management plan and a package of cost reduction strategies that addresses these issues and achieves a balanced in-year position within the next four years.

4.4. The cost reduction strategies are already starting to achieve reductions in expenditure, they are discussed in further detail below. The outturn position in 2020/21 was an overspend of £7.2m and it was anticipated that an overspend of £7.2m would occur in 2021/22. However, as a direct result of the actions outlined within this report an overspend of £4.9m was achieved in 2021/22, a reduction of £2.3m, 32%, when compared to last year's position.

4.5. Slough's revised deficit management plan achieves a balanced in-year position for High Needs by 2025/26, which is year 3 of the plan with an estimated mitigated deficit of £27m by 2026/27 compared to a deficit of £41.4m if no mitigating actions are taken.

Table 2 – Projected in-year DSG Deficit

£m	20/21	21/22	22/23	23/24	24/25	25/26	26/27
Unmitigated	7.2	7.2	3.6	3.0	3.3	3.1	2.8
Mitigated	7.2	4.9	2.2	0.4	0.1	(0.4)	(0.7)
Reduction	**0.0**	**(2.3)**	**(1.4)**	**(2.6)**	**(3.2)**	**(3.5)**	**(3.5)**

Table 3 – Projected cumulative DSG Deficit

£m	20/21	21/22	22/23	23/24	24/25	25/26	26/27
Unmitigated	20.6	27.8	29.1	32.1	35.4	38.5	41.4
Mitigated	20.6	25.5	27.6	28.1	28.1	27.7	27.0
Reduction	**0.0**	**(2.3)**	**(1.5)**	**(4.0)**	**(7.3)**	**(10.8)**	**(14.4)**

4.6. The Council has been participating in the DfE's Safety Valve programme and has been engaging with the DfE on a bi-monthly basis and in doing so the DfE has been offering challenge and support to the process of recovery. The meetings have been focused on providing an effective service and achieving financial sustainability rather than simply reducing expenditure. Feedback from the meetings have been positive, the DfE have been very complimentary and pleased with the progress made by the Council. In particular, the commissioning work and the financial modelling. They have commented positively on the pro-active and comprehensive nature of the Council's responses to queries all of which is taking the DSG issue forward.

4.7. The Council submitted its initial proposal to the DfE on 13th January 2023 with a feedback session held on 23rd January 2023. The feedback session was very positive, and the Council submitted a final proposal on the 3rd February 2023.

4.8. If the proposals are agreed to by the Secretary of State, they will form the basis of a published agreement in early 2023. The agreement will require the Council to implement reforms to the agreed timetable, alongside maintaining an agreed savings profile. It will also set out additional funding which the department will release to support the reduction of the cumulative deficit.

4.9. As is well documented in other reports on this agenda there are considerable financial risks with significant historic matters being identified as the Council closes off its accounts from 2018/19 to 2021/22. The above estimates have been based on the management plan submitted to the DfE adjusted for historic issues identified to date and changes to income projections based on recent announcements with resilience built in to allow for any issues that arise from the work that is ongoing. However, the magnitude of the issues facing the Council are such that these projections may well change.

5. Cost reduction strategies

5.1 Managing demand for Education Health Care Needs Assessments (EHCNAs) and Education Health Care Plans (EHCPs)

Context

Since the introduction of the Children & Families Act 2014, local authorities (LAs) across England have seen a year-on-year increase in the number of EHCPs. In 2015, 2.8% of all pupils, both in Slough and nationally, were supported through a Statement of Special Educational Needs or EHCP. By 2021, this had increased to 3.6% nationally, 3.7% in Slough, and 4% across other unitary authorities. Whilst the increase in Slough is in line with national statistics, the growing numbers have placed an increasing demand on statutory Special Educational Needs and Disability (SEND) resources. Auditing of SEND Panel decisions pre-April 2021 has demonstrated that processes in Slough from 2014 to 2021 have lacked the rigour necessary to ensure that assessments and the issuing of plans takes place only when appropriate under the SEND Code of Practice (2015). This included a tendency to make decisions regarding changes of placement, banding and type without ensuring accountability and robust evidence.

In 2019, a new matrix system for banding EHCP top-up funding was introduced in Slough. Analysis has shown that in the first 18 months this has resulted in a 14% increase in the cost of top-up funding to mainstream schools. Contributory factors include:

- a failure to undertake a comprehensive financial modelling of the new matrix system to consider the cost impact and sustainability within the existing financial envelope.
- a lack of consideration of existing models in other South-East authorities and statistical neighbours.
- banding levels that are spread too far apart, such that the increase from one increment to the next is frequently between £5,000 and £10,000. This limits options when considering a need to fund additional provision which could be delivered more cost-effectively than stepping to the next available banding level.
- no ‘like-for-like’ banding levels identified for assimilating existing EHCPs that were previously banded under the old system, leading to a tendency for plans to increase in cost without any evidence that provision funded by the top-up needs to increase.
- panel decisions on banding reflecting a culture of low expectation of schools’ ordinarily available provision and SEND capacity.
- the matrix descriptors require reviewing to better take into account the age/stage of the CYP and other provision funded separately from top-up funding (such as Speech & Language Therapy and Berkshire Sensory Consortium packages)

Action taken to date

The following actions have been taken forward:

- a new Chair of SEND Panel (permanent member of staff) since April 2021 has ensured robust adherence to terms of reference and SEND Code of Practice (2015) ensuring transparency of decision-making and all decisions have been appropriately recorded and tracked.
- the membership of SEND Panel has widened to include regular contributions from head teachers and other agencies such as Adult Social Care and regular Health attendance.
- the SEND Commissioner (permanent post) attends the Panel weekly since May 2021 and this has enabled rigour and consistency in our approach to commissioning across cases and particularly with complex cases.
- the Triage process introduced in June 2021 has added a layer of quality assurance which ensures that all cases presented include the relevant and available evidence for the SEND Panel to make their decisions.
- proposals shared with Schools Forum in November 2021 to mitigate immediate risk of banding inflation at phase transfer. These proposals ensured that, where a CYP’s needs were being met under the previous banding system, this banding

would be maintained at phase transfer, rather than moving to the closest matrix banding, which would typically have incurred an increase of at least £1000 per EHCP. These were applied to all EHCPs amended as part of the September 2022 phase transfer process (from February 2022 onwards).

- the following assumptions have been applied to phase transfers from 2021-22, where appropriate to the need of the individual CYP:
  - most pupils leaving PVIs will transfer to mainstream primaries
  - most pupils leaving mainstream primaries will transfer to mainstream secondaries with same level of funding
  - most pupils with a primary RB place will transfer to mainstream secondary or mainstream secondary RB provision
  - most pupils in primary SEN units will transfer to maintained/academy special school
  - most pupils leaving mainstream secondaries will transfer to a local mainstream college placement
  - most pupils leaving special school will transfer to a higher cost college placement (i.e., not an ISP)

Impact to date

There has been considerable positive impact from the above actions:

- analysis of new assessments in the first 6 months of 2022-23, compared to the same period the previous year, shows that these have increased by 2.9% year-on-year in Slough. This is consistent with our overall prediction for a 3% rise in plans this year. Compared to our neighbours in SE19, this is a below average increase.
- the average cost of a newly issued plan has decreased from £11,086 in July-Sept 2020 to £8,478 in July-Sept 2022; this exceeds the savings figures set out in CR4 of the Management Plan.
- the proportion of newly issued plans designated mainstream as type has increased from 81% to 92% over the same period.

Ensuring Sustainability of Changes and Future Plans

The processes at the SEND Panel need to remain fully embedded to ensure ongoing rigour and transparency. Focus needs to remain on quality and outcomes for Children and Young (CYP) with SEND, while also having regard for the financial envelope. More detailed proposals on updating the banding matrix will go to Schools Forum in March 2023. This will ensure that:

- the existing models used by statistical neighbours and other South-East authorities are fully considered and benchmarked against Slough.
- descriptors are reviewed to ensure that decisions regarding banding accurately reflects the provision that the LA must fund through top-up in line with each EHCP.

- banding levels are set at appropriate increments to ensure a graduated response to need. At present, analysis indicates that, in the first 6 months of financial year 2022-23, the average banding increase for a plan where there has been a change of CYP's need has been £4,947 (28 instances during the period analysed). This is likely to reflect the £5,000 increments that the matrix has from band 6 onwards, which will be addressed in the new proposals.
- any EHCPs assimilated from previous system can be funded at a level which reflects provision required without arbitrary inflation due to a lack of 'like-for-like' banding increment.
- proposals are fully modelled both operationally and financially to ensure that needs are met while keeping regard to sustainability and the existing financial envelope.

5.2 Independent Non-Maintained Special School (INMSS)

Context

The Independent Non-Maintained Special School Providers and Independent Providers are used as provision for a small number of CYP who have, due to the complexity of their needs, not been successful within Maintained Provision or their needs are not able to be met within Maintained Settings. The number of these placements has historically been quite low in Slough but since 2018/19 these placements have increased, and their use has not necessarily been monitored or audited to ensure that they are meeting need and providing value for money. A small number of these placements can have a significant financial implication as a placement costing £50,000 per annum for secondary phase will cost potentially over £350,00 for the time the CYP is in the school. Particular issues are:

- projections in the DSG Management Plan indicate that, unmitigated, numbers in this sector will increase to 77 by 2025.
- the costs of these placements are growing, and it is important to ensure that CYP are only placed in these provisions if all local Maintained Provisions clearly cannot meet need and all other options have been exhausted.
- when auditing SEND Panel minutes, some of the decisions made lack transparency, other decisions have been made outside of the Panel so clear rationale is not always available as to why and how the decision was reached.
- it is apparent that for these placements the Commissioning arrangements have lacked rigour, and Contracts and Individual Placement Agreements have not always been in place with charges varying from young person to young person and agreements about uplifts or changes in prices being arbitrary.

Action taken to date

The following actions have been taken forward:

- panel processes are ensuring that only CYP whose needs cannot be met at local Maintained Provisions are being placed in INMSS.
- consultation processes are being strengthened and INMSS schools are only being consulted with where appropriate

- commissioning is being better informed and quality, appropriateness and value for money are the key considerations
- all children and young people attending Independent Non-Maintained Providers have been identified and at Annual Review all these cases are being audited to ensure this is the most appropriate placement to meet need.
- at key transitions consideration is given to whether these placements are still the most appropriate placement for the child or young person.
- all INMSS Providers have/are being met by the Group Manager for Inclusion and SEND Commissioner to review the cost of placements and to renegotiate costings if appropriate.
- Officers have compared the data against bench marking exercise which have occurred with other South East authorities, and we now know joint commissioning opportunities are likely to be limited across the South East as schools who are used frequently by other authorities are not ones Slough use. However, we are meeting with other east Berkshire authorities to potentially develop more locally effective commissioning and the potential of a Framework for INMSS is being explored.
- additional commissioned capacity is being developed within one of our maintained special schools to ensure that the needs of more complex, difficult to place CYP's can potentially be met.
- analysis of data for Phase Transfers in 2021 and 2022, with trends and key savings/pressures identified

Impact to date

There has been considerable positive impact from the above actions:

- the current number of CYP in these placements is reducing and there are fewer children in these provisions than we were projecting. For this year it was 67 and at the time of writing we have 59.

Ensuring Sustainability of Changes and Future Plans

It is important to reiterate that without continued scrutiny thorough SEND Panel process and rigour of decision making these numbers could very easily increase so Panel Processes are being further developed and there is now Health (SLT) and Social Care representation:

- the ongoing work with East Berkshire needs to develop to ensure more effective joint commissioning to better meet the "east berks' area" needs and to thus have more cost-effective placements and better joined up working and decision making. The local commissioning working is focussing on high-cost providers and how we can more effectively commission places and manage the market.
- the role of SEND Commissioning needs to continue to be developed and refined to ensure we can secure agreement with Providers around costings and uplifts, also to ensure effective Contract management and ensuring Quality Indicators are met.

- benchmarking data from the Southeast demonstrates that our numbers are below those of our similar local authorities and we need to continue to ensure wherever possible not to use the INMSS sector for non-complex children
- when parents express a preference officers need to work with parents around the graduated response and most appropriate local setting to meet need. Highlighting Ofsted Outcomes of some local INMSS and Section 41 status so parents have a full understanding all the information to make an informed choice.

5.3 Post-16

Context

The Children and Families Act 2014 extended the age range for when an Education, Health and Care Plan can be secured. This has meant that where previously plans were ceased between the ages of 16-19 now Young People can continue to have a Plan if they have an unmet educational outcome. Slough like other Local Authorities has seen an increase in the numbers of Young People with EHCP's and this growth continues. With the increasing numbers the costs have also increased, and this is putting increasing pressure on the High Needs Block.

The data for this group of young people has been interrogated and it has become clear that there has been a lack of focus on Preparation for Adulthood. The Statutory Year 9 Reviews where the focus on transition planning occurs with other agencies have not always been carried out effectively. It has also highlighted that young people's plans have not always been ceased when their education has been completed meaning that the LA is still responsible for a Plan when the young person is not accessing provision and in some cases is over 25.

Since the introduction of EHCPs for 19-25 year-olds the service is now maintaining approximately 335 Post-16 EHCPs and if left unmitigated this number is projected to increase to over 450 by 2025. The Post-19 cohort have mainly accessed costly Independent Provisions and what has become clear through file audits is that many of the Young People are repeating the same entry level courses and there is no progression in their educational outcomes. For many of these young people, a lack of transition planning has meant delays in them moving to the next stage in their life and thus an increased cost of educational provision which has impacted on the High Needs Block over spend.

The all-age special school in Slough takes children from Early Years through to Post-16. Historically it has offered places to all young people in Year 14 (age 19) who have been in Year 13.

According to the DfE High Needs Funding 2021 to 22 Operational Guide (sections 226-227, p53-54), *there is an exception by which 19-year-olds with an EHCP can be funded in a school (rather than an FE institution, independent learning provider or special post-16 institution); this applies to 19-year-olds who are completing a secondary education course started before they were 18 years old.*

The practice to date has not been an exception and significant numbers have been attending a special school when they should be moving onto FE Provision.

Action taken to date

The following actions have been taken forward:

- data has been audited and all Post-16 Placements identified with costs.
- any EHCPs which may need to cease have reviews and actions underway to send cease to maintain letters.
- decisions at SEND Panel are ensuring that Young People's placements are agreed after taking into consideration the young person's aspirations but also ensuring quality of placements and value for money.
- decisions to continue to fund young people for the same courses in different institutions are being challenged and only agreed if it can be demonstrated that a key outcome is still to be achieved.
- individual placement costings are being scrutinised and where necessary being challenged.
- all placements now have a contract and an Individual Partnership Agreement (IPA) in place.
- all Year 14 placements are being scrutinised to ensure that there is an exceptional reason for why they need to stay in a school placement. Transition Plans at Years 9, 11 and 13 are being put in place to ensure that the assumption of Year 14 places in school are no longer the norm.
- all colleges have been met with to discuss both the Local Authorities and their Statutory duties toward Young People with EHCPs. These meetings are also allowing discussions around the importance of progression in courses and the need to have clear Transition Plans on leaving college.
- more effective commissioning arrangements are being discussed with other South-East LAs.
- more effective commissioning arrangements are being discussed with colleges and options to Commission bespoke courses for Slough children and young people are being investigated and costed
- work underway with SEND Officers and Enhance EHCP Plan writers to ensure consistent quality of Post 16 Plans particularly around the clarity of provision in Section F. To ensure that our range of college providers are able to deliver with confidence and all costings then can specifically reflect the updated Plan.

Impact to date

There has been considerable positive impact from the above actions:

- Where appropriate plans have been ceased and/or lower cost local alternative placements have been identified. This has enabled predicted cost reductions for 2021-22 and 22-23 to be met in full.

Ensuring Sustainability of Changes and Future Plans

- a transition group is being developed which will be chaired by the AD of Adults' Service and will work with all stakeholders including young people to ensure that clear pathways are in place to enable a smooth transition into other services if appropriate.

- it is important to reiterate that without continued thorough SEND Panel processes and rigour of decision making these numbers could very easily increase exponentially.
- working with Orchard Hill college (Specialist) and BCA and Langley College (part of the Windsor Forest Group WFG) to develop Proposals around a specific Provision to meet the needs of young people with social communication difficulties who have struggled to engage with the school curriculum in KS4/5. This has been identified as a Gap in the Local Offer and for some of these youngsters they have had their needs met in PRU Provision which has not always been successful in ensuring their future inclusion in mainstream colleges.
- a more detailed proposal of how this will look will be developed after further meetings. Both colleges are keen to engage with Slough and there may be a capitol bid related to this scheme.
- further development work with the WFG to look at development of the Foundation courses and increase in placements to meet more young people's needs locally is being planned. Further development round the BCA/Langley College SEND Offer.

5.4 Additional Resource Provisions (ARPs)

Context

Slough currently has 16 ARP’s, 3 in nursery schools, 8 in primary schools and 5 in secondary schools. A review has identified that, particularly in the primary phase, a number of Slough’s primary ARPs are functioning as SEN Units rather than Resource Bases (the DfE define a resource base as an ARP where the CYP have access to the mainstream classroom for at least 51% of the time; the amount of time in a mainstream classroom can be significantly lower than 51% in a SEN Unit). Auditing of the CYP’s attending the ARP’s suggests that there are some children placed in our special schools whose needs could be better met in an ARP, while at the same time there are a number of CYP in our ARPs whose needs would be best met in a designated SEN Unit or a special school.

Slough has become reliant on its ARPs to meet the needs of a significant number of CYP with complex needs. A contributing factor has been a lack of rigour applied to the process of consultations when EHCPs are first issued, and at subsequent phase transfer points. Service Level Agreements between the LA and ARPs were found upon review not to be consistently in place and where they did exist required significant updating.

Action taken to date

The following actions have been taken forward:

- increased scrutiny of which CYP are placed in Slough ARPs, to ensure that only CYP with an ARP identified in their EHCP are filling a commissioned place.

- two primary ARPs which are currently functioning as SEN Units have consulted to ensure that this status can be reflected in their SLA with Slough to ensure that CYP are placed appropriately.
- one small primary ARP (8 commissioned places) closed in July 2022 following a consultation with stakeholders, due to difficulty in sustaining delivery to the small number of complex CYP for which it had ARP capacity. New placements where required for September 2022 where required (this was of low impact overall as the number of CYP requiring alternative placement totalled 5)
- one ARP is to reduce from 60 by a decrease in 10-20 places over the next 2-3 years. This is as result of the proportion of statutory SEND CYP in relation to mainstream Published Admission Number (PAN) is becoming unsustainable, particularly as the school's PAN is due to decrease as part of Slough's place planning strategy.
- agreement made with our all-through special school to ensure that all our commissioned places are focused on years 0 to 13. Commissioning of Nursery and Year 14 exception placements will occur separately to maximise placements for CYP aged 4 to 18 years and in line with the High Needs Block Guidance.
- increase in SEND EHCP commissioned placements for September 2022 onwards within our secondary special school.
- SLAs have been re-drafted and scrutinised with legal advisors and sent to settings for consultation feedback
- The process of consulting with ARPs both when issuing new EHCPs and for phase transfers, has been made more robust to ensure full compliance with the SEND Code of Practice (2015)

Ensuring Sustainability of Changes and Future Plans

- Regular contract monitoring meetings, to monitor new SLAs
- newly embedded processes must be maintained to ensure compliance
- contract monitoring and data monitoring need to be considered when looking at future place planning within the SEND sector. Resilience built into system to ensure that additional places can be commissioned in our ARPs and special schools to address population changes in a timely manner (see Risk and Resilience section).

5.5 Alternative Education Provision

Context

All children and young people regardless of their circumstances are entitled to a full-time education. For most this will be within a school setting however for some they will not be able to access these settings due to illness, social emotional mental health needs or because they have been excluded either temporarily or permanently.

The DfE defines alternative provision as:

- *education arranged by local authorities for pupils who, because of exclusion, illness or other reasons, would not otherwise receive suitable education.*
- *education arranged by schools for pupils on a fixed term exclusion.*

- *pupils being directed by schools to off-site provision to help improve their behaviour.*

The Local Authority has a statutory duty to provide education from the 6th day of a permanent exclusion. In Slough this provision is provided by Littledown School for primary children and by Haybrook Alternative Provision (AP) Academy for Secondary aged young people.

Historically, Slough has commissioned and funded a significant amount of non-statutory places at both Littledown and Haybrook AP Academy which have been used by schools under the label of early intervention. The funding for these places has come from the High Needs Block and has been in excess of £1.5 million. The cost for these places has been 30-50% above the £10,000 per commissioned place. Though there is some data available, it is difficult to demonstrate the outcomes of these places and the impact for such a high spend.

The Alternative Education market needs to reflect a far broader offer. Providing one/two-day provision, on and off-site provision covering a range of both vocational and community-based activities.

Action taken to date

The following actions have been taken forward:

- the LA has reviewed benchmarking data from different authorities all whom have differing models. Most provide the minimum statutory provision (6th day following a permanent exclusion) and some preventative places where schools either fund the majority of the place or fund top up above the £10,000 base funding. The numbers for these preventative places are significantly lower than those provided by Slough.

- unusually, Slough has not got a strong alternative education offer within a broader market, unlike some of the other authorities in the South-East, and this appears to be due mainly to the fact that the LA has fully funded full time AP places at Haybrook and Littledown so schools have not needed to look elsewhere to purchase or fund their AP Provision. The model of AP provided in Slough fails to have regard for the DfE definition of AP with the vast majority of costs being borne by the LA as opposed to Schools.

- the existing model is not sustainable and cost reductions have been put forward around a more manageable costing to reflect the LA's Statutory Responsibilities around Permanent Exclusions. Cost Reductions have been proposed over a three-year period to mitigate impact and allow the schools to develop other models of delivery with schools.

- discussions have started with both existing AP Providers. This area requires significant systemic change.

Impact to date

There has been considerable positive impact from the above actions:

- Actions implemented to reduce commissioned numbers have achieved a cost reduction of £538k for the year 2022-23, and projected savings for the project overall are set out in Table 3 below.

Ensuring Sustainability of Changes and Future Plans

AP costs in Slough are likely to remain disproportionately high compared to our statistical neighbours unless there is a strong, clear strategy which highlights Academies and Maintained Schools' statutory responsibilities toward vulnerable CYP.

The development of a stronger market for AP Providers from different sectors would allow for a better range of vocational options for children, young people and their families and would introduce an element of competition to the market for schools and the LA

Current proposals to reduce LA-commissioned places over the next 3 years will deliver the following savings:

Table 4 – Projected Cumulative Savings

£'000	22/23	23/24	24/25	25/26	26/27	Total
Saving	538	1,109	1,329	1,329	1,329	5,634

6. Risks

6.1. General Risks

- **Financial** – High Needs budget could continue to experience escalating cost pressures due to a continued increase in demand for EHCPs and top up funding and complexity of need which can only be met in the independent sector. Cost Reductions are not as high as estimated, increase demand leading to increase commissioning of places, increased costs linked to addressing increase legal challenge.
- **Service Delivery** – Challenges around sufficiency of the market. Turnover of staff impacting on workforce capacity and skill set,
- **Reputational** – Increase in Corporate complaints, dissatisfaction among stake holders, negative publicity.
- **Legal/Regulatory** - increased risks of legal challenge by way of appeal and judicial review and increased risk of complaints to the Local Government and Social Care Ombudsman.
- **Economic** – Unanticipated changes in demographics and cost of living/ inflationary pressures. Risks to jobs and workforce if cost reductions are made to quickly and too soon.

6.2. Mitigations

The following mitigations have been identified to date and are being implemented to ensure that, should the risks above arise, any impacts have been anticipated and can be managed.

6.2.1. Alternative Education Provision

There is significant stake holder scrutiny around this project (particularly head teachers.) There is a three-year Plan in place and the project is in Year 1 now; savings have already been achieved within timescale. Mitigations in place are a Project Group led by the SEND Commissioner and this group will run for the next three years. This will ensure any issues and areas of concern are addressed. New ways of working are being developed which moves the emphasis on commissioning AP Provision to the school rather than Stake Holders viewing the Local Authority as the sole Commissioner. The LA will continue to meet its Statutory duty for six-day provision for permanently children and some preventative placements allocated via a multi-agency panel.

Any unplanned significant change in demand will be addressed through our resilience planning below.

6.2.2. Post 16 Provision

The main risk within the Post 16 Sector at present is the merger of BCA College to become a part of the Windsor Forest Group. This means that Slough is now the host Authority and commissions places across the Group. There have been several meetings to ensure that Slough commission the correct number of places for the group across the local area. Further meetings are occurring with all Berks and Bucks LAs to ensure we can work together to have more effective place planning. It has been identified that ongoing work is required at phase transfer for Years' 9, 11 and 13/14 to ensure that young people's pathways are appropriate for achieving their preparation for adulthood (PfA) outcomes; mitigations include the bolstering of SEND team staff in a dedicated Post-14 team, to focus on PfA and effective phase transfer processes. Potential capital projects are also being explored to increase of range of placements and accessible pathways.

Any unplanned significant change in demand will be addressed through our resilience planning below.

6.2.3. Managing demand (EHCNAs/EHCPs)

Mitigations here are inbuilt and based on rigorous process and decision-making, which is already seeing an impact. In addition, there is potential for capital projects to support commissioning of places as population fluctuates (this is anticipated and planned for), and these are being incorporated into the current draft of the Council's Place Planning Strategy (draft to be scrutinised at next Cabinet meeting).

6.2.4. Inflation

The High Needs block mainly funds pupil placements in schools and further education establishments, and this represents 81.25% of total forecast expenditure. This expenditure is split between base funding of £10,000 per pupil and top-up funding. The base funding has been flat for the last couple of years and has not attracted any inflationary increases. Top-up funding in Slough BC represents some of the highest payments to providers than anywhere else within England. One of our key cost reductions is focused around reducing top-up funding to all providers, therefore, it would not be appropriate to add inflationary increases to funding we want to reduce. Expenditure on the remaining 18.75% of High Needs expenditure should attract inflationary increases. We are forecasting 4% inflation in 2023-24 and 2% in subsequent years.

7. Resilience

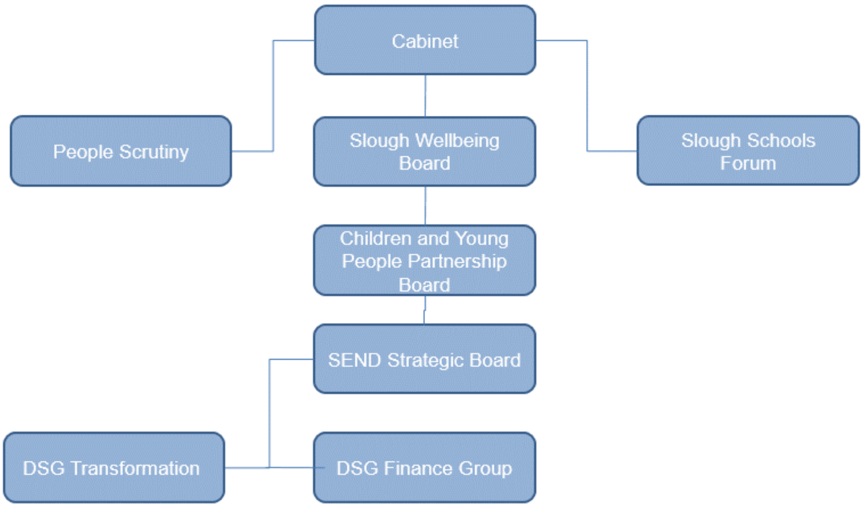
7.1. The projects to reduce costs within the current plan have been carefully considered and interrogated to ensure sustainability, minimal impact on service delivery wherever possible, and best potential outcome for value and managing costs. The pace and amount has been planned to ensure stability of the workforce and continuity for stakeholders – any acceleration would need to treated with caution, due to the risk of destabilising the plan as a whole; many of the projects involve mechanisms that interlink and interact upon one another.

7.2. To develop our resilience there is capacity within the plan for a centrally retained amount of places (up to 50), which can be allocated during the lifetime of the plan should demand increase beyond our planned projections. There are also aspects of the Council’s centrally retained budget, which fund non-statutory services and posts, which can be drawn upon should there be an unplanned significant change in demand which needs to be addressed. This gives further assurance that we can meet cost reduction targets, though use of this mechanism may impact wider service delivery within the People (Children’s) directorate.

7.3. All cost reduction projects within the plan have detailed, year-on-year actions and outcomes outlined; this ensures that any staff new to the organisation are clear on project progress and next steps. There are succession plans in place for key roles, including the roles of commissioning and finance as well excellent work being carried out on recording procedures, systems and processes. SEND, commissioning and finance have worked collaboratively in the formulation of this plan and will continue to do so throughout its implementation. The council has also committed addition general funding to permanent posts within the SEND team to support implementation.

8. Governance

8.1. The following governance structure has been implemented to ensure there is oversight of the delivery of the DSG Management Plan:



8.2. DSG Finance Group: meets weekly and is chaired by the Section 151 Finance Officer and provides assurance that actions to deliver the DSG plan is on track and provides financial reports to track impact.

8.3. DSG Transformation Board; meets monthly and is jointly chaired by Section 151 Officer and the Executive Director People Children. Membership also includes chair of school forum, Frimley Clinical Commissioning Group, Slough Children Trust Ltd, parent voice, Adult Social Care and Parent/Carer Forum. This Board will provide challenge and oversight of the DSG Management Plan and links to improving SEND outcomes

9. Implications of the Recommendation

9.1 Financial implications

The financial implications are discussed throughout this report.

9.2 Legal implications

4.2.1 Under the Education Act 1996, the Council has a statutory duty to ensure that sufficient schools are available for primary and secondary education. Under s.19 of the 1996 Act the Council has a duty to make arrangements for the provision of suitable education at school or otherwise than a school for those children of compulsory school age, who by reason of illness, exclusion from school or otherwise may not for any period receive suitable education unless such arrangements are made for them.

4.2.2 The Children and Families Act 2014 created a new framework for supporting CYP with special educational needs, including the introduction of Education, Health and Care Plan (EHCP) and extending the age range for special educational provision. The SEND Code of Practice (2015) contains guidance that Local Authorities have to adhere to. As part of its place planning duties the Council should ensure sufficient schools are available for children with special educational needs. The statutory framework and guidance requires local authorities to:

➢ consider the views of children, young people, and families.

- enable children, young people, and parents to participate in decision making.
- collaborate with partners and stakeholders in education, health and social care to provide support.
- early identification of children and young people's needs.
- inclusive practice and removing barriers to learning.
- help children and young people prepare for adulthood

4.3 Risk management implications

4.3.1 The following are identified risks to the delivery of the action plans and the cost reduction measures:

- High Needs budgets would continue to experience escalating cost pressures due to continued increase demand for EHCNAs. This would further compound an unsustainable position for the LA.
- increasing placements in independent non-maintained special schools at higher costs to the LA
- risk that demands / growth in pupils with EHCPs may increase at a higher rate than planned or forecast.
- slippage and delay in the delivery of the above actions or measures which would negatively impact on funding forecasts It is imperative that there are strong governance arrangements in place to ensure the effective delivery of the DSG Management Plan which is dependent on the actions of partners across the SEND system including education, health and care partners.

4.4 Environmental implications

Not applicable

4.5 Equality implications

4.5.1 The DSG Management plan will support the local authority to continue to meet its statutory functions and to improve and develop new and existing systems and processes. This will impact positively on children and people with SEND and their families – it is an opportunity to improve co-production with parents and young people, decision making, transparency and equity of service delivery.

4.5.2 The Management Plan will exclusively help towards improving the educational experience of children and young people with a protected characteristic as defined by the Equality Act 2010 through placing the onus on equipping local mainstream and special schools to best meet their needs,

4.5.3 An Equalities Impact Assessment will be completed for each identified cost reduction if appropriate and required.

4.6 Procurement implications

4.6.1 Officers are exploring the procurement implications for the DSG Management Plan and will be subject to Cabinet reports if necessary to ensure alignment to the councils contractual procedural rules and the Public Contract Regulations 2015 (amended).

4.6.2 Several options will be considered to ensure best value and where appropriate, competition. In accordance with the SEND code of Practice, service provision will be offered in a wide and flexible manner to meet the needs of children and young people with special education needs and disabilities, this may be direct payments to increase personal choice.
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4.7 Workforce implications

Not applicable

4.8 Property implications

Not applicable

5. Background Papers

Update on Dedicated Schools Grant Management Plan – March 2022

SLOUGH BOROUGH COUNCIL

REPORT TO:	Cabinet
DATE:	27th February 2023
SUBJECT:	2023/24 Budget
CHIEF OFFICER:	Steven Mair, Executive Director of Finance and Commercial (s151 Officer)
CONTACT OFFICER:	Steve Muldoon, Deputy Director Financial Management Liton Rahman, Deputy Director Corporate and Strategic Finance
WARD(S):	All Wards
PORTFOLIO:	Cllr Anderson – Financial Oversight, Council Assets and Performance
KEY DECISION:	Yes
EXEMPT:	No

DECISION SUBJECT TO CALL IN: Yes

APPENDICES: The following appendices accompany this report:

Appendix	Description
A1	2023/24 General Fund Budget Summary
A2	2023/24 Directorate Budget Summaries
A3	2023/24 Growth and Pressures
A4	2023/24 Proposed Savings by Directorate
B	2023/24 Council Tax Resolution
C	2023/24 Dedicated Schools Grant
D	Expenditure Control
E	Equalities Impact Assessments
G	Insights into Slough
H	Summary of 2023/24 Budget Scrutiny

1 Summary and Recommendations:

This report sets out the final revenue budget for 2023/24 and final Medium Term Financial Strategy (MTFS) for 2024/25 to 2028/29.

Recommendations:

1.1. Cabinet is requested to:

1.2. Recommend to full Council the following:

1. Approval of the 2023/24 budget to enable the Council Tax for 2023/24 to be set;
2. Approval of the Model Council Tax Resolution 2023/24 as set out in Appendix B;
3. Delegate authority to the Executive Director of Finance and Commercial, to place a notice in the local press of the amounts set under recommendation 2 within a period of 21 days following the Council's decision;
4. Approve the Medium-Term Financial Strategy (MTFS) as based on the estimated financial deficit in the Capitalisation Direction and to be funded by capitalisation of:
   a. £267.1m up to 2022/23
   b. £31.6m for 2023/24
   c. £58.4m for beyond 2023/24
5. Approve the overall General Fund revenue budget of £143.4m, to include:
   a. growth for pressures of £12.2m
   b. proposed savings by Directorates of £22.4m
6. Approve measures to control spending and improve the finances of the Council at Appendix D

1.3. To note the following:

7. The balanced budget position for 2023/24 requiring savings of £22.4m and the projected financial deficit between 2024/25 to 2027/28
8. The intention to increase Council Tax by 7.99% in 2023/24
9. The intention to increase Council Tax by a further 2% in 2023/24 in respect of the Adult Social Care Precept
10. The assumed funding for the protection of social care 2023/24 through the Better Care Fund
11. That due regard has been had to the s.25 report by the Executive Director of Finance and Commercial

12. The minutes from the 2023/24 Budget Scrutiny Sessions at Appendix H

13. Approve the process for access to contingency as set out in paragraphs 2.16.57 to 2.16.62

Reason:

This report is required to enable the Council to set a legally balanced budget for 2023/24 which is set out in the context of the overall capitalisation direction.

Commissioner Review

The Commissioners welcome this report and note the key elements of it including the ongoing need for a capitalisation direction, albeit at significantly lower levels than predicted this time last year, and the incorporation of significant savings.

The external environment is challenging – and therefore, there is much risk in the budget. Attention is drawn to the S25 report which outlines this environment, which must be considered by Cabinet and then Council in conjunction with this report.

It is important that members and officers understand the budget and are accountable for the delivery of it, including the savings. The budgets set are cash limited and all budget holders will therefore need to manage in-year pressures within the allocated limits. Clear transparent reporting is needed to identify issues as they arise and take corrective action

2 Report

1.1. Policy Context

1.1.1. The financial and other issues facing Slough Borough Council are of a largely unprecedented magnitude and face a Council that is one of the smallest unitary councils in England and which does not therefore have the critical mass needed to be financially sustainable without radical action.

1.1.2. Having identified its issues and set out a strategy to seek to resolve them, this is now coming to fruition with considerable progress being demonstrated in respect of the financial strategy. However, the magnitude of the issues is such that exceptional additional support is needed to ensure the financial sustainability of the Council through a capitalisation direction in each of the years 2018/19 through to 2027/28.

1.1.3. While extensively reported, the circumstances that the Council faces are set out below by way of reminder and as background.

1.1.4. The **problems arose** because the Council:

- borrowed £760m at its peak which was the 3rd largest borrowing of all unitary councils and well beyond what it could afford;
- did not make any effective budgetary provision to make the necessary principal repayments on this extreme level of debt;
- borrowed half of these monies from other Local Authorities who are all now seeking their funds back as they fall due and are not willing to lend again to Slough. Thus, exposing the Council to a major risk of increases in interest costs as rates rise and are fed through the only source of borrowing now available to the Council i.e., PWLB;
- failed to budget properly, utilising capital funds for revenue expenditure when it should not have done so by way of example;
- likewise, did not build up or maintain proper levels of reserves or provisions;
- allowed the Dedicated Schools Grant to head for a forecast over spend of £40m+ while taking no action to address this;
- failed to produce annual accounts from 2018/19; and
- did not have a capable professional financial service able to direct and support high quality financial management

1.1.5. The combination of the issues identified meant that at one stage the Council was facing a capitalisation direction (CD) of £782m which it would have had to finance, and annual revenue savings of £20m pa for two years and £14m thereafter. This was based on an estimated £474m CD to 2028/28, a further additional capitalisation of £176m to enable the Council to balance the budget post 2028/29 and the necessary additional MRP Impact on the latter of £132m. This combination of circumstances required very robust and continuous action to seek to resolve them. The Council has sought to take this necessary action so that it can as far as it can deal with its own challenges.

1.1.6. From a broader perspective staff capability and capacity was also an issue in delivering some of the wider repair work across the Council for a significant period.

1.1.7. Having identified the issues, the Council adopted the following **strategy**:

- addressing the identified problem, this began in July 2021
- selling assets to reduce borrowings and thus reduce MRP/interest costs and finance the CD – agreed September 2021
- reducing net revenue expenditure, both general fund and the dedicated schools grant – ongoing since July 2021
- producing annual accounts – ongoing since July 2021

- obtaining an audit opinion on the annual accounts – ongoing since July 2021. We received an opinion on the 2018/19 accounts in February 2023

- operating proper and rigorous budgeting and building up reserves – from July 2021

- designing and implementing a permanent structure for the Council's finance service – now complete and currently being filled through recruitment

- all to an appropriate standard and in an appropriate manner and with an understanding that this will take up to 5 years

1.1.8. The Council's **strategy is starting to come to fruition** although there is a great deal of work still to do and risks to be managed before stability can be achieved, the position throughout this paper is of course at a point in time and will undoubtedly change. The key developments have been:

- achieving asset sales of £173m to date during this financial year expected to exceed £200m by 31 March 2023 and already planning for a further £200m in 2023/24. This is greatly in excess of the budget and means that the Council will have generated sufficient capital receipts to fully fund the Capitalisation Direction and that those capital receipts can be applied to finance the Capital Financing Requirement 2-3 years earlier than originally forecast and thus significantly reduce MRP over the period 2022/23-2025/26 compared with original forecasts

- an overall reduction in the capitalisation direction from £782m to £357m

- projecting a budget which for 2022/23 is currently showing a reduction of £27m in the capitalisation direction for this year

- planning for savings of c£22.4m in 2023/24 and currently forecasting the savings requirement to be £12.9m from 2024/25 to 2028/29

- agreeing with the DfE, subject to formal approval, a DSG recovery plan that achieves an in year balanced position by 2025/26 from what was a previously forecast £7m annual increase in the overspend and should see the Council's historic deficit of £27m financed by the DfE

- producing annual accounts, two so far produced and submitted for audit, one in progress

- starting to build up reserves as indicated in the CD

- designing and having approved a new finance service structure which is currently being advertised, interviewed and appointed to.

- proposing a revised capital programme of £165m with no external borrowing

1.1.9. Across the Council with a Chief Executive and a full Executive Director tier now recruited, the pace, scope and scale of other recovery work has also started to accelerate.

1.1.10. Despite the current success of the financial strategy there remains a very long way to go and **many challenges to face**:

- while the Council is well on track to raising sufficient capital receipts to fund the capitalisation direction, the Council faces major challenges in becoming financially sustainable due to its very low taxbase which makes it very challenging to fund the services which it is statutorily required to provide. Increasing council tax above the maximum permitted without a referendum is the only way to be confident that the Council can stay on track to be financially sustainable in the long-term

- linked to the above the medium-term financial strategy is predicated on the Council achieving £12.9m revenue savings per annum. Prior to 2022/23 the Council did not have a track record of achieving this magnitude of saving. While 2022/23 is forecasting a significant underspend because the original estimates of the CD have proven to not all be needed and 2023/24 is now planned to the amount required with contingencies being prepared, sustaining a further 5 years of very significant additional revenue savings is going to be extremely challenging

- the core spending power of the Council for 2023/24, as announced as part of the provisional local government settlement, is going up by less than the average nationally, and less than inflation (7.71% v 9.17%). Adding £3.2m for the extra 5% increase to Council Tax would bring this up to 10.4%, only just about in line with inflation. However, the proposed CTSS requires half of this in the first year, adding only £1.6m net, so the impact is 9.1%.

- with the Council projecting to spend in the region of £32m more than it has funding to cover in 2023/24, this being financed in the short term by the CD, the Council's exposure to pressures such as inflation will be much greater than the average council as the ability to cover this through growth and inflation on receipts will be limited

- the Council has a need to focus on recovery and improvement whilst dramatically cutting costs, meaning those tasked with delivering improvement will also be focussing on delivering services. The pressure on senior managers to deliver on all fronts is not to be underestimated and will be far greater than for virtually every other council

- a significant element of the improvement in the CD to date has come from the benefit of selling assets and reducing MRP. This is a one-off exercise and further savings will have to come majorly from service reductions which become increasingly difficult to identify and deliver when there are core statutory requirements to deliver on Adults and Children's social care, temporary accommodation among many others

- while the asset sales programme is progressing well to date, the Council faces the risk that the market will not continue to support the sales assumptions the Council is making

1.2. Insights into Slough

1.2.1. Separate to the pressures from the Covid-19 pandemic and the issues referred to above, Slough operates in a unique environment that presents a challenge to providing services. Appendix G presents some highlights to contextualise the ongoing challenge for the Council resulting from a growing population and the population structure.

1.3. Corporate Plan Update

1.3.1. In May 2022, the council approved its new corporate plan for 2022-25 - ‘Doing Right by Slough’, which incorporated the recovery and improvement plan the council was required to produce in accordance with the Government's directions.

1.3.2. This new corporate plan included a new set of strategic priorities for the council, that described the outcomes to be delivered for the communities of Slough. These were determined by the Council’s political priorities, as well as an interrogation of data on Slough including the Joint Strategic Needs Assessment, Index of Multiple Deprivation, service level data on people and place, survey data and engagement feedback.

1.3.3. The Plan included an updated recovery framework of seven themes to deliver the ‘Right Council for Slough’

- Leadership & Culture
- Financial recovery and onward sustainability
- Business planning and performance management
- Governance
- Organisational capability, capacity and resilience
- Technological capability, capacity and resilience
- Resident engagement

1.3.4. An annual review and potential revision of a corporate plan is what would normally happen in councils not in intervention. For Slough, a refreshed plan recognises that that a year in to the government intervention the Council now knows much more about what it needs to do to cement recovery and deliver for Slough’s residents. Significant progress has been made in some areas, but other issues have moved less quickly and need greater focus.

1.3.5. Doing Right By Slough was also written to engage the whole council in the recovery. The Council did no consultation and little communication with our residents and partners about the corporate plan and our recovery and the challenges and opportunities it presents for the services we deliver and the way we deliver them.

1.3.6. Since the council will need to deliver fewer services and deliver some services in different ways, it is important to engage residents and partners on its corporate priorities and how these will be measured.

1.3.7. The corporate plan will reflect the budget priorities reflected in this report, provide a framework for a new operating model – work that is under way, and show how Slough Borough Council will meet the government directions.

1.4. Finance Action Plan Update

1.4.1. The range and extent of the financial issues facing the Council have been well documented and reported to Cabinet in the last 20 months.

1.4.2. The Cabinet, auditors and commissioners expect regular reports to evidence progress made. A separate report is being presented to Cabinet and summarises the overall key issues, including:

- capitalisation direction
- progress being made on generating capital receipts
- budgets
- MRP
- the Council’s borrowing levels
- accounts
- the dedicated schools grant
- the finance structure
- revenues and benefits
- Council accounting, HR and procurement system (ERP)
- commercial and procurement improvements
- internal audit actions
- company governance and actions

1.4.3. It also includes a summary of the progress made in respect of the recommendations in the various reports from external agencies during 2021/22. These recommendations provide the basis of the financial improvement agenda and assist in framing the scale of the financial challenges facing the council.

1.5. National Context

December 2022: Policy Statement

1.5.1. As with all local authorities, the Council’s planning is heavily reliant on policy and decisions from Central Government such as for funding settlements and wider reforms. The withdrawal process from the European Union and the onset of the Covid-19 pandemic disrupted business-as-usual processes for the Government and so since 2019 local authorities have faced increased uncertainty, particularly on funding.

1.5.2. In December 2022, The Government published a Policy Statement outlining the principles that will be applied in the 2023/24 provisional local government finance settlement. The announcement of the settlement principles covered both 2023/24 and 2024/25. The next two years will essentially be two rollover settlements, with the overall funding envelope set In Novembers Autumn Statement. In practice, though, it looks more like firm figures for 2023/24 and principles for 2024/25. There are some issues that ministers have not yet finalised for 2024/25.

1.5.3. Any funding reforms or changes in funding distribution will not be implemented until 2025/26 at the earliest. This means a further delay to the Fair Funding Review and the business rates baseline reset. These reforms are unlikely to be implemented until 2026/27.

1.5.4. The main building blocks for the provisional settlement were announced in the Autumn Statement (AS22) in November 2022. Local authorities were given higher-than expected Band D thresholds, and there was significant additional grant funding for social care.

1.5.5. Broadly, the settlement principles are line with expectations. Both Baseline Funding Levels (BFL) and Revenue Support Grant (RSG) will be increased in line with CPI inflation (10.1%). The Autumn Statement signalled a very large increase in funding for adult social care, which will give social care authorities 9%+ cash-terms increase in Core Spending Power (CSP).

1.5.6. The main features of the settlement principles:

- **"Core" Band D council tax** (2.99% maximum increase, or £5 for shire districts and for ALL fire authorities if higher). £20 maximum for Greater London Authority (GLA), and £15 for policy and crime commissioners (previously announced as £10). Same principles in 2024/25. No referendum principles for Mayoral Combined Authorities or town and parish councils.

- **Adult social care (ASC) precept** (2% in 2023/24 and again in 2024/25), with no option for deferring any increase from 2023/24 into 2024/25.

- **Baseline Funding Level (BFL) and Revenue Support Grant (RSG)**. Local authorities' BFL and RSG allocations will be uplifted in line with the Consumer Price Index in 2023/24, and 2024/25. "Negative RSG" continues to be abolished.

- **Cap compensation**. From 2023/24 onwards, cap compensation will be paid based on the CPI rather than Retail Price Index (RPI). Our view is that there will be no change in the cap compensation fraction in 2023/24 (it will remain at 51/499).

- **Adult social care grants**. Funding for the ASC charging reforms will be re-purposed to fund ongoing pressures (£1.265bn in 2023/24, and £1.877bn in 2024/25). There will be further funding distributed through the Better Care Fund (local government's 50% share is £300m in 2023/24 and £500m in 2024/25). A new "ringfenced" grant "to support capacity and discharges" will be paid to local government (£400m in 2023/24 and £683m in 2024/25).

- **Social care grant distribution**. The repurposed ASC reform funding (£1.265bn in 2023/24 and £1.877bn in 2024/25) will be distributed based on the Adult RNF and full equalisation of the ASC precept. Other new ASC grants will also use the Adult RNF (but there is no requirement for any further precept equalisation in these grants). The continuing Fair Cost of Care grant (£162m) will use a new distribution formula "to reflect progress" on these reforms.

- **3% Funding Guarantee**. This new feature ensures every authority has a 3% increase in government funding (this essentially measures the change in Core Spending Power excluding Band D). It will be funded from "a proportion of" NHB legacy payments and the current Lower Tier Services Grant.

- **Services Grant** will continue to operate in the same way in 2023/24 (with £200m top-sliced from the Services Grant to claw-back funding for the National

Insurance Contributions increase that was reversed).

- **New Homes Bonus (NHB)** will continue in 2023/24 and will be paid on the same basis as in 2022/23. The legacy payments, which will end in 2022/23, will be used to fund the new 3% funding guarantee. NHB's future in 2024/25 is unclear: ministers have promised to issue a new consultation before the 2024/25 settlement.

- **Rural Services Delivery Grant (RSDG)** will continue unchanged.

- **100% business rates pilots** will continue for another year, but ministers will review their contribution policy objectives for 2024/25. **Business rates pooling** will be available in both 2023/24 and 2024/25.

Economic Forecasts

1.5.7. A lower growth rate for Gross Domestic Product (GDP) is the driving factor behind the UK's worsening economic prospects. In March 2022, the Office for Budget Responsibility (OBR) forecast that the UK would recover from the economic impact of the pandemic, and then continue to grow at around 1.7% per year from 2023 onwards.

1.5.8. Things have worsened sharply since then. The Bank of England forecast in its November Monetary Policy Committee (MPC) report that the economy will contract by 0.75% in the second half of 2022, and then continue to fall during 2023 and into the first half of 2024.1 The OBR is not quite as pessimistic but still forecasts a recession starting in the second half of 2022, and extending into 2023

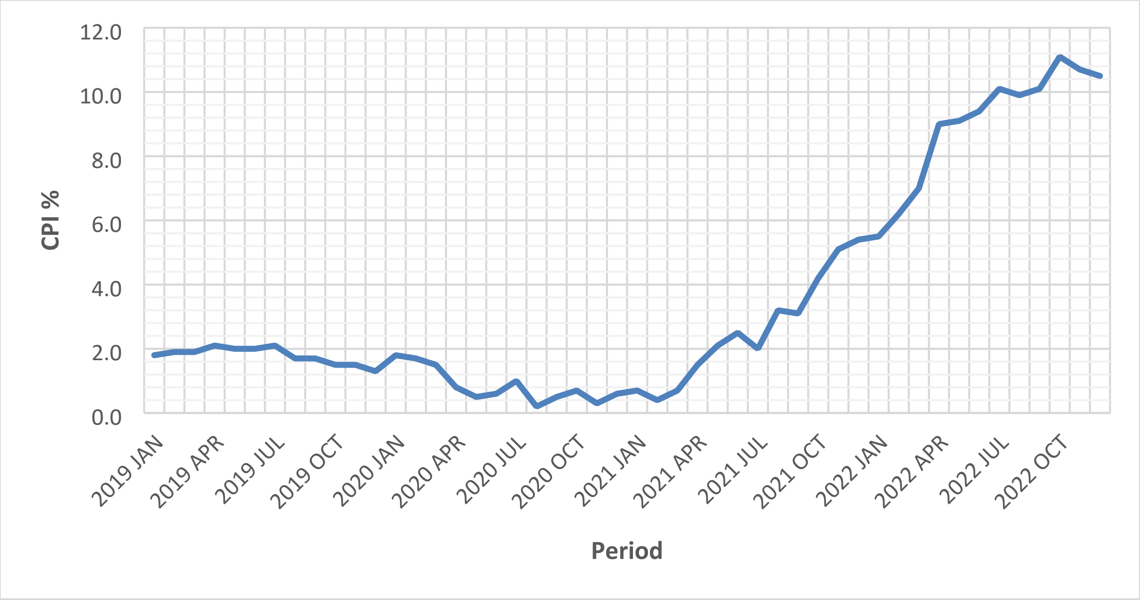
1.5.9. Contrasts between the relatively benign GDP forecasts in March 2022 and the more recent forecasts show the impact that inflation and supply-side constraints (e.g. labour force) is having on the economy.

1.5.10. The spike in inflation is behind the cost-of-living crisis (higher energy prices) and the increase in debt interest payments (increase in interest rates). The peak in the Consumer Price Index (CPI) is now expected to be around the 9.4% for 2022, a good deal higher than the forecast of 7.5% last March, and then 7.4% in 2023. The ONS has announced that the October 2022 CPI is 11.1%.

1.5.11. The OBR still expects inflation to return to its target level by 2027 – but before that, the OBR is now forecasting that inflation will be much lower, and potentially even negative (2025). Ministers will be hoping that the OBR is correct in its forecasts. Most independent forecasters take the same view as the OBR about inflation – but there are still serious risks that higher levels of inflation persist into 2024 and beyond.

Inflation and Cost of Living

1.5.12. Inflation peaked at 11.1% in October 2022 and was running at 10.5% as at the end of December 2022:



1.5.13. A higher rate of inflation would put further pressure on council expenditure through rising energy bills and through the potential for wage demands to increase (these are mitigated to some extent in the budget setting assumptions).

1.5.14. High prices for goods and services will put further pressure on household finances, with individuals and families paying more for food, energy, housing costs, and other essentials. Many households in Slough will struggle to absorb those higher prices for a sustained period, which risks a reduction in savings and an accumulation of debt.

1.5.15. Households will experience lower levels of disposable income, which in turn will reduce consumption that drives local business and employment. Local businesses that have absorbed losses through the pandemic may find that the level of demand for their services does not pick up at a sustainable rate and some businesses may be forced to scale back or close.

1.5.16. These pressures on household and business finances could have a significant knock-on effect to council finances through a greater level of requests for emergency support, such as welfare payments and emergency accommodation requests, as well as households and businesses having a decreased ability to pay existing monies owed and accumulating new monies owed.

1.5.17. The outlook for inflation remains uncertain, with both the possibility that higher prices are sustained for a long period of time and that higher prices are a transitory feature of economic shocks caused by the pandemic. Regardless, higher prices are a reality now and the effects will be felt by households, businesses and the council during the year ahead.

1.6. <u>Local Context</u>

February 2023: Final Local Government Finance Settlement

1.6.1. The Secretary of State for the Department for Levelling Up, Housing and Communities (DLUHC) released the released the Final Local Government Finance Settlement for 2023/24 on 6th February 2023.

1.6.2. The announcements within the settlement are broadly in line with the Autumn Statement 2022. The headlines of the settlement are:

- A £59.5bn funding package for councils, a £5bn/9% increase on the previous year
- All councils will receive at least at 3% increase year on year
- £2bn of this in additional grant funding for adult and children's social care
- £100m of additional funding for LA's to support the most vulnerable households receiving council tax support (allocations to be confirmed)

1.6.3. There are two main issues to be aware of from the settlement and related consequences:

1. from the information available at this time the Council has additional funding of £5.629m in 2023/24 above its 2022/23 allocations. Some of this may not be recurrent and may then be an issue for beyond 2023/24.

2. this does not mean we have this amount of additional resource to spend. This is because as has been regularly advised deliverability of the planned savings is key and some of the savings will be at risk of delayed deliverability. It is also inevitable that issues will arise from future years accounts etc

1.6.4. It is therefore the case that we should hold these additional resources as a contingency against non/delayed delivery of savings until we have proven progress.

1.6.5. A summary of the impact of the settlement is provided in the table below.

Breakdown of funding	**2022/23**	**2023/24**	**(Increase) / Decrease (£m)**	**(Increase) / Decrease (%)**
Settlement Funding Assessment	36.732	38.717	1.985	5.4%
Compensation for under-indexing the business rates multiplier	3.095	5.351	2.256	72.9%
New Homes Bonus	1.422	0.005	-1.417	-99.7%
Lower Tier Services Grant	0.292	0.000	-0.292	-100.0%
Services Grant	2.088	1.225	-0.863	-41.3%
Grants rolled in	0.509	0.000	-0.509	-100.0%
Improved Better Care Fund	3.989	3.989	0.000	0.0%
Social Care Grant	4.661	7.760	3.099	66.5%
Market Sustainability and Fair Cost of Care Fund	0.348	0.000	-0.348	-100.0%
ASC Market Sustainability and Improvement Fund	0.000	1.207	1.207	NEW
ASC Discharge Fund	0.000	0.559	0.559	NEW
Total	**53.136**	**58.813**	**5.677**	**10.7%**

Settlement Funding Assessment (SFA)

1.6.6. The SFA compromises Baseline Funding from Retained Business Rates and the Revenue Support Grant (RSG).

Settlement Funding Assessment	**2022/23**	**2023/24**	**(Increase) / Decrease (£m)**	**(Increase) / Decrease (%)**
Revenue Support Grant	6.451	7.302	0.852	13.2%
Baseline Funding Level	30.281	31.415	1.133	3.7%
Total	**36.732**	**38.717**	**1.985**	**5.4%**

1.6.7. The Revenue Support Grant can be used to finance revenue expenditure on any service.

1.6.8. The Baseline Funding Level is the amount of the SFA provided through the local share of business rates.

Compensation for under-indexing the business rates multiplier

1.6.9. Each year the government sets a multiplier, which represents the number of pence in each pound by which the rateable value is multiplied to arrive at the amount of business rates payable for the year. The government reviews the multiplier each year to reflect changes in inflation.

1.6.10. In 2023/24 the government decided to freeze the multiplier. However, Local Government will receive full compensation will be paid via a combination of an uplift in Baseline Funding Level (BFL) (3.74%) and cap compensation grant for under-indexing the business rates multiplier (the remaining 6.36%).

New Homes Bonus

1.6.11. SBC's allocation reduces from £1.422m in 2022/23 down to just £0.005m in 23/24, with no further funding expected in 2024/25 and beyond.

1.6.12. The NHB allocations for 2023/24 do not include legacy payments, nor will new legacy payments be made in subsequent years based on these allocations. As was previously announced, the 2022/23 settlement was the last year to include legacy payments.

Abolished Grants

1.6.13. Lower Tier Services Grant (LTSG) has been abolished from 2023/24 onwards.

Services Grant

1.6.14. This was a new one-off grant for 2022/23 funded by the additional resources announced in the SR2021 and is to fund general responsibilities. It was distributed using the existing SFA.

1.6.15. Although this was clearly stated to be a one-off grant, since it was funded from the extra resources announced in the SR2021, it will now continue beyond 2023/24 but its future distribution is to be consulted upon and this funding will be excluded from any proposed baseline for transitional support as a result of any proposed system changes.

1.6.16. For 2023/24, the Council will receive £1.225m, a reduction of £0.863m. The reduction includes removal of funding for the National Insurance Contribution increase and the funding increase for Supporting Families.

Rolled in grants

1.6.17. Certain grants that were previously provided outside of the settlement have been rolled into the settlement in 2023/24. For SBC these include the Local Council Tax Support Administration Subsidy grant and the Independent Living Fund.

1.6.18. In 2023/24, the Local Council Tax Support Administration Subsidy grant has been rolled into the RSG and the Independent Living Fund has been rolled into the Social Care Grant.

Social Care

1.6.19. The 2023/24 settlement announced the following social-care related grants:

Social Care Related Grants	2022/23	2023/24	(Increase) / Decrease (£m)	(Increase) / Decrease (%)
Improved Better Care Fund	3.989	3.989	0.000	0.0%
Social Care Grant	4.661	7.760	3.099	66.5%
Market Sustainability and Fair Cost of Care Fund	0.348	0.000	-0.348	-100.0%
ASC Market Sustainability and Improvement Fund	0.000	1.207	1.207	NEW
ASC Discharge Fund	0.000	0.559	0.559	NEW
Total	**8.998**	**13.515**	**4.517**	**50.2%**

Social Care Grant

1.6.20. There is additional funding for the Social Care grant and nationally this is an increase of £3.852m. The Council's allocation for 2023/24 totals £7.760m which is £3.099m higher than 2022/23.

1.6.21. This allocation rolls forward the 2021/22 grant with an amount for equalisation to reflect that some authorities such as the Council cannot raise as much through the ASC Precept as well as an element for new funding for social care.

Improved Better Care Fund (iBCF)

1.6.22. The iBCF grant has been rolled forward, the council will receive £3.989m in 2023/24 as in 2022/23.

ASC Market Sustainability and Improvement Fund
(was Market Sustainability and Fair Cost of Care Fund)

1.6.23. The Market Sustainability and Fair Cost of Care Fund has now been subsumed into the new ASC Market Sustainability and Improvement Fund. Across England the grant in total is increasing from £162m in 2022/23 to £562m in 2023/24.

1.6.24. For Slough, the grant is rising from £0.348m in 2022/23 to £1.207m in 2023/24, which is in line with the national increase, distributed using the existing Adult's Relative Needs Formula.

Council Tax Referendum Limits

1.6.25. As per the Autumn Statement announcement, the Council Tax referendum thresholds are as expected:

- 2.99% maximum "core" increase,
- 2.00% adult social care precept,

1.6.26. Due to the exceptional challenges faced by the Council, which are discussed throughout this report, a request was made to Government to allow the Council to increase Council Tax above the referendum principles mentioned above. This request has been granted by Government, meaning that the Council is able to increase by 9.99% without a local referendum.

1.6.27. For every 1% increase to Band D Council Tax, the Council generates approximately £0.600m of funding.

Schools Funding

1.6.28. In 2020, the Government introduced a statutory override for a period of three years (up to end of March 2023) that meant that local authorities' DSG deficits could be separated from their wider accounts. The Government has agreed to extend the DSG statutory override by a further three years. In the case of Slough, the DSG is forecast to reach a cumulative deficit of over £27m by March 2023 and so having a separation of this from the council's own reserves is critical.

1.6.29. The Autumn Statement announced that the core schools budget will increase by £2.0bn in 2023/24 and £2.0bn in 2024/25, over and above totals announced at Spending Review 2021. In recognition of the pressures being faced by local authorities, £400m of the additional funding will be allocated to high needs budgets, with the rest being allocated to schools' budgets.

Energy Support Scheme

1.6.30. The Government has also announced a new scheme to provide help with energy bills this winter (2022/23) to households that use alternative fuels like heating oil. The Alternative Fuel Payment (AFP) amounts to £200 per household and will be paid automatically via their electricity supplier. For households without a relationship with an electricity provider (e.g. care home residents, residents of park homes or caravan sites). Application will be through a .GOV web portal and may require payment through the local authority in the case of non-direct customers. This will not benefit the local authority in any way.

Conclusion

1.6.31. Whilst the additional funding for 2023/24 is welcome news, Local Government needs more clarity on the proposed reforms and future funding streams including New Homes Bonus and the funding cannot be assumed to be available.

Levelling Up

1.6.32. The Levelling Up and Regeneration Bill is progressing through Parliament. The Bill makes provision for the setting of levelling up missions, local democracy, town and country planning and regeneration.

1.6.33. Following the UK's exit from the European Union, the government committed to continued funding to replace the loss of EU funding. The UK Shared Prosperity Fund (UKSPF) was announced providing allocations across the UK 2022/3 to 2024/25 replacing European Structural and Investment Funds providing £2.6bn over the next three years and is expected to be a key part of the delivery of the Levelling Up ambition for the UK. The LGA has raised concerns that funding will need to increase beyond 2024/25 if government is to meet its commitment to match the quantum of the EU programme.

1.7. Key Service Updates

Place & Community

Nature of the service

1.7.1. The Place & Communities directorate includes housing regulation, ASB enforcement, trading standards, CCTV, licencing, food safety, public protection, community safety, waste management, street cleansing, grounds maintenance, parks management, crematorium services, highways design, maintenance & network management, car parking, transport, home to school transport, adult learning, employability and the Creative Academy, libraries, leisure services and community development/wellbeing.

Current service pressures

1.7.2. The key issues facing the directorate in 2023/24 include:

- Downsizing our library service as we transition further to a self-service operational model
- Ensuring the quality of private sector housing let to tenants through Housing Regulation while not undermining the provision of such housing in a market where demand far outstrips supply
- Managing the discontinuation of our CCTV service and collaborating with Thames Valley Police for them to provide an alternative
- Contractual negotiations to optimise our entitlement to a Management Fee from our leisure services provider

- Restructuring our waste collection service to deliver alternate weekly collection
- Sustaining adequate visual amenity within the borough with a ground's maintenance and street cleansing team which was reduced by 40% in 2022/23
- Reducing our units of energy consumed to mitigate cost pressures in energy markets and to further our Carbon agenda
- Managing interrelated transport projects for the improvement of the A4 arterial road running through Slough with outcomes to include, improving safety, encouraging alternative modes of transport to the car, and enabling the economic development of the town
- Enabling the skills and employability initiatives needed to drive the economic development of the town and improve the lives of Slough residents
- Restructuring the directorate management team and rebuilding teams notably:
    - Housing Regulation
    - Crematorium
    - Transport
    - Highways

Covid impacts, recovery and lasting impact of Covid on the service

1.7.3. The most significant remaining covid impact is the re-setting of the business plan for our Leisure Services provider who is rebuilding the number of sports centre memberships following the market impact resulting from covid lockdowns. This commercial recovery influences the contractual mechanism which sees payment of a management fee from the provider to the Council to repay the investment made in the facilities by the Council in the period before the current contract was let.

Financial recovery and future direction of service

1.7.4. The Place & Communities directorate is much smaller in 2022/23 than it was in 2021/22 and alternative funding has been obtained for several services which we provide, examples include:

- Grounds maintenance teams and street cleansing teams have been reduced by 30% with alternative operational practices introduced to enable a safe environment and an acceptable visual amenity to be sustained
- Charges have been introduced for the collection of garden waste and for receipt of DIY and certain other wastes at our Chalvey Household Waste and Recycling Centre
- A 2022/23 Libraries operating model was implemented to deliver budget savings of £400k
- Our Community Development, Active Communities and Community Learning teams are now entirely grant funded
- The Place & Community Directorate was restructured into a new Place & Communities Directorate and a new Housing & Property Directorate on 7 October 2022. Group Manager portfolios were realigned to fit with the new structure. Further realignment of management portfolios will continue into 2023/24 for both directorates as services continue to reshape and resize.

1.7.5. Detailed and intensive work has been carried out jointly with finance colleagues throughout 2022/23 to recalibrate budgets across the directorate to improve understanding and to set up the detailed budgets for 2023/24. This will help support and monitor the commercial recovery of the Place & Communities directorate in 2023/24. Directorate Expenditure Control Panels will continue to ensure that cost centre managers, Group Managers, ADs and the ED understand and are in full control of their budgets and expenditure in collaboration with finance colleagues.

MTFS update

1.7.6. Place and Communities is projecting the delivery of £5.624m of savings in 2022/23 and has identified further savings opportunities of £3.700m for delivery in 2023/24. Savings include:

- Reduction in library staff by increasing self-service and collaborating with staff from other services who will increasingly provide oversight of library areas within buildings
- Moving to fortnightly waste collection with reductions in staff, vehicles and waste disposal costs
- Passing responsibility for public space CCTV monitoring within Slough to Thames Valley Police
- Dimming street and park lamps to reduce spend on electricity
- Increasing fees and charges to ensure that they fully recover all costs,
- Optimal use of grants to support core outcomes
- Removal of optional operational budgets by detailed scrutiny of whether work is essential or is optional
- Directorate restructure to deliver a right size fit for purpose operating model

1.7.7. The Directorate will be reduced in size to reflect the reduced number of services that are to be provided and the reduced volume of activity required from remaining services. Income generating teams will be sized so that they are fully supported by income, wherever practicable, through monitoring of performance metrics and management of productivity.

1.7.8. Where possible, displaced staff will be redeployed to realigned services and activities and branding of teams will be simplified so that it is easily understood and communicated what they do and who does it. Unnecessary tasks and services will be stripped out to focus on doing the basics well.

1.7.9. Budget holders will be provided with accurate accounts and will be held to account for controlling costs, delivering savings and achieving income targets. Costed savings plans will be monitored to ensure that they are delivered with alternative plans implemented where we encounter previously unknown issues or experience demand pressures from these or other areas.

Housing, Property & Planning (HP&P)

Nature of the service

1.7.10. HP&P Directorate comprises of Housing, Property and Planning Divisions. The Housing Division delivers housing management services (including tenancy management, resident engagement) and accommodation services (including allocations and lettings, temporary accommodation, rough sleeping) on behalf of the Council. The Property Division delivers property management services (includes property sales and purchases, office accommodation strategy, property construction) and building management services (includes letting of buildings, corporate repairs, facilities management). The Planning Division delivers building control services, physical planning services and the local plan on behalf of the Council.

Current service pressures

1.7.11. The key issues faced by the directorate are multi-faceted and include: staffing, high caseloads, high placement costs for temporary accommodation, recovery of costs chargeable to benefit, backlog in repairs and maintenance of housing stock, low staff morale, and delivery of financial savings.

1.7.12. The staff pressure faced by the divisions cuts across several service areas. For instance, the Housing Management and Accommodation services are both understaffed and have experienced difficulties recruiting new staff. This has resulted in existing staff carrying unmanageable caseloads leading to poor tenant satisfaction. The Property division has also struggled with recruiting staff and has only recently managed to recruit a property professional to manage the service.

1.7.13. Due to the shortage of temporary accommodation, the Accommodation service is faced with high placement costs. Also, recovery of costs chargeable to housing benefit has not always been possible due to poor processes. A robust client regime is to be put in place to address the backlog of repairs and maintenance issues within the housing stock. Despite the pressures faced by the directorate, it still has to do its part by delivering financial savings like other council departments, but this is compounded with the low morale experienced by staff.

Covid impacts, recovery and lasting impact of Covid on the service

1.7.14. Covid impacted the council departments differently. Within HP&P, it severely impacted on the repairs and maintenance of the housing stock as only emergency repairs were prioritised. The backlog due to covid is still being worked through.

1.7.15. The new ways of working (hybrid) has impacted on the income / rental projections made on some Council owned commercial properties as letting some of these properties has become challenging as most organisations now operate a flexible working policy and no longer require as much space compared to pre-covid times.

Financial recovery and future direction of service

1.7.16. The Housing division, which was broken up under a previous reorganisation with various services and posts managed in different parts of other directorates, has now been brought together under HP&P directorate. New appointments are being made across the various divisions to ensure tried and tested professionals are responsible for running the services.

1.7.17. Partners across the Council are being consulted to assist with the recovery journey. For instance, procurement colleagues are being engaged regularly to assist with the procurement of services and suppliers and to ensure rates offered are competitive. HR colleagues are also being called upon to assist with the recruitment of temporary staff on market salaries and bringing in interim management capacity.

1.7.18. The issue of uncompetitive salaries has been identified within the Housing division as one of the reasons why it has struggled to recruit qualified and experienced staff. The proximity to London has meant these potential staff will rather travel to London to earn competitive salaries. A recruitment strategy is to be developed that will reflect the salaries, skills shortages, and demand for staff in the London areas.

MTFS update

1.7.19. HP&P Directorate has identified savings opportunities of £0.750m for delivery in 2023/24.

1.7.20. The savings to be delivered by HP&P directorate relate to efficiencies around the Facilities Management function. This will be achieved as a result of the reduction in facilities management costs as some of the Council owned buildings have been earmarked for disposal so will not require facilities management once sold. Other savings include the plan to reduce spend on repairs and maintenance at corporate buildings.

Strategy & Improvement

Nature of the service

1.7.21. The Strategy and Improvement directorate comprises the following service areas:

- Strategy – setting the strategic direction of the organisation through the Corporate Plan and strategic framework; managing key strategic partnerships including the Slough Leaders Group; providing insight through analysis of data and evidence and managing key performance information.

- Transformation – leading change through programme management of the Recovery and Improvement agenda, ensuring robust evidence is provided to Commissioners and other interested stakeholders, in relation to addressing Government Directions and other transformational activities.

- Communications and Resident Engagement – leading on internal and external communications and engagement with staff, members, residents, partners, external agencies etc.

- Customer and Business Services –including face to face customer services and the call centre, registration services, corporate complaints and FOI requests, PA and Executive Assistant support, logistics and the post room.

- ICT & Digital – provision of ICT and Digital services for the organisation, residents and partners, and leading on a modernisation programme to ensure technology is available for future needs including enabling more digital interaction with Council services.

- HR – managing all people management issues for the Council including recruitment, Payroll, employee relations, learning and development, health and safety, emergency planning. policies and procedures.

- Democratic and Electoral Services – coordination and support to Council meetings including Cabinet, Council and Scrutiny and management of all elections including local and general elections (note: this area reports direct to the Chief Executive).

Current service pressures

1.7.22. The directorate faces a number of key issues.

1.7.23. The continued pressure on budgets and the need to deliver ongoing savings needs to be balanced with the need and ability to invest in long-term solutions and improvements. For example, the need to invest in ICT to provide improved services for staff and residents in the medium to long-term is constrained by the need to deliver immediate savings.

1.7.24. Rising demand from residents is increasing pressure on customer services and on services across the Council.

1.7.25. A lack of capacity due to vacant posts in key corporate services is putting pressure on existing staff and this is exacerbated by the challenges to recruit additional staff as a result of a highly competitive jobs market in Berkshire and outer London.

1.7.26. As services across the Council reduce in size as a result of savings requirements there is additional pressure on corporate teams, for example, strategy and data, to provide backfill support to fulfil statutory and management information needs.

1.7.27. There are lasting impacts of the failed Our Futures transformation programme and restructure which are still providing legacy problems particularly in relation to staffing changes.

1.7.28. There are further issues, but it is important to note that these, and those mentioned above, are being addressed. Recent restructures and recruitment have ensured capacity and capability are being brought into the organisation to manage the challenges faced by the Council.

Covid impacts, recovery and lasting impact of Covid on the service

1.7.29. Covid affected the directorate's services in a number of specific ways.

1.7.30. All front facing customer services were closed. Local Access points are now operating in Britwell, Langley, Chalvey and Cippenham, but resource levels to operate these face to face services are limited. There is a dependence on other services such as libraries to be able to operate to avoid lone working. A remote contact centre was established during Covid. Since then there has been a partial onsite contact centre.

1.7.31. The vast majority of staff worked at home during Covid. A small number of colleagues were directed into the Covid Operations support team and came into the office on a regular basis. Since lockdown restrictions were lifted there has not been a full return to the workplace with hybrid working being the norm. This is not uncommon across the local authority sector.

1.7.32. There is now a hybrid contact centre with some staff on site and some working from home. An online booking system is in place for face to face appointments and a digital assist offer is in place for customers who need support navigating online services.

Financial recovery and future direction of service

1.7.33. The Directorate has experienced a number of changes over the past 18 months with combinations of services at various times reporting to Finance and Corporate Resources, Chief Operating Officer and now Strategy and Improvement. With a new Directorate bringing together these corporate functions there is now the opportunity to provide greater strategic oversight of core services and manage these within the context of recovery and the financial situation of the Council.

1.7.34. In essence, the new Directorate is focussed on aligning service delivery with the Council’s Recovery agenda. The refresh of the Corporate Plan in 2023 will provide the means to ensure that Service Delivery Plans enable the active monitoring and managing of change.

1.7.35. The future of the services in the Directorate will be reviewed to ensure best value is delivered and the extent to which greater efficiencies can be achieved through alternative means of service delivery.

MTFS update

1.7.36. The Directorate has a 2022/23 budget (as at period 6 / September 2022) of a net £20.261m, comprised of a gross controlled expenditure budget of £23.757m and a gross income budget of £3.496m. The quoted figures for the Strategy and Improvement Directorate includes Business Services which is soon to transfer across to the Housing & Property Directorate.

1.7.37. The Directorate (including Business services) is projecting the delivery of £1.772m of savings in 2022/23 and has identified further savings opportunities of £1.823m for delivery in 2023/24.

1.7.38. The types of savings include reductions in staff, cessation of some corporate outdoor events, termination and / or reduction in licenses and re-procurement of some IT contracts at lower costs and reduction in telephony costs from reprocuring.

1.7.39. The focus of the Directorate will be on reviewing all its services to align activities where possible and stop unnecessary tasks and services. Budget holders will be accountable for controlling costs and managing the delivery of savings action plans.

Finance & Commercial

Nature of the service

1.7.40. The Finance & Commercial directorate comprises the following service areas:

- Strategic Finance – setting the strategic direction of the organisation through planning the finances of SBC to meet its strategic goals. Production of financial statements. Responsible for Treasury Management and investment/borrowing decisions.

- Financial Management – Responsible for assisting services to achieve their service objectives through decision support analysis, budget monitoring, budget setting and tracking delivery of savings targets.

- Revenues & Benefits – maximising and distributing revenue from council tax and business rates. Reducing fraud and ensuring eligible claimants receive timely payments. Also includes the Transactions team which manages accounts payable, receivable and debt management.

- Internal audit – presenting independent, objective assurance to add value and improve on SBC's operations by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

- Commercial services – strategic oversight of the process of purchasing goods and services for SBC services, oversight and guidance of contract management to ensure value for money.

- Risk, insurance, counter fraud – Procurement and management of Insurance policies; identifying, assessing and controlling financial, legal, strategic and security risks to and to reduce risk, and to apply resources to minimize, monitor and control the impact of negative events while maximizing positive outcomes.

- Financial systems - responsible for installing and maintaining a financial system that upholds the integrity of gathering, storing and analysis of financial information for informed decision making.

Current service pressures

1.7.41. The directorate has faced a number of key issues:

- Grossly inadequate records and professional standards in the production of previous years' (2018/19, 2019/20, 2020/21, 2021/22 (part)) accounts and budgets

- Inadequate reserves to cover any incidental costs that are common to an organisation of this Council's size

- Very poor professional standards

- Inadequate finance service structure to support the successful outcomes of the Corporate plan

- Inadequate design and operation of the systems resulting in loss of integrity in data and information held, as well as potential loss of income generation due to systems isolation and inadequate integration of relevant systems

- Grossly inadequate initial capitalisation direction for 21/22 budget as a result of poor historical records and processes / procedures.

- Effects and impact of S114 on all aspects of services and delivery

- A Council facing at one stage a potential total Capitalisation Direction of £782m, unprecedented in local government, with the addition of a forecast major DSG overspend of £40m plus

1.7.42. Further issues which need to be managed include:

- Achieving asset sales on time and at the estimated price

- Dealing with the local government financial settlement

- Dealing with related cost pressures due to interest rates, energy costs etc

- Challenge in attracting skilled personnel on permanent contract with the current SBC offer seemingly lower than other neighbouring boroughs

- Transitioning from current interim staffed service to permanent staff with minimum disruption to key deliveries

Covid impacts, recovery and lasting impact of Covid on the service

1.7.43. Covid affected the directorate's services in a number of specific ways.

1.7.44. Substantial working from home, now a commonplace across the department has created to a certain extent, a challenge in managing and monitoring staff remotely.

1.7.45. Recruitment of permanent staff has become a challenge after covid as a number of other local authorities offer more remote working with the added incentive of London weighting package, and at some levels there is increased demand/limited supply of both permanent and temporary applicants. This has led to an increase in the rates needing to be paid to secure staff to fill vacancies.

1.7.46. The impact of covid has created much higher debts on Council tax due to the payment holidays offered during the covid period. Recovery of Council Tax debts are returning slowly, but there is still a long way to go.

1.7.47. The investment in IT infrastructure has allowed the hybrid working model to work better which has promoted a more flexible, collaborative and balanced work environment.

Financial recovery and future direction of service

1.7.48. The Directorate has experienced changes over the past year with other services such as Revenues & Benefits and Counter Fraud becoming part of the directorate.

The department is working on getting the basics right across all the Directorate's functions through the continuing rectification of the significant historical challenges with poor basic financial control processes and procedures. Continuing action will be taken to improve the basic financial systems and processes through the upgrade and development of all relevant and related systems.

1.7.49. The Finance & Commercial directorate is aimed at dealing and completing all the recommendations from various reports issued by CIPFA, DLUHC, Grant Thornton and the Directions (finance only) issued by the Government during 2021/22. 69 per cent of all recommendations have been completed or are continuously ongoing with good progress with the remainder on track to complete during 2022/23. The remaining recommendations will be implemented in the medium to longer-term due to their nature although a vast majority are expected to progress during 2022/23 and 2023/24.

1.7.50. The performance and improvements of our key services will be reviewed and monitored regularly by the agreed service plan for each service and their responsibility for delivery. Each service has a clear agreed objectives, key performance indicators and key improvement actions for the current 2022/23 and beyond.

1.7.51. The department is working on bringing back in-house some outsourced functions by implementing and consolidating some of the key changes for which some have been almost completed such as the Contract Management and Procurement functions. Work continues to get the agreed remaining services in-house by the beginning of next financial year. This is a key area for further development and improvement for the current year and beyond. This is crucial to the Council's ability to achieve value for money.

1.7.52. A considerable amount of work is ongoing to improve company governance with a wide variety of changes. These changes have a significant impact on the Council's financial position over the next few years, reducing borrowing requirements, MRP and the Council's exposure to financial risk. The improved governance arrangements will also enable the Council to make timely informed decisions on key strategic and financial matters that are critical to the Council's capitalisation direction.

1.7.53. The Directorate is guided on improving its key functions by positioning service delivery and performance with the Council's Recovery agenda through the 2023 Corporate Plan to achieve greater efficiencies and effectiveness.

MTFS update

1.7.54. The Directorate has a 2022/23 operating budget (as at period 9 / December 2022) of a net £9.096m, comprised of a gross controlled expenditure budget of £25.908m and a gross income budget of £16.812m.

1.7.55. The Directorate is projecting the delivery of £1.051m of savings in 2022/23 and has identified further savings opportunities of £7.506m for delivery in 2023/24. There are further savings of £2.150m which are cross-council in nature (e.g. fees and charges and support service savings) which will be allocated to the relevant service areas in due course.

1.7.56. The types of savings to be delivered by the Directorate include reductions in staff and in the use of agency staff, increased taxbase and collection rate, reduction in audit fees, pension contribution discounts, budgeted overhead cleanse, reduction in fraudulent claims on the single persons discount and reduction in the minimum revenue provision.

1.7.57. Another pertinent focus of the Directorate will be on replacing the majority (if not all) of the interim staff to deliver a more permanent team, especially at the senior level, and the continuous effort to stabilise the finances of the Council and set out a clear way forward in the very unique and challenging circumstances facing SBC. This will include reviewing and monitoring the delivery of all 2023/24 savings across the Council, as well as co-ordinating the drive towards identifying future years' budget savings.

<u>People (Adults)</u>

Nature of the service

1.7.58. The directorate comprises of Adult Social Care Operations, Mental Health, People Strategy & Commissioning, and Public Health.

1.7.59. **Adult Operations** provides multi-disciplinary social care Assessment & support for some of the most vulnerable people in Sough, including from:

- Hospital Discharges
- Social Work
- Occupational Therapists (OT)
- Care & Support planning
- Reablement & Safeguarding
- Also support for people in their own home

1.7.60. **Mental Health -** provides mental health services to residents in Slough and surrounding areas. Community Mental Health Team (CMHT) works with the local NHS, Berkshire Health Care NHS Trust (BHFT) to provide joint resources by way of Service Level Agreement (SLA), to avoid duplications in service provision, jointly purchase services to meet clients' needs or combine staffing resources to effect efficient mental health outcomes

1.7.61. **People, Strategy & Commissioning -** manage the care market, provide Quality Assurance, procurement & management of contracts, and Brokerage of Support Packages

1.7.62. **Public Health -** Supports Strategic Management of services in place to address wider determinants of Health and Wellbeing in Slough.

Current service pressures

1.7.63. Current Service pressures and risks include:

- Ongoing requirements around the local "Cost of Care" reform and Market Sustainability Plan - significant effort went into the Government required proposal in 22/23, which could have an adverse effect on the Provider market – with significant risk of above inflation expectations of price uplifts from providers

- There is significant ongoing pressure on local National Health Services, resulting in a critical incident being declared across the Frimley Health and Care Integrated Care System in Dec 2022.

- Delivery of the Transformation program and associated financial efficiencies in a market with excessively inflating cost above affordability

- Clients with increasing complexities, resulting in more expensive specialist provision.

- The introduction of CQC assurance and inspection regime for Social Care in Local Authorities putting additional pressure on staff undertaking preparatory works.

- Cost of living crisis and impact on underlying cost of care provision, including vulnerable clients with limited scope to increase their income

- Difficulties recruiting in highly competitive market

Covid impacts, recovery and lasting impact of Covid on the service

1.7.64. There are significant risks and operational challenges post pandemic for adult social care in Slough. These include:

- a reduction in the social care workforce – with people choosing to leave the workforce for better pay and less stressful work and recruitment into social care becoming harder for the same reasons

- staff across all parts of adult social care in Slough have worked hard and tirelessly over the last few years but the workload continues to be demanding and creates a risk of burnout in staff.

- more people needing support than planned as people's health and mental health has been impacted by the pandemic. Greater understanding of the impact of long covid on adult social care demand is required.

- Although there has been some temporary funding provided for the discharge to assess programme through the NHS, the long-term impact of the numbers of people discharged from hospital both during the pandemic and current crisis could leave the council with increased costs.

Financial recovery and future direction of service

1.7.65. Delivering the adult social care transformation programme will support both the adult social care and corporate strategy of operating within its budget, whilst continuing to meet its statutory responsibilities, against the backdrop of an ongoing financial recovery.

1.7.66. Promoting people's independence, supporting them to live at home with as much choice and control over their lives as possible, as well as ensuring people are safe will remain the key direction of travel for adult social care. Enabling this to happen in an integrated way with the local Integrated Care System as well as opportunities for more joint working across East Berkshire Councils will provide options to support this delivery whilst maximising value for money for stakeholders.

MTFS update

1.7.67. People - Adults is projecting the delivery of £5.900m of savings in 2022/23 and has identified further savings opportunities of £5.688m for delivery in 2023/24.

1.7.68. The Directorate began a three-year transformation journey in 2021/22, aiming to deliver efficiencies as part of a wider integrated vision for harnessing community assets, promoting a strength-based approach and targeting interventions to achieve greatest impacts.

1.7.69. The programme aims to achieve a robust and sustainable approach to delivering ASC, which supports recovery from the pandemic, containing a number of projects aimed at delivering financial savings and supporting the service to become sustainable and more efficient. This will be in the context of changed ways of working, whilst continuing to deliver better outcomes for residents with social care needs.

People (Children)

Nature of the Service

1.7.70. The directorate covers all education related services, including statutory and some non-statutory responsibilities to schools. The services are:

- Admissions (Including Home to School Transport)
- Attendance (including Elective Home Education and Children Missing Education)
- SEND
- Education Psychology
- Children's Centres
- Early Years
- School Effectiveness
- Music

Current Service Pressures

1.7.71. The service has operated with one AD instead of two since November 2021. This has meant a directorate operating with a lack of real capacity and ability to strategically deliver on council objectives. This was identified in an LGA review in September 2022. A restructure is planned that will be able to address the issues and ensure a sustainable service going forward.

1.7.72. There is a SEND Green Paper and an Education White Paper impending, outlining responsibilities on LAs to deliver services. Whilst the Schools Bill, which sought to put the priorities in the White paper on a statutory footing has been scrapped the DfE have stated they remain committed to the Attendance element which may mean additional statutory responsibilities in the Attendance service

1.7.73. There are several key pressures in each area identified briefly below:

- **Admissions (Including Home to School Transport)** – The new statutory Admissions Code 2021 introduced three main changes relating to in-year admissions, looked after and previously looked after children and fair access protocols. The service is addressing what it needs to do to ensure compliance and working with schools to achieve this. Home to School Transport is funded from the General Fund but a new home to school transport policy should support the aim for more independent travel for young people and a reduction in cost.

- **Attendance (including Elective Home Education and Children Missing Education)** – New statutory responsibilities may be made around attendance of children and young people at schools, regarding Children Missing Education and Elective Home Education. Until then the service is dealing with additional demand following the pandemic. The pandemic saw a rise in children being Electively Home Educated. There are signs this is coming down. The service will continue to monitor this closely and work with schools and the DfE on effective practise.

- **SEND** – The SEND service is subject to a Written Statement of Action following an inspection from Ofsted and this is being monitored by the DfE. As such it is a high corporate risk. Regular reporting on the progress on the WSOA and wider service improvements is required at Cabinet. Additional staffing has been recruited to in the SEND service and will support capacity and improvements in this area.

- **Education Psychology** – The service has suffered with high turnover of staff. There is a shortage in recruitment. However, this is a national issue. The SEND service has a high dependency on the EP service as reports are needed from EPs to complete the EHCP process. There are locums in place to support the short term, but permanent recruitment is planned and ongoing.

- **Children's Centres** – Consultation has been launched on changes to the service, utilising a smaller number of buildings and more targeted services. A report will be presented to Cabinet for a final decision, including the outcome of the consultation.

- **Early Years** – The service has been operating well but has some and staff vacancies. These roles are being recruited to.

- **School Effectiveness** – The Group Manager for School Effectiveness role is vacant and being covered by the Associate Director. This role does all the school visits for maintained schools. The LA has statutory duties around school effectiveness for maintained schools in order to ensure educational standards are high and to risk assess school that may be at risk of failing. The vacancy has created capacity issues. However, the role and approach to school effectiveness will be revisited in the impending restructure of the directorate. Alternative ways of monitoring and delivery are being explored and present a good opportunity to approach school effectiveness in a different way.

- **Music** – This service is fully funded externally by the Arts Council. Budgetary pressures are contained within the service.

Covid impacts, recovery and lasting impact of Covid on the service

1.7.74. Schools are getting back to business as usual following a very challenging two years through the pandemic. However, the biggest effect is on the young people that had their education disrupted for two years. This is likely to have affected the most vulnerable, e.g. children with SEND and those that are disadvantaged.

1.7.75. The LA services play a vital role in the support structure for schools and young people as outlined above and will need to be strengthened to meet demand and challenge.

Financial recovery and future direction of service

1.7.76. The service has proposed savings as far as currently possible. Most services are fully or at least part, externally funded.

1.7.77. Action plans are in place for each service area in order to ensure and maintain a good level of service delivery, notwithstanding the issues and challenges outlined above.

1.7.78. Key to recovery and good service delivery is an impending restructure of the directorate, as recommended in the LGA review.

MTFS update

1.7.79. The People – Children Directorate has a 2022/23 budget (as at period 6 / September 2022) of a net £8.091m, comprised of a gross controlled expenditure budget of £16.065m and a gross income budget of £7.974m. This excludes DSG and Slough Children First. Also £7.273m of gross expenditure and £6.042m of gross income relates to the schools PFI project and is therefore ringfenced.

1.7.80. As part of the budget for 2022/23, the directorate set a savings target of £1.109m. The current projected achievement against this target is £0.832m (75%)

1.7.81. The forecast outturn for 2022/23 as at period 6 is an overspend of £0.035m

1.7.82. The directorate is proposing £1.013m of savings towards the Council’s overall target for 2023/24 for review by the Scrutiny Committee

1.7.83. The key issues currently faced by the directorate are as follows:

- Current structure in People Children is not fit for purpose. At present the service is being led by one AD but is designed for two ADs. 3 of 7 Group Managers are acting up and one GM post is vacant. A restructure is being presented for approval which is also planned to achieve savings.

- The SEND service is currently a high corporate risk following a SEND area inspection by Ofsted in September 2021. Additional staffing capacity in SEND which has already been approved and recruited to, will support improvements in that area.

1.7.84. The following savings proposals have been put forward for delivery to contribute towards the 2023/24 budget target:

- **Proposal 1 - Home to School Transport - £0.800m over two years** – As part of a drive to ensure the efficient and economic delivery of services Slough Children's Services have identified savings of £0.800m (2023/24: £0.595m; 2024/25: £0.205m) in their Home to School Transport (HTST) Assistance offer that is in addition to previous savings in this area.

- **Proposal 2 - Staff Restructure - £0.263m over two years** – A restructure was recommended by the LGA to make the service fit for purpose. A draft restructure has since been proposed and seen by the LGA. Of the above saving, £0.210m is projected in 2023/24.

1.7.85. A restructure will ensure a better and fit for purpose directorate able to better meet the demands and needs of young people. It will lay the foundations for a more resilient future.

Slough Children First

Nature of the Service

1.7.86. Slough Children First provides Children's Social Care and Early Help Services to the Council through a service contract.

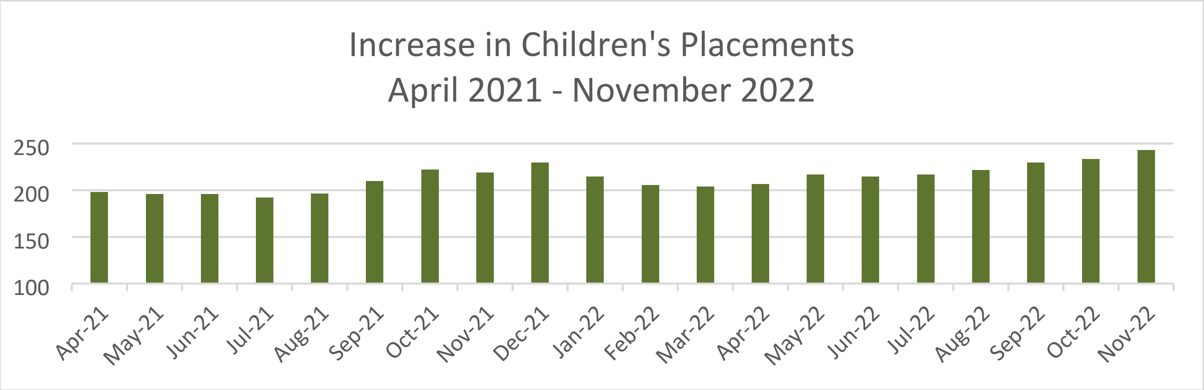
1.7.87. The company was previously Slough Children's Services Trust and the contractual arrangement has been in place since October 2015, under the direction of the DfE when Slough Children's Services were judged as Inadequate. Services are now judged to be Requires Improvement.

Current service pressures

1.7.88. The company faces five main pressures:

Increase in Children's Placements

1.7.89. A growing number of children looked after and requiring support. This appears to be a national issue with the after effects of Covid, the cost of living crisis and increasing numbers of Unaccompanied Asylum Seekers all having an impact on numbers.



1.7.90. Although numbers vary seasonally the graph shows an increasing trend of placement numbers. From November 2021 – November 2022 placements have increased from 219 to 243, an increase of 11%. This not only has an impact on the cost of placements but staffing as well.

1.7.91. The company are planning to reduce the numbers of placements by improving early intervention. They are doing this be investing in their Early Help and Edge of Care Services.

Increased costs of external placements

1.7.92. Children looked after are placed with internal fostering services, independent fostering agencies and residential placements. There is a shortage of fostering places in Slough, partly due to those fostering having limited capacity to take more than one child and SCF needing to place a number of children from the same family. Increased inflation and a shortage of staff in Residential Homes has increased costs and the increasing demand, not just in Slough but regionally has meant a shortage of places increasing costs of places.

Increased Staffing Costs

1.7.93. The company has struggled to retain permanent Social Workers with annual turnover of approximately 34%. This has led to a significant number of agency staff with resulting higher costs. In 2022/23 these costs are forecast to be £6m out of a total staffing spend of £19m.

1.7.94. There is also a need to have more Social Workers to manage the increasing number of cases. The plan in 2023/24 is to mitigate the increases in costs of additional staff by recruiting more permanent staff and reducing the number of agency workers.

Increased Legal Costs

1.7.95. The budget for legal services in the 2023/24 business plan are forecast to increase from £1.5m to £2.1m to reflect current spending levels.

Loss of DfE Running Costs Grant

1.7.96. The DfE have historically provided the company a grant to help pay for some of its senior staff of £2.2m p.a. They have indicated for a while that they would be making significant reductions in the grant and in December 2022 confirmed the grant would reduce to £0.8m, a reduction of £1.4m. The staffing paid for by the grant are for essential staff, including Social Work team managers and support staff that would be required if the Council, rather than the company provided the service. The remaining £0.8m represents the costs of additional staff and board members required to run an independent company.

Covid impacts, recovery and lasting impact of Covid on the service

1.7.97. Covid and the resulting lockdown had an impact on the number of cases, there were particular surges in numbers when children went back to school and became more visible to partners. Social Workers continued to work through Covid although lockdown restrictions made this difficult. They have now returned to normal working practices.

MTFS Update

2022/23

1.7.98. The budget set for 2022/23 incorporated a £2.7m net reduction in funding, against a backdrop of a £2.0m overspend in 2021/22 pre Covid funding with planned savings of £4.7m.

1.7.99. Slough Children First (SCF) are projecting a £5.6m overspend in 2022/23 compared to its original budget due to an increase in the number of children taken into care, higher than anticipated inflation and some savings and income targets not being achieved.

1.7.100. Like other councils, the company has struggled to retain social workers with turnover at 34% which has meant a reliance on agency staff, further adding to the overspend.

1.7.101. The overspend has been partly mitigated by two in-year funding requests totalling £1.5m reducing this to £3.8m, approved by Cabinet in September and December 2022.

1.7.102. SCF will submit a further in year funding request in 2022/23 to cover their remaining pressures in parallel to the 2023/24 budget approval process.

2023/24

1.7.103. SCF has produced a draft five-year Business Plan 2023/24 – 2027/28, however the Board have not agreed this plan for submission to the Council. A separate report provides more detail on this.

1.7.104. The draft Business Plan had originally requested a net increase in funding from the Council for 2023/24 of £10.3m compared to 2022/23, meaning if agreed the budgeted core contract payment would increase from £31.4m to £41.7m an increase of 33%. This request incorporated growth and inflation of £11.4m and assumed savings of £1.1m.

1.7.105. A Contract Sum of £36.1m is recommended for approval in a separate cabinet report, an increase of £4.6m, or 15%. This is set to take account of the in-year funding pressures submitted for 2021/22 and 2022/23 and increased demand. This amount ensures SCF remains solvent through the course of 2023/24 and gives the new DCS the opportunity to review the Business Plan and submit revised proposals later in 2023/24, taking into account the Council's overall financial position. Any future proposals will be considered alongside other Council priorities..

2023/24 – 2027/28 Business Plan

1.7.106. SCF should have submitted its Business Plan to the Council by 30 September 2022 in accordance with the requirements set out in the Articles of Association to allow sufficient time for this to be considered by Overview and Scrutiny Committee as part of the budget setting process. The previous year's plan was only approved on an interim basis and the re-submitted plan was subject to a DfE commissioned review by Mutual Ventures.

1.7.107. SCF have requested additional time to submit a new business plan taking account of the recent Ofsted inspection and the arrival of a new executive leadership team. This will be submitted to Cabinet in the second quarter of 2023/24.

1.8. Financial Context

Foundation

1.8.1. An authority's Medium-Term Financial Strategy (MTFS) integrates strategic and financial planning over a defined period e.g. four years. It translates Strategic Plan priorities into a financial framework to enable Members and Officers to ensure policy initiatives can be delivered within available resources which are aligned to priority outcomes.

1.8.2. The Council's last approved MTFS from March 2022 Full Council for 2023/24 estimated a shortfall to a balanced budget of £66.190m. Substantial work has been undertaken over the intervening year in order to address outstanding years of financial statements, embark upon the asset disposal strategy and understand more fully the risks and pressures inherent in the Council's budgets and operations. This has enabled the Council to better clarify the budget deficit position in respect of prior years, reduce substantially the MRP impact in light of projected asset sales and refine other assumptions within the Capitalisation Direction modelling. A request was also made to DLUHC for an increased level of council tax without referendum which has been approved. As a consequence of all this work, the projected shortfall for 2023/24 has been reduced to just under £32m.

2023/24 MTFS and Budget Build

1.8.3. The total savings requirement 2023/24 amounted to £22.4m. This is higher than originally planned due to the economic shocks which came to light through the year in terms of higher than expected inflation, interest rates, and cost of living implications. The saving enables the Council to fund the unavoidable pressures on the Council's budgets from inflation, demands on services and changes to the Council's overall funding envelope from Council Tax, Business Rates and Government grants.

1.8.4. The Council is facing continued uncertainty on future funding, from a future planning perspective, after making reasonable provision for growth, inflation and Council Tax increases it is projecting that it will need to make savings of £12.9m per annum from 2024/25 until 2028/29 at which point it will no longer need a capitalisation direction.

1.8.5. The capitalisation direction is discussed in more detail below and specifically its impact on the Council's budget and funding.

Financial Deficit & Capitalisation Direction

1.8.6. The Capitalisation Direction is broken down into three elements:

- up to 2022/23 financial deficits
- 2023/24 budget deficit
- post 2023/24 projected deficits until a balanced budget is achieved

1.8.7. The estimated base case for the financial deficit that the Council is seeking a capitalisation direction from DLUHC is now estimated at £357.1m (last year's estimate: £478.7m):

Capitalisation Direction Breakdown	Up to 2022/23 £'000	2023/24 £'000	Projected Post-2023/24 £'000	Total CD £'000
Estimated Financial Deficit	267,073	31,575	58,422	**357,070**

1.8.8. The estimated deficit for the period up to 31 March 2023 of £267.1m includes historic errors and prior period accounting adjustments which without financial support from DLUHC would result in the Council having a negative level of balances and reserves.

Up to 2022/23 financial deficit

1.8.9. The financial deficit of £267.1m for the period to 31 March 2023 is broken down as follows:

Breakdown of Capitalisation Direction	Pre-2019/20 £'000	2019/20-2021/22 £'000	2022/23 £'000	Total £'000
Forecast Outturn Position	13,244	26,084	(1,601)	**37,727**
Minimum Revenue Provision (MRP)	32,871	24,467	17,673	**75,011**
Companies & Subsidies	0	1,161	8,773	**9,934**
Original Capitalisation Direction	0	12,200	0	**12,200**
Incorrect capitalisation of staff costs	29,360	19,488	1,000	**49,848**
Increase Reserve Levels	0	20,000	1,000	**21,000**
Additional Growth for new years of MTFS	0	1,065	4,773	**5,838**
Emerging Pressures, Contingencies, and Provisions	2,540	27,979	17,496	**48,015**
Fund redundancy costs	0	0	7,500	**7,500**
Total	**78,015**	**132,444**	**56,614**	**267,073**

1.8.10. The majority of the financial deficit up to 31 March 2023 can be attributed to:

- inadequate minimum revenue provision – the single biggest amount within the capitalisation direction is due to the incorrect accounting for Minimum Revenue Provision for many years. The amount undercharged from 2008/09 to 2021/22 is £57m, with a further £18m needed for 2022/23. The benefit of the asset sales does not impact significantly until 2023/24 and 2024/25.

- Emerging pressures, contingencies and provisions of £48m, consisting of

  - inadequate provisions and historical budgeting issues estimated at £39m in a range of areas including bad debts such as adults social care, sundry debts and insurance;
  - £15m to rebuild resilience and enable transformation;
  - offset by £6m in a more recent improved settlement.

- incorrect capitalisation of revenue costs totalling £50m, the majority of this is for the period to 2021/22 (£49m) which includes £24m of costs incorrectly capitalised relating to transformation funding, £4m for incorrectly recognised overage costs and £21m for incorrectly capitalised costs of property and IT staff to projects

- non receipt of expected dividends from Company investments and potential liabilities in respect of winding up some of these companies totalling c£10m

- inadequate budget estimation, inaccurate accounting and reporting and failure to deliver planned cost savings, leading to adjustments to prior year outturns of circa £39m.

- In order to rebuild more robust financial resilience for the council, £21m has been built back into reserves in order to protect the council from future shocks once the CD has been reduced and repaid, and money has also been invested to fund increased inflation and energy costs in 2022/23.

2023/24 Budget Deficit

1.8.11. After accounting for inflationary and demand pressures on services discussed above which are funded from proposed savings, the Council has identified that a deficit of £31.6m will be left for the Council to resolve through capitalisation. The issues which result in this projected deficit were presented to DLUHC as part of a recent update on the capitalisation direction and refined as follows:

Breakdown of Capitalisation Direction	**2023/24 £'000**
Pressures:	
Budget Pressures Brought-Forward	56,614
Pressures, growth and contingency	10,935
Additional Growth for new years of MTFS	9,718
Prior year outturn not ongoing	1,601
Subtotal	**78,868**
Reduction in previous pressures:	
Minimum Revenue Provision (MRP)	(3,895)
Companies & Subsidiaries	(3,009)
Redundancy Costs	(7,500)
Subtotal	**(14,404)**
Offset by:	
Settlement – grants	(5,677)
Council tax – at 4.99% incl. social care levy	(3,200)
Further council tax at 5% less cost of support scheme increases	(1,590)
Savings proposals	(22,422)
Subtotal	**(32,889)**
Total Capitalisation Request for 2023/24	**(31,575)**

1.8.12. The majority of this estimated budget deficit for 2023/24 is attributed to the budget deficit implicit in the prior year carried forward (£56.6m), plus:

- Inflation on staff costs and contracts of £9.7m
- Contingency for known risks and pressures of £12.5m, less £1.5m due to the end of time-limited budgets, reductions in commercial rent income through the asset disposal strategy and the release of collection fund receipts identified to smooth over subsequent years.
- a reduction in Minimum Revenue Provision of £3.9m as a result of action taken and planned to dispose of investment properties and surplus land and buildings in order to finance the Capitalisation Direction
- removal from base budget and pressures brought forward (i.e., one-off funding only) the £7.5m for redundancy costs in 2022/23, elements of the projected outturn relating to 2022/23 of £1.6m, and £3m originating from Council owned companies such as prior year impairments on loans and running costs.
- Offset by the impact of an increase in Government grants, council tax at 9.99% less increased support scheme costs totalling £11m.
- £22m in new revenue savings put forward by Directorates.

2023/24 Budget Deficit and Capitalisation Direction

1.8.13. In proposing the 2023/24 revenue budget for the Council it is important to make a distinction between the funds available from Council Tax, Business Rates and Government grants i.e. the “base budget” and the final budget requirement which incorporates all the costs the Council needs to meet. The difference between the base budget and the budget requirement forms the deficit which has to be funded by the Capitalisation Direction.

1.8.14. The Council’s base budget for 2023/24 is £143.4m and reflects changes for:

- growth for pressures and inflation which are funded by proposed savings
- virements to adjust for time-limited budgets and agreed movements between directorates
- realigning specific grants to services from “below-the-line”

1.8.15. The Council’s budget requirement for 2022/23 is £143.4m compared to available funds of £111.8m therefore resulting in a budget deficit £31.6m which will need to be funded by the capitalisation direction.

	2022/23 Working Budget	Growth and Pressures	Net Savings	Corporate Adjustments	Net Funding Changes	Reduction in Capitalisation Direction	2023/24 Proposed Budget	Capitalisation Direction	2023/24 Budget excluding Capitalisation Direction
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Net Expenditure	189,410	12,218	(22,422)	(31,760)	(4,068)	0	143,377	(31,575)	111,802
GF Funding	(189,410)	0	0	343	(6,790)	52,480	(143,377)	31,575	(111,802)
Net GF Position	**0**	**12,218**	**(22,422)**	**(31,417)**	**(10,858)**	**52,480**	**0**	**0**	**0**

Key Components of 2023/24 Budget

1.8.16. It should be noted that to deliver the Council's policy priorities and a balanced budget which is currently projected to be achieved by 2028/29, very significant savings to the Council's net base budget will be required year on year. The level of these savings has been determined to be £12.9m from 2024/25 through to 2028/29, which is significantly reduced from a level of £20m projected a year ago.

1.8.17. The key components of the 2023/24 proposed budget by Directorate are:

- Growth for Pressures and Inflation:

Directorate	Growth and Pressures £'000
People (Adults)	0
People (Children)	615
Slough Children First	4,632
Place & Community	529
Housing, Property & Planning	5,812
Strategy and Improvement	130
Finance & Commercial	0
Corporate Budgets	500
Total	**12.218**

- Savings proposed by Directorate:

Directorate	Savings Proposed £'000
People Adults	5,688
People Children	805
Place & Communities	3,700
Housing, Property & Planning	750
Strategy and Improvement	1,823
Finance & Commercial	7,506
Cross-Council	2,150
Total	**22.422**

1.8.18. Appendices A1 to A4 present the proposed budgets and changes for 2023/24 in more detail.

Equalities Impact Assessments

1.8.19. It is important to note that the budget is the financial expression of the strategic plan and our operational intent, and where known, the equality impact of change is disclosed. There are also a number of individual decisions that will arise over the period of the 2023/24 budget and these will continue to be the subject of specific and more detailed equality impact assessments in line with the Council's Equality Impact Assessment (EIA) guidance. Political decisions will only be taken once effective and meaningful engagement has taken place on a need-by-need basis. In making any decisions we must have regard to the Public Sector Equality Duty (PSED) under section 149 of the Equality Act 2010.

1.8.20. Part of the equalities governance is to ensure that equality impact assessments are undertaken when considering new and/or revised policies to inform and underpin good decision-making processes. This also helps us pay due regard to our equality obligations.

1.8.21. Attached to this report as Appendix E is a set of Equalities Impact Assessments that discusses the most significant equality pressures for each service area, informed by an equality analysis. This includes a review of proposed budget changes for 2023/24 e.g. proposed savings and what positive or negative impacts, if any there are from these on groups in the Slough.

Post 2023/24 Projected deficit to balanced budget

1.8.22. The financial deficit is projected to extend beyond 2023/24 and requires additional support through further Capitalisation Directions of existing expenditure to assist the Council to reach a stable position with a balanced budget.

1.8.23. This projection assumes that that the Council will be able to deliver year on year savings of £12.9m per year and that the ongoing support described above will be agreed by DLUHC.

1.8.24. Based on current estimates and known information, the Council’s deficit in 2024/25 after assumed funding from Council Tax, targeted savings and additional capitalisation of existing costs would be £23.1m reducing to £0m by 2028/29. Over the period from 2024/25 to 2047/48 the net estimated deficit is expected to be £58.4m:

Breakdown of Capitalisation Direction	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000	2030/31 to 2047/48	Total
Roll forward of budget pressures	31,575	23,078	16,917	12,159	6,268	(0)	0	89,997
Emerging Pressures, Contingencies, and Provisions	(1,976)	400	2,100	(5,000)	3,700	1,300	0	524
Additional Growth for new years of MTFS	14,000	11,400	11,400	11,400	11,400	11,400	205,200	276,200
Companies	(1,230)	(700)	(1,113)	4,580	(5,000)	0	0	(3,463)
Minimum Revenue Provision (MRP)	(2,871)	(745)	(434)	36	734	411	(1,047)	(3,916)
Settlement	80	84	89	93	98	0	0	444
Council Tax	(3,600)	(3,700)	(3,900)	(4,100)	(4,300)	(4,600)	(134,800)	(159,000)
Savings Required	(12,900)	(12,900)	(12,900)	(12,900)	(12,900)	(8,511)	(69,353)	(142,364)
Net Estimated Deficit	**23,078**	**16,917**	**12,159**	**6,268**	**0**	**0**	**0**	**58,422**

Reserves and Balances

1.8.25. Local authorities hold balances such as the General Fund and Housing Revenue Account balance as well as earmarked reserves for different reasons but typically as a means to:

a. **Cover unforeseen spending pressures** – for example a major flood or other incident could have a big, uninsurable, impact on Council services. This would place undue pressure on the budget.

b. **Manage general risk and uncertainty** – councils operate in very uncertain times, where there can be significant changes to in year funding. This means that councils need to hold reserves to protect themselves against big funding shifts and buy them time to bring their budget into balance.

c. **Meeting known risks and future commitments** – often these are known as earmarked reserves. These are reserves held for a specific purpose, for example an insurance reserve,

d. **Holding monies on behalf of other bodies** – the schools revenue balances are an example of this.

1.8.26. As at 31 March 2022, the Council's estimated General Fund balance is £21.5m, of which £20m comes from the Capitalisation Direction. As the work on completing the statutory Statement of Accounts for 2018/19, 2019/20 and 2020/21 continues, historic accounting errors are being identified and addressed through the Capitalisation Direction which would otherwise be incurred against the Council's General Fund (or Housing Revenue Account balances) and earmarked reserves.

1.8.27. The estimated earmarked reserves held by the Council at the end of March 2022 totalled £29m. The majority of these funds were accumulated during 2020/21 and 2021/22 as part of the Government's covid response measures to be used for specific purposes such as helping local business and managing the outbreak of covid and must be repaid to DLUHC. In addition, school balances amount to £10.3m and cannot be used for general purposes.

	£m
Repayable to Government	17.0
School balances excluding DSG	10.3
Other	1.8
Total	**29.1**

1.8.28. As a means to build resilience for the Council, the medium-term financial plan also expects at least £1m per annum to be put in reserves from revenue balances. This is the bare minimum position and will be subject to on-going review and risk assessment.

1.9. Council Tax

2022/23 Council Tax

2022/23 Council Tax Base (No. of Band D Equivalent Dwellings)

1.9.1. The calculation of the Council Tax base is a key variable to setting the basic amount of Council Tax for the Council, parishes and major preceptors. The 2022/23 Council Tax Base was approved at Cabinet on 16th January 2023. This was calculated as 43,160.1 (Band D equivalents).

1.9.2. Within the borough, there are three parish councils who set a precept for their respective areas that are billed alongside Council Tax for Slough and the major Preceptors, Police and Fire. The precept is based on the approved tax-base for that specific area, the breakdown of which is:

Band D Equivalent Dwellings	**2022/23**	**2023/24**	**Change**	**% Change**
Parish of Britwell	836.4	841.0	4.6	0.55%
Parish of Colnbrook with Poyle	1,811.3	1,842.2	30.9	1.71%
Parish of Wexham	1,393.9	1,402.4	8.5	0.61%
Slough (unparished)	38,244.6	39,074.5	829.9	2.17%
Council Tax Base	**42,286.2**	**43,160.1**	**873.9**	**2.07%**

1.9.3. The Council is required to calculate its Council Tax requirement for 2021/22 in accordance with the Local Government Finance Act 1992. These calculations are set out in Appendix B

Council Tax Insight

1.9.4. The Council has a responsibility to set a level of Council Tax that ensure that it has adequate resources to meet its statutory obligations and priorities. When Council Tax is increased, this preserves an authority's ability to generate funding locally for services and provides some measure of resilience against funding reductions from Central Government.

1.9.5. It is recognised that increases to Council Tax contribute to pressures on some household's finances. However, increasing Council Tax is necessary to optimise the funding and provision of services in the Borough. For 2022/23, the Council had the 3rd lowest rate of Band D within Berkshire and will continue to do so in 2023/24 if neighbouring authorities increase their Council Tax by the maximum permissible increase as expected.

1.9.6. To support the Council's improvement plan, the Council needs to maximise funding to support front-line services and mitigate pressures. Therefore, the Council must:

- consider all opportunities for increasing Council Tax annually
- continue to promote growth to its tax-base including bringing empty homes back into use, reviewing discounts awarded e.g. Single Person Discount
- prioritise collections to maintain a prudent collection rate.

2023/24 Council Tax Precepts

1.9.7. The Council acts as an "agent" and is also required to bill residents in the borough for a precept on behalf of the Office of the Police and Crime Commissioner (OPCC) for Thames Valley and Royal Berkshire Fire & Rescue.

1.9.8. The Council does not have any control or influence on the amount of precept set by these authorities, nor does it benefit from this financially. For 2023/24, these precepts are:

Precepting Authority	**OPCC Thames Valley**	**Royal Berkshire Fire & Rescue**
Approved 2022/23 Band D (£) Precept	241.28	73.95
Change	15.00	5.00
Proposed 2023/24 Band D (£) Precept	**256.28**	**78.95**

2023/24 Band D Council Tax and Requirement

1.9.9. For 2022/23, DLUHC confirmed that local authorities would be permitted to increase Council Tax by 2.99% without a local referendum and for those authorities with social care responsibilities a further 2.00%.

1.9.10. Due to the exceptional challenges faced by the Council, which are discussed throughout this report, a request was made to Government to allow the Council to increase Council Tax above the referendum principles mentioned above. This request has been granted by Government, meaning that the Council is able to increase by 9.99% without a local referendum.

1.9.11. The Council proposes to increase its element of Council Tax in 2023/24 by a total of 9.99%, of which 7.99% is for the general element of Council Tax and 2.00% for the Social Care Precept to derive a Band D rate of £1,688.19. The breakdown is as follows:

Slough Borough Council	**Band D (£)**
Approved 2022/23 (£)	1,534.86
7.99% General Increase	122.63
2.00% Adult Social Care Precept	30.70
Proposed 2023/24 (£)	**1,688.19**

1.9.12. Unfortunately, this increase is unavoidable and vital in helping meet the exceptional challenges the Council is facing. Support will be provided to those who will be most seriously impacted by this increase, with the current council tax reduction scheme changing to provide additional support for the over 9,000 households currently in receipt and for anyone who makes a new application from April. This scheme will have a maximum Council Tax reduction of 100%, and it is estimated that some 3,500 (around 38%) of the households with the lowest incomes and currently paying 20% will not need to pay any Council Tax in 2023/24 should their circumstances remain the same. Further details on the Council Tax Reduction Scheme for 2023/24 have been presented in separate on this agenda.

1.9.13. The table below summarises the proposed 2023/24 Council Tax Requirement to be billed to residents in Slough and how it is derived:

Budget	**2023/24 Proposed (£'000)**
Net Service Budget	111,802
Estimated Financial Deficit	31,575
Budget Requirement	**143,377**
Sources of Funding:	
Net Retained Business Rates	(38,429)
Revenue Support Grant	(7,302)
Business Rates (Surplus)/Deficit	7,838
Council Tax Surplus	(1,578)
Other Non-Specific Grants	(914)
Capitalisation Direction	(31,575)
Council Tax Requirement: Slough Borough Council	**71,417**
Precept: Office of the Police and Crime Commissioner Thames Valley	11,061
Precept: Royal Berkshire Fire & Rescue	3,407
Total Council Tax Requirement to be Billed	**85,885**
Funded by:	
Slough Borough Council Band D (£)	1,688.19
Office of the Police and Crime Commissioner Thames Valley Band D (£)	256.28
Royal Berkshire Fire & Rescue Band D (£)	78.95
Total Band D (£)	**2,023.42**
Council Tax Base (No. of Band D Equivalent Dwellings)	43,160.10
Sub-Total: Billable Council Tax (£'000)	**85,721**
Local Parish Precept Income (£'000)	164
Total Billable Council Tax including Parish Precepts (£'000)	**85,885**

1.9.14. If the proposed increase in the Council Tax for 2023/24 of 9.99% for the Council is approved, along with the major preceptors in Berkshire, the total amount payable by Slough's residents will be:

Band	Slough	Office of the Police and Crime Commissioner (OPCC) for Thames Valley	Royal Berkshire Fire Authority	Total
	(£)	(£)	(£)	(£)
A	1,125.46	170.85	52.63	1,348.94
B	1,313.04	199.33	61.41	1,573.78
C	1,500.62	227.8	70.18	1,798.60
D	**1,688.19**	**256.28**	**78.95**	**2023.42**
E	2,063.35	313.23	96.49	2,473.07
F	2,438.50	370.18	114.04	2,922.72
G	2,813.65	427.13	131.58	3,372.36
H	3,376.39	512.56	157.90	4,046.85

*Note: Some residents will pay an additional precept as approved by their local parish council, details are included in Appendix B.

1.10. Business Rates

1.10.1. The next largest funding stream relates to Business Rates. Total business rates income for 2023/24 has been estimated as £110.956m. This is distributed as follows:

	Central Government £'000	Slough Borough Council £'000	Berkshire Fire Authority £'000	Total £'000
Gross Share of Rates	**55,478**	**54,368**	**1,110**	**110,956**
% Share	50.00%	49.00%	1.00%	**100.00%**

1.10.2. In theory, as the business rates income is derived from local businesses, the Council has a valid claim to retain all of its 49% allocation. However, Business Rates are redistributed across the country based on assumed need and a top-up and tariff system equalises business rate income across the country.

1.10.3. The Council's share of business rates (£54.368m) reduced for the tariff and other adjustments to reach a final budgeted amount of Business Rates of £30.591m, as follows:

2023/24 Business Rates Funding:	**£'000**
Gross Business Rates	**110,956**
Slough's share (49%) of total NNDR Income	**54,368**
S31 Grant to compensate reliefs and indexation	10,671
Tariff	(25,564)
Levy	(1,047)
Sub-Total	**38,429**

Total Deficit on Business Rates Recognised in 2023/24	(7,838)
Net Budgeted Funding from Business Rates	**30,591**

1.10.4. Businesses were given some protection by Government, in 2020/21, via grants, Business Rate reliefs and the furlough scheme. Unfortunately, the pandemic has resulted in continued hardships for local businesses, and some are not sustainable. This and the application of expanded reliefs for retail, hospitality and leisure businesses has resulted in reduced Business Rates income against what was expected to be collected for 2022/23, leading to an estimated deficit that under accounting rules must be recognised in 2023/24.

1.10.5. In addition, there has been a historic under-provision for the level of appeals against Business Rates bills in the borough. This manifested in a bottom-line impact against the GF in previous years.

1.10.6. In addition, Government are implementing a revaluation of rateable properties which will take effect from 1 April 2023. Whilst transitional protection will be provided to businesses to ensure that any changes are implemented gradually, the gross rates for rateable properties have increased in 2023/24. This is likely to result in an increase in the number of appeals and therefore the position above (the estimated deficit to be recognised in 2023/24) includes the effect of an increase to the provision for appeals in respect of this.

1.10.7. In general, Business rates income can be subject to significant volatility; one or two empty properties or a higher than provided level of appeals or bad debt can have a substantial impact on the level of business rates collected.

1.11. Flexible Use of Capital Receipts Strategy

1.11.1. With effect from 1 April 2016, the Secretary of State under section 15(1) (a) of the Local Government Act 2003, allowed local authorities to use capital receipts to fund revenue expenditure on projects which generate ongoing savings or reduce demand for services. The Local Government Finance Settlement 2021/22 extended this directive for a further three years to 2024/25.

1.11.2. For 2023/24, it is proposed that capital receipts from the disposal of assets are used to reduce Councils borrowing and potentially finance the pension fund deficit.

1.12. Housing Revenue Account

1.12.1. Each year the council updates the business plan for the Housing Revenue Account, which looks at the I&E and capital programme over a 30-year period to ensure that it is a sustainable plan. The HRA is ringfenced and surpluses cannot be used to cross-subsidise the general fund budget. From this plan, a more detailed budget for the coming year, 2023/24, is produced, along with a view of the more immediate 5-year period. The HRA is projected to remain in surplus across the whole life of the plan, with reserves being built up from a level of £19m as at the start of 2022/23 and remaining above the minimum level set of 10% of turnover, or £4m.

1.12.2. Tenant income from rent and service charges is set to increase by 7% in 2023/24, in line with Government directions to all housing authorities, which is less than would have otherwise been permitted under the prevailing government rent setting guidance of CPI+1%. A surplus of £0.800m is expected in 2023/24 on the revenue budget, while a capital budget of £10.093m is set for the year, and a total £52.7m over the five years to 2027/28.

1.12.3. A separate budget report with appendices for the HRA has been produced with recommendations for member approval and noting, and can be found elsewhere in the agenda for the council budget setting process.

1.13. Capital Programme and Treasury Management Strategy

Capital Programme

1.13.1. A separate report is presented to Cabinet for recommendation to Full Council to approve, which sets out the capital strategy to underpin the Council's revised Capital Programme.

1.13.2. The revised Capital Programme has been prepared in the light of the debt reduction strategy approved by Council as part of the Treasury Management Strategy 2022/23 - 2026/27. Consequently, the schemes which have been prioritised are those where there is a health and safety or a statutory obligation, and to focus on schemes which can be funded without external borrowing.

1.13.3. In addition to the proposed capital budgets and revenue implications, the report sets out:

- The Council's asset base
- Delivery strategies
- Governance
- Capital funding and
- Risk management

1.13.4. The revised capital programme sets out total spend for the General Fund and Housing Revenue Account of £165m with the following sources of financing:

	General Fund £m	HRA £m	Total £m
Spend	102	63	165
Funded by			
Government Grant	(83)	0	(83)
Capital Receipts	(18)	(12)	(30)
Developer contributions (s.106)	(1)	0	(1)
Major Repairs Reserve	0	(51)	(51)
Revenue contributions	0	0	0
Capitalisation Direction	0	0	0
Total external funding	**(102)**	**(63)**	**(165)**
Total borrowing requirement	**0**	**0**	**0**
Total funding including borrowing	**(102)**	**(63)**	**(165)**

1.13.5. The previous capital programme approved 9th March 2022, envisaged spending £219m (including 21/22) with a borrowing requirement of £34m. This year the size of the capital programme is £165m, with no new external borrowing needed. The programme is fully funded from grants, S106 contributions and capital receipts from the asset disposal programme. This is the first time in a number of years that the entire capital programme can be financed without recourse to external borrowing. This ensures the Council lives within its means in respect of the capital programme.

1.13.6. A key element to achieving this is the generation of capital receipts from the Asset Disposal programme, which is on track to deliver £210m of capital receipts by 31 March 2023 and is forecast to deliver £200m in 2023/24. Should there be slippage in the Asset Disposal programme, this will have a knock-on impact on the financing of the capital programme, and the Council will need to consider whether re-phase projects, cancel projects or seek alternative funding.

Treasury Management Strategy

1.13.7. The Council approved the Treasury Management Strategy (TMS) on 9 March 2022 as part of the budget setting process for 2022/23. A key feature of the TMS approved last year was the adoption of a Debt Reduction Strategy to reduce the Council's exposure to interest rate risk from an excessive exposure to temporary borrowing.

1.13.8. The TMS for 2023/24 - 2027/28 is presented to Cabinet for recommendation to Full Council to approve in a separate report. The TMS continues with the same overall Debt Reduction Strategy, and reports that the Council is on target to repay £204m of temporary borrowing by 31 March 2023 and the remaining £133m by September 2023. This has been achieved by the accelerated programme of asset sales under the Asset Disposal programme.

1.14. Dedicated Schools Grant

1.14.1. The Dedicated Schools Grant provides funding for schools and is split into four blocks. Allocations for 2023/24 were published on 16th December 2022. Details of the 2023/24 DSG allocation are included in Appendix C and are summarised in the table below:

Dedication Schools Grant Breakdown	2023/24 Allocation £'000
Schools Block	168,190
Central Schools Services Block	785
High Needs Block	34,597
Early Years Block	15,532
Total	**219,104**

1.14.2. The **Dedicated Schools Grant** deficit for 2021/22 has been reduced from a forecast of £7.2m to £4.9m, and for 2022/23 is now forecast at £2.1m. The management plan has now been finalised and secures an in-year balance by 2025/26. With a potential historic deficit write off by the DfE of £27m.

1.14.3. The Council has been participating in the DfE's Safety Valve programme and has been engaging with the DfE on a bi-monthly basis and in doing so the DfE has been offering challenge and support to the process of recovery. The meetings have been focused on providing an effective service and achieving financial sustainability rather than simply reducing expenditure. Feedback from the meetings have been positive, the DfE have been very complimentary and pleased with the progress made by the Council. In particular, the commissioning work and the financial modelling. They have commented positively on the pro-active and comprehensive nature of the Council's responses to queries all of which is taking the DSG issue forward.

1.14.4. The Council submitted its initial proposal to the DfE on 13th January 2023 with a feedback session held on 23rd January 2023. The feedback session was very positive, and the Council submitted a final proposal on the 3rd February 2023.

1.14.5. If the proposals are agreed to by the Secretary of State, they will form the basis of a published agreement in early 2023. The agreement will require the Council to implement reforms to the agreed timetable, alongside maintaining an agreed savings profile. It will also set out additional funding which the department will release to support the reduction of the cumulative deficit.

1.14.6. A separate report is to be presented to Cabinet with a more detailed update on the DSG's deficit and management plan.

1.15. Assurance

Chief Financial Officer's Section 25 Robustness Report

1.15.1. The Section 151 Officer's report is presented as a separate item on this agenda. The report has to be taken into account by Council when setting the budget, the key points are summarised below.

1.15.2. Slough's budget deficit:

a) has moved from an initially submitted one year request of £15.2m to a 10 year £357m problem, potentially rising well beyond this if £12.9m of additional, recurrent annual savings are not delivered from 2024/25

b) has changed continuously and will continue to do so as work has been undertaken

c) will continue to change throughout the next 12 months while the accounts up to 31/3/23 are prepared and audited and the budget for 2024/25 worked up in detail

d) is of a magnitude which had not previously been seen before across the UK and is accompanied by a range of issues that are likewise extremely wide ranging, unique in their appearance and size at one Council, and, of a significance that will take several years to correct in full

e) is successfully being reduced as the financial strategy starts to come to fruition

1.15.3. In these circumstances it is impossible to give an assurance that is normally required within a S25 report. However what can be said is that:

a) the Council has a well-developed, rigorous and extensively reported financial strategy that is starting to come to fruition – particularly successfully in asset sales, borrowing reduction, revenue budget management, DSG budget management, preparation of accounts and restructuring of the finance service

b) has an increased awareness of financial management's importance, requirements and the necessity of preparing and living within budget, taking appropriate financial decisions and operating sound governance

c) is better equipped to meet its budgetary challenges given the focus it has applied to this work since May 2021 and will continue to do so in future years

d) has kept DLUHC fully involved in all aspects of its financial situation and will continue to do so in the future

1.15.4. given the above, the contingency built into the budget estimates, the assumption that DLUHC will support the Council in full as it continues its work on the accounts, estimates and financial processes and that managers will manage within their allocated budgets it should be able to manage within these estimates for 2023/24.

Internal Audit Update

1.15.5. In March 2022 an options paper was agreed by Cabinet and the Audit and Corporate Governance Committee to bring the Internal Audit function back in-house. The preferred option included setting up a broader team covering financial governance, counter fraud, risk and insurance alongside internal audit. This option was part of the wider restructure of the department that concluded at the end of July 2022. Recruitment to the new posts took place during December 2022. The current internal auditors have had their contract extended to cover the 23/24 audit work.

1.15.6. Work has taken place during the year to strengthen the approach to the monitoring and completion of internal audit actions. This remains a very important area as the Council's response to agreed internal audit actions will lead to the strengthening of internal controls and the control environment. In turn this will contribute to the achievement of the organisation's objectives and assist the Council in managing its risks. In recent years there has been a lack of pro-active management of internal audit recommendations. However, action has been taken during 2022 to reduce the historic internal audit actions and to focus on bringing these up to date. During 2022 this is being addressed by:

a. regular monthly meetings of the senior officer risk and audit board which monitors outstanding actions, through representative across directorates and is attended by internal audit, risk and insurance, business continuity and emergency planning teams;
b. frequent reporting to executive directors, the Corporate Leadership Team, Finance Board, Audit and Corporate Governance Committee, Improvement and Recovery Board and the Risk and Audit Board;
c. pro-active management and closure of recommendations by Departmental Leadership Teams, ensuring that evidence is received of actions closed, that is quality assured by a senior officer.

1.15.7. During 2022/23, the number of historic recommendations have reduced to 8 from a total of 257 during the year. All 2021/22 internal reports have now been completed and the Head of Internal Audit Opinion was reported to the Audit and Corporate Governance Committee in January 2023. As at the end of November 2022 12 internal audit reports have been issued and a further 16 reviews in progress or due to complete before the end of 31 March 2023.

1.15.8. Officers are working with Internal Audit to ensure that reports are finalised within two weeks of issuing the draft report. The process for monitoring and evidencing closure of recommendations has been strengthened by prioritising the closure of actions that are due or overdue, and receiving appropriate documentation as evidence of an action being completed.

1.15.9. The overall position as at 30th November 2022 is as follows on internal audit:

Totals	Total	High	Medium	Low
Not Due	89	10	53	26
Overdue	135	20	74	41
Complete*	368	57	155	156
Total	**592**	**87**	**282**	**223**

*includes actions that are no longer relevant or closed as duplicates

1.15.10. The Officer Risk and Audit Board monitors outstanding internal audit actions and has representation across directorates who take responsibility for ensuring actions are implemented and closed in a timely way.

Risk Management

1.15.11. Risk Management is a critical part of good governance and the effective delivery of Council services. It provides a consistent and comprehensive framework for identifying, comparing and managing issues which, although different in nature, all have a significant impact on the organisation and may prevent or affect achievement of agreed priorities.

1.15.12. Risk Management is also a core component of:

- the Annual Governance Review which must be undertaken by all local authorities in order to comply with the requirements of the Accounts and Audit Regulations 2015:

- statutory requirements included in the Local Government Acts 1992, 2000 and other legislation for local authorities to maintain adequate processes for internal control.

1.15.13. The Council's previous approach to risk management was to take a "bottom up" approach to identification of risks for the corporate register by escalating risks on directorate registers up to the corporate register. This resulted in a register that did not take into account strategic level risks the Council is facing, for example in light of recent challenges in relation to finance and Covid.

1.15.14. This existing "bottom up" approach is now supplemented by a "top down" approach i.e. identification of new and emerging risks by the Corporate Leadership Team, Senior Officers and Audit and Corporate Governance Committee.

1.15.15. New risks are identified using a revised template. This template is based on best practice and includes guidance on identifying and assessing risks. Membership of the Council's Officer Risk and Audit Board has been reviewed and refreshed. A schedule of monthly meetings has been established so that the Board can review the contents of the Council's risk register before it is issued to senior officers and elected members.

1.15.16. The refreshed register is updated on a monthly basis by the Officer Risk and Audit Board and reported to the Council's senior leadership team each month. This register will be sent to Council's Audit and Corporate Governance Committee for review, on a quarterly basis to enable the Committee to consider the effectiveness of the Council's risk management arrangements, to review the Council's risk profile and to ensure that actions are being taken on risk related issues, including partnerships with other organisations.

1.15.17. The Risk Register includes strategic level risks associated with:

Risk
Risk 1: Safety of Children and Young People
Risk 2: Delivery of the Adult Social Care (ASC) Transformation Programme
Risk 3: Special Educational Needs and Disability (SEND) Local Area Inspection
Risk 4: Impact of the cost of living crisis on Slough's residents
Risk 5: Risk of the failure of statutory duty for provision of temporary accommodation
Risk 6: Service delivery risk due to workforce recruitment and retention issues
Risk 7: The Council does not take adequate mitigation to reduce the risk of injury or death from incidents within the Council
Risk 8: Business Continuity and Emergency Planning
Risk 9: Cyber Security
Risk 10: Financial sustainability
Risk 11: Pace and evaluation of the disposal of assets
Risk 12: Governance and financial implications of the council companies
Risk 13: Recovery and Renewal Plan
Risk 14: Failure to explore opportunities for more efficient operating models

1.15.18. The risk associated with financial sustainability focusses on the risk of failure to improve the Council's financial and contract management and reporting will leave it in breach of its statutory responsibilities and acting illegally.

1.15.19. There are a number of controls which have been put in place to mitigate the risk including:

a. the Council has employed an experienced S151 officer to stabilise the finance function and set out and begin the delivery of the key elements of a medium term financial strategy.

b. additional specialist resources have been brought in to respond to the myriad of issues that led to the issues highlighted in s114 Report and other external reports.

c. the Council has agreed to invest significant additional resource into the finance service as recommended by the external auditors and agreed by Council

d. finance action plan has been reported to full Council and to Cabinet AND the Finance Board throughout 2022.

e. finance and commercial service business plan was developed to ensure future sustainability of the service.

1.15.20. However, there are a number of actions required to further mitigate the risk including:

a. continuing to complete the outstanding accounts from 2018/19 to 2021/22. The 2018/19 and 2019/20 accounts have been delivered and in the process of being audited

b. completing the 2020/21, 2021/22 and 2022/23 accounts during 2023.

c. completing the verification of savings for 2022/23 and 2023/24 by January 2023 and continuously beyond

d. companies review, continuous work through to March 2023 and beyond

e. completing the finance staffing restructure

f. delivering the Agresso project plan by March 2023

g. continuous programme of designing and embedding good financial practise

h. identification of long-term financial savings by February 2023

i. Member and officer training programmes

1.16. <u>Other Updates</u>

<u>Fees and Charges</u>

1.16.1. A report on the fees and charges applied by the Council for chargeable services was laid before Cabinet on 16 January 2023. The report sets out the context for this year's annual review of fees and charges. The main focus of the approach to fees and charges is to ensure full cost recovery and adherence to the relevant statutory charging regime, to ensure that charges remain in line with the cost of delivering services and are reviewed and set in a transparent way. The income from fees and charges helps to cover costs for providing services, and to manage demand in some cases.

1.16.2. The fees and charges review undertaken this year proposed a starting principle that all charges adopt an inflationary increase where appropriate and applicable. The September 2022 Consumer Price Index (CPI) annual increase of 10.1% (10% rounded) has been applied to all fees and charges where this inflationary rise is supported and appropriate. In some cases, it has been recommended that a different approach is taken and that fees and charges remain the same or increase at a rate above or below inflation where there is evidence that the cost of the service is not covered by an inflationary increase, the statutory regime does not justify this approach or there is a clear rationale for subsidising the service. A full list of the proposed fees and charges is set out in Appendix 1 to the Cabinet report **<u>here</u>**.

1.16.3. All proposed licence fees will be considered by the Licencing Committee on 6th February 2023. These can be found on the Council's external website under the committee details for the Licensing Committee **<u>here.</u>**

1.16.4. The application of the service recommendation increases could result in total additional income of circa £1.048m in a full year, to offset the costs of service provision. £0.148m have their own budget savings proposals, thus the additional potential income that may be generated in 2023/24 excluding those proposals is £0.900m. This is indicative only as it is not possible to model whether demand for services will be materially affected by the proposed increases.

1.16.5. This report provides the charging details of Council services. The fees and charges framework can be found at this link: **Slough Fees and Charges Framework**. The Cabinet report on fees and charges for 2023/23 can be found at this link: **Cabinet Report**.

Royal County of Berkshire Pension Fund

1.16.6. In line with the Local Government Pension Scheme Regulations 2013, the liabilities of the Berkshire Pension Fund have been revalued as at 31 March 2022 and a provisional Rates and Adjustment certificate circulated to scheme employers within the Fund, by the fund actuary, Barnett Waddingham.

1.16.7. The preliminary results for Slough BC show a significant improvement in the funding level increasing from 77.3% at 31 March 2019 to 86.3% at 31 March 2022 as set out in Table 1 below.

Table 1

		31 March 2019	31 March 2022	31 March 2023
Funding deficit	£m	73.8	51.1	48.6
	%	77.3%	86.3%	87.0%

1.16.8. The actuary has provisionally certified that contributions for the next triennial period should be as set out in bold below:

Table 2

Year ending	Previously certified 31/03/2023	Provisionally certified 31/03/2024	31/03/2025	31/03/2026
Total contributions	15.0% + £5.04m	**17.2% + £4.53m**	**17.2% + £4.70m**	**17.2% + £4.89m**
consisting of:				
Primary rate (of pay p.a.)	15.0%	17.2%	17.2%	17.2%
Secondary rate (% of pay plus £ p.a.)	£5.04m	£4.53m	£4.70m	£4.89m

1.16.9. The increase in the primary contribution rate is offset by the reduction in the secondary contribution and will result in a slight increase in total employers contributions of £0.665m to £13.715m in 2023/24.

Possibility to pay off the funding deficit

1.16.10. The secondary contributions are calculated to pay off the funding deficit of £51.1m over the recovery period of 12 years. Because the deficit is being repaid over a period of time, interest is also charged by the actuary. The total contributions required to fund the deficit are £70.6m which comprises the funding deficit of £51.1m plus interest of £19.5m.

1.16.11. The actuary has provided an update of the total deficit at 31 March 2023 (based on the 31 March 2022 triennial valuation estimates) which reports the deficit reducing slightly to £48.6m as reported in Table 1 above.

1.16.12. The actuary reports that a payment in October 2023 of £51.08m would settle the deficit in full. This is higher than the £48.6m due to accrued interest up to October 2023.

1.16.13. Using the updated information, if the Council made a lump sum contribution in October 2023 of £51.08m to Berkshire Pension Fund this would save the Council £14.48m in interest over the 12 year deficit recovery period.

1.16.14. Normally employers pension contributions are a revenue charge. Making use of the revised Flexible Use of Capital Receipts for Transformation Projects Direction issued by DLUHC on 1 August 2022 would permit the Council to treat the one-off contribution as revenue expenditure funded from capital under statute and fund the payment from capital receipts.

1.16.15. Provided that the Asset Disposals Strategy continues to generate the forecast capital receipts in 2023/24, the Council will be in a position to not only repay all temporary borrowing by September 2023, it will also potentially be able to pay off the funding deficit in 2023/24. This proposal is set out in more detail in paragraphs 95 to 105 of the TMS which seeks approval to authorise the Director of Finance to enter into agreement with Berkshire Pension Fund to make a one-off payment to Berkshire Pension Fund to pay off the pension fund deficit, subject to there being sufficient capital receipts available after repaying all temporary borrowing and obtaining independent investment advice to mitigate any investment risk associated with the transaction. Should the capital receipts not materialise to the value assumed then this payment will be a first sum that could be not taken forward as a mitigation to offset such a shortfall

Companies update

1.16.16. The Council has acquired or established various companies over several years. The Council currently has four operating companies, excluding Slough Children First Ltd, that are wholly owned, partly owned, or are guaranteed by the Council. The companies are:

- Ground Rent Estates 5 Limited (“GRE5”) – 100% subsidiary of the Council;
- James Elliman Homes Limited (“JEH”) – 100% subsidiary of the Council;
- Slough Urban Renewal LLP (“SUR”) – 50% Joint Venture with Muse; and
- Development Initiative Slough Homes Limited (“DISH”) – a company limited by guarantee (the Council provides the guarantee).

1.16.17. Six companies have been closed down in FY22/23 in order to simplify the Council structure and reduce the related administration burden.

1.16.18. The following sections provide a brief summary on each of the four trading companies. Separate business plans are available and new/updated agreements are being produced and will be provided to Cabinet for approval in the near future. A new scrutiny and oversight framework has been approved by Cabinet and will become operational in FY 23/24. It is anticipated that the updated and new agreements will be approved by the responsible Committee.

1.16.19. In the last two years, a series of internal reviews, internal audit reports and external reviews highlighted a range of issues across the Council's companies in relation to governance, oversight, reporting, financial planning, operations and decision making. In addition, the Council's financial challenges necessitated a deeper review into the companies' commercial and financial arrangements to ensure that they remain aligned to the Council's strategic objectives and can support the Council in meeting its wider financial objectives. In several cases, this has required stopping and restructuring existing projects/programmes/services to reduce capital and revenue costs and considering exiting from existing arrangements and structures.

1.16.20. Significant changes have been made to strengthen the Council's arrangements with its companies including the management and operations within those companies, with activity prioritised on the highest risk areas/companies. These were considered to be SUR and GRE5 in FY 22/23, followed by JEH and DISH in FY 23/24. Budgets for FY 23/24 have been informed by the outcome of work to date and reflect plans to stop or significantly reduce the scale of activities across the Council's companies.

SUR

Overview

1.16.21. SUR, a JV between the Council and Muse, has been the Council's most successful company to date (in terms of dividend income to the Council and progress against its core strategic objectives). It has provided the Council with a regular source of income following the completion of schemes and housing sales. For example, dividends of £2.6m and £2.4m have been received on the Ledgers Road and Wexham Green schemes respectively.

1.16.22. The SUR Partnership Agreement (PA) sets out the key governance, management and operational framework for the Partnership. SUR is required to produce an annual business plan, which is approved by both partners, which sets out the work programme, future financial commitments and associated outputs. The business plan would typically include details of sites to be drawn down (under the terms of an Option Agreement between SUR and the Council) and the corresponding capital requirements from each partner.

1.16.23. The last SUR Business Plan to be approved by the Council related to the FY 21/22. Following the s114 notice, all new capital development activity within SUR was suspended pending the outcome of an Options Review. Following the SUR Options Review in September 2021, it was agreed that no further schemes would be developed by SUR and that decisions would be taken on site by site basis by SUR, in conjunction with the SUR partners. As a result, a disposal strategy was agreed for Montem, NWQ and Stoke Wharf in Summer 2022.

1.16.24. As reported in the FY 22/23 Budget Report, both partners agreed to restructure the operating model for SUR to reduce annual ongoing operating costs and these are in the region of £0.2m per annum and represent a significant cost saving to both partners (before any exit/closure costs). it is anticipated that SUR will be wound up in FY24/25 although plans have not yet been finalised due to the ongoing disposals as set out here.

Montem Lane Site

1.16.25. The Council owns this site with planning permission for 212 homes, although it is optioned to SUR. Cabinet approved a disposal strategy (via SUR) in July 2022 and, following a marketing and procurement exercise, the Cabinet approved the disposal of Montem in October 2022. The sale is expected to exchange in March 2023 and complete in August 2023. With planning permission already secured, it is anticipated that the site can progress quickly and deliver a range of homes.

1.16.26. There will be no further capital and revenue commitments in relation to the Montem site following the disposal. The receipt to the Council will be after the payment of all development costs, SUR loans, disposal costs and Muse's profit share.

North West Quadrant (NWQ) Site

1.16.27. The Council owns this site although it is optioned to SUR. It is one of Slough's key strategic sites and is expected to be critical to its long-term growth plans providing new offices, homes, leisure facilities and green space. Cabinet approved a disposal strategy in July 2022 and negotiations are in the final stages to agree the sale of the site to a preferred buyer. There is a small chance that exchange and completion may be at the start of FY 23/24. The Council's budget is based upon a FY 22/23 receipt.

1.16.28. This is a complex transaction which includes a land sale, the novation of the option agreement and a series of corporate transactions to take into the work in progress (WIP) costs that have been incurred to date. Under the terms of the PA, the Council is liable to pay 50% of WIP and interest (c£1.0m), should the scheme not progress. The Council may be required to pay this amount should Muse be unable to agree a Development Agreement with the purchaser within 12 months from the completion date.

Old Library Residential Site (OLS)

1.16.29. The OLS Resi Scheme, also known as the Novus apartment development, is a new development of 64 apartments with a value of c.£17m. The development is fully built and all apartments are now fully sold/reserved. As a result, the Council's loan facility has now been fully repaid (reduced from £10m to £nil) by the end of FY 22/23.

1.16.30. As reported last year, the scheme is expected to generate a small loss compared to the original appraisal and the final scheme operating position will be reported to the Cabinet via the new Company Scrutiny arrangements that have been approved by Cabinet.

1.16.31. The Council has outstanding loan notes of £2.8m (interest bearing) which will be repaid in tranches as apartment sales are completed. These payments will continue in FY 23/24.

Other Sites

1.16.32. Cabinet has approved a disposal strategy for Stoke Wharf and a disposal is expected in FY 23/24 (subject to market). Stoke Wharf is expected to deliver more than 300 new homes and significantly improve the area around the canal area. This will require Cabinet approval following the outcome of the marketing and procurement exercise which is expected to take place in Summer 2023. Strategies for Wexham South and Haymill have not yet been agreed although they will also require a Cabinet decision.

1.16.33. In summary, the Council:

- has no further capital commitments in relation to SUR sites;
- may receive net disposal receipts in relation to future site sales which will be agreed by Cabinet and SUR on a case by case basis;
- no longer has a loan facility in place with SUR – the OLS Residential scheme facility has been fully repaid (was £10m);
- has an ongoing annual revenue cost in relation to SUR operating costs (c.£0.1m) which are expected to remain in place up to FY 24/25 (plus exit/winding up costs);
- has some small scale WIP exposure on the key sites that have not been sold or developed.

GRE5

Overview

1.16.34. Nova House is a block of 68 apartments in the town centre which failed flammability tests following the Grenfell fire and further survey work revealed additional structural defects within the building which are required to be undertaken before the cladding can be replaced.

1.16.35. GRE5 Ltd owns the freehold lease of Nova House and, in 2018, the Council approved the acquisition of the shares of the company for £1 due to concerns about the capacity of GRE5 to undertake the substantial remediation works required and concerns about the safety of residents at that time.

1.16.36. A separate GRE5 update paper will be provided to Cabinet in March 2023 with a programme, cost and legal claim update.

JEH

Overview

1.16.37. JEH was incorporated in 2017 with the primary objective of supporting the Council in its aim to improve affordable housing supply and provide good quality affordable temporary accommodation for key workers as well as homeless families and individuals.

1.16.38. The decision to establish JEH was underpinned by a business plan which assumed that JEH would acquire properties (financed via a loan facility with the Council) over a five-year period and that properties would be rented at a mix of market rents (c.60% of tenancies) and Local Housing Allowance ("LHA") rent (c.40% of tenancies). On this basis, the business plan was financially viable. However, this housing mix has never been pursued, or achieved, and the proportion of properties rented at LHA levels and below, is over 80% of properties.

1.16.39. This has had an impact on the financial performance of the company which has operated at a small loss for several years, although JEH is expected to generate a small operating surplus in FY 22/23 (£0.2m) with a similar operating surplus in FY 23/24 (based upon existing operations and a similar property base). A "stabilisation" strategy has been adopted by the JEH Board which has improved services, financial performance and management although further improvements are required, especially in relation to tenancy management.

1.16.40. The small operating profit is stated before interest payable to the Council of c. £1.6m per annum. Based on current operations, JEH cannot cover the full interest payable to the Council. This is not a financially sustainable position for JEH.

1.16.41. All services relating to the management and maintenance of properties is undertaken by the Council's housing team under the terms of a Service Level Agreement (SLA). This was updated in FY 22/23 and includes the placing and management of tenants. JEH does not have any employees.

1.16.42. Since JEH was established, it has adopted an aggressive property acquisition strategy which has been fully funded by debt provided by the Council. The Council approved a loan facility of £65.9m in 2018. As at the end of FY 21/22 and 22/23, the loan facility stood at £51.7m. All property acquisitions were stopped in early FY 21/22 when the Council announced its S114 notice and the Council has informed JEH that it will not provide any further loan finance. As at March 2023, JEH has c.170 street properties and 46 temporary accommodation units (including Pendeen Court and 81-88 Hight Street).

1.16.43. The properties owned by JEH are currently valued at just over £55.0m (assuming Vacant Possession) against which the Council has provided funds of £51.7m. The loan to value ratio is very high and there is no loan repayment strategy with the loan facility due for repayment by October 2028.

1.16.44. In 2022, Local Partnerships (LP) undertook a JEH Options Review which has considered the original and ongoing rationale for JEH, its performance against strategic objectives, an assessment of the housing stock and a high level market analysis. LP recommended a full/partial disposal of properties to enable JEH to repay its debt to the Council, improve service delivery provided by the housing team and to simplify operations. Before a JEH strategy and action plan can be developed, LP recommended that further financial, legal and commercial analysis should be undertaken to consider the wider revenue implications to the Council, review existing tenancies and tenancy management matters and undertake market testing with potential buyers such as RSLs.

1.16.45. A Cabinet Paper will be produced in early FY 23/24 with options and recommendations for JEH.

1.16.46. The capitalisation direction includes £0.2m per annum for annual operating losses/cash flow requirements for JEH although this will be dependent the long-term strategy for JEH. A full or partial asset disposal will enable JEH to repay its loans to the Council although this needs to be balanced against tenants/housing needs and the wider revenue implications of a reduced housing stock. The Cabinet Paper will also set out plans for an exit strategy which will be dependent upon the preferred option solution.

DISH

1.16.47. Development Initiative Slough Housing Company Limited ("DISH") was incorporated in 1988 and was created to increase the supply of affordable housing in the Borough to residents who might not otherwise be able to access it.

1.16.48. DISH has a lease with the Council over 54 properties off Long Readings Lane and the properties are let at affordable rents on an assured shorthold tenancy basis. The original lease ran until 2019 and this was extended to January 2027, at which point the properties will transfer back to the Council.

1.16.49. In accordance with the lease, the properties are managed and maintained by the Council on the same basis as the Council's housing stock. The lease requires that the Council offers the provision of these services to DISH and that the Council can, but is not obliged to, provide them at reasonable cost. Services continue to be provided by the Council in line with the details as set out in the lease.

1.16.50. The lease payable by DISH to the Council is set at a level to result in £nil profit in the company. This lease arrangement is considered to be lower risk compared to the Council's other companies as it has been in place for 30+ years, no significant concerns have been raised, there is a low churn on properties, low financial risk and costs. The Companies workplan for FY 23/24, includes a DISH strategic review to consider options that can further simplify the Council's companies, including exploring options to exit from/wind up DISH, in advance of the current lease expiry. A separate Cabinet paper will be produced to agree on a preferred solution.

1.16.51. There are no adjustments in the capitalisation direction in relation to DISH.

Pay Policy Statement

1.16.52. Under the Localism Act, all public authorities must publish annual pay policy statements. The statement must set out the Authority's policies for the financial years relating to:

- Remuneration of Chief Officers
- Renumeration of its lowest paid employees
- The relationship between the remuneration of its Chief Officers and the remuneration of those employees who are nor Chief Officers.

1.16.53. The proposed statement will be brought forward separately.

Expenditure Control Panel

1.16.54. Spending controls were implemented that would prevent any new agreements for any expenditure without explicit written consent from the s151 officer. Measures were introduced to stop all non-essential expenditure prior to the meeting of Full Council in July 2022, where Members were asked to approve measures to control spending and improve the finances of the Council.

1.16.55. To support recovery of the Council, it is proposed to continue with the expenditure control panels into 2023/24. Appendix D sets out the process with a summary below.

1.16.56. The expenditure control panel applies to all expenditure irrespective of funding source and requires completion of a business case that requires the following:

- justification for how the submission meets criteria for approval
- detailed budgetary information
- confirmation if procurement support is required
- sign off from the appropriate service director

Contingency against pressures and other issues

1.16.57. As a general principle, directorate budgets should be structured to cover business as usual, investment and efficiency programmes that have been agreed as part of the budget and service planning round and administration priorities. Contingency budgets should not be included in financial planning as part of a service's annual operational revenue budget.

1.16.58. The contingency held by the Council is very limited and is there to deal with unforeseen/exceptional items which occur during the financial year.

1.16.59. Contingency funds will not be used where there has been a failure to deliver planned savings (except where this is due to the outcome of consultation) or properly managing spending.

1.16.60. Use of the contingency will be subject to the following process:

- Full business case submitted to Executive Director of Finance and Commercial and the Chief Executive
- Business case will be subject to review and challenge

- Consultation with the Leader, Lead Member for Financial Oversight and Assets and the Lead Finance Commissioner

1.16.61. If the business case is approved, it will be reported in the next budget monitor.

1.16.62. If there is an under spend at the end of the year a contribution to general balances will be considered with regard to the size of the under spend, the underlying strength of the balance sheet and the need to support other priorities.

3 Implications of the Recommendation

1.17. Financial Implications

1.17.1. The financial implications are discussed throughout this report

1.18. Legal implications

1.18.1. Section 31A of the Local Government Finance Act 1992 requires billing authorities to calculate their Council Tax requirements in accordance with the prescribed requirements of that section. The function of setting the Council Tax is the responsibility of Full Council. This requires consideration of the Council's estimated revenue expenditure for the year in order to perform its functions, allowances for contingencies in accordance with proper practices, financial reserves and amounts required to be transferred from general fund to collection fund. The Council is required to make estimates of gross revenue expenditure and anticipated income, leading to a calculation of a budget requirement and the setting of an overall budget to ensure proper discharge of the Council's statutory duties and to lead to a balanced budget.

1.18.2. Local authorities owe a fiduciary duty to Council taxpayers, which means it must consider the prudent use of resources, including control of expenditure, financial prudence in the short and long term, the need to strike a fair balance between the interests of Council tax payers and ratepayers and the community's interest in adequate and efficient services and the need to act in good faith in relation to compliance with statutory duties and exercising statutory powers.

1.18.3. Section 25 of the Local Government Act 2003 require that, when the Council is making the calculation of its budget requirement, it must have regard to the report of the Chief Finance Officer as to the robustness of the estimates made for the purposes of the calculations and the adequacy of the proposed financial reserves. It is essential, as a matter of prudence that the financial position continues to be closely monitored.

1.18.4. Full Council is responsible for setting the overall budget framework. However, some of the proposed savings will be subject to further analysis and decision making and as such the savings are an estimate. Individual service decisions will be subject to officer or Cabinet approval, taking account of the statutory framework, any requirement to consult and consideration of overarching duties, such as the public sector equality duty. A contingency has been set aside to deal with a risk that when Cabinet considers these proposals it does not agree that the savings can be met within the specific statutory framework. In an extreme case, Cabinet may have to refer the budget to Full Council to reconsider the overall budget framework.

1.18.5. On 1 December 2021 the Secretary of State for Levelling Up, Housing and Communities made a statutory direction requiring the Council to take prescribed actions and that certain functions be exercised from this date by appointed Commissioners, acting jointly or severally. The functions to be exercised by the Commissioners include the requirement from section 151 of the Local Government Act 1972 to make arrangements for the proper administration of the Council's financial affairs, and all functions associated with the strategic financial management of the Council, including providing advice and challenge to the Council in the setting of annual budgets and a robust medium term financial strategy, limiting future borrowing and capital spending. The Explanatory Memorandum to this Direction confirms that in practice most decisions are expected to the taken by the Council, however the Directions are designed to give the Commissioners the power to tackle weaknesses identified to ensure the Council is better equipped to meet the best value requirements.

1.18.6. Cabinet and full Council should have regard to the advice and comments of the Commissioners contained in this report.

1.18.7. In preparing the 2023/24, the Council's scrutiny panels and overview and scrutiny committee have scrutinised the proposals and feedback from these meetings is summarised in this Appendix H. Cabinet and full Council should take account of all relevant information, including scrutiny feedback, s.25 report, equalities impact assessment and other implications. Cabinet and full Council should take account of this information when making a decision. Further, some savings proposals have been subject to a separate cabinet decision where further information was considered and some proposals are due to be considered by Cabinet in the future. Full details of implications will be provided to Cabinet at that point. Due to the fact that some savings proposals are in their infancy and due to be considered by Cabinet and officers in the future, a contingency has been set in case some proposals are not capable of delivery. However, the contingency is relatively small and the Council needs to consider its longer term financial strategy and make significant savings decisions in order to become a more financially sustainable authority in the future.

1.1.1. The Council has submitted a capitalisation direction to DLUHC to allow it to treat as capital expenditure certain types of revenue expenditure. The Secretary of State only permits the Council to capitalise expenditure when it is incurred, minimum revenue provision must be charged and the Council must comply with the conditions set out by DLUHC. It should be noted this the capitalisation direction is not a grant. The Council needs to fund the revenue expenditure from disposing of assets and utilising the sale proceeds of such assets.

1.2. Risk management implications

Category	Risks/Opportunities	Controls	Residual Risk Score (1 (Low) to 10 (high)	Additional Controls
Financial	Given the level of financial uncertainty and current service pressures, there is clearly a risk that the current budget may prove difficult to deliver	This risk has been mitigated by trying to ensure that budget estimates are realistic and reflect current activity, along with known demographic and economic pressures. Including:	6	Budget monitoring process and regular reporting on achievement of budget and savings

Category	Risks/Opportunities	Controls	Residual Risk Score (1 (Low) to 10 (high)	Additional Controls
		The ability to contain demographic demand pressures; The speed of recovery and buoyancy of the general and local economy from COVID 19; Adverse interest rate movements; Increased inflationary pressures; Impact of Brexit on the Economy Future local government financing settlements from central government and potential impacts from changes to the Fair Funding Review; The capacity of Officers to deliver the savings and income projections in line with assumptions whilst still managing the impact of the pandemic.		
Financial	A key risk for the Council is that its finances are not sustainable in the long-term and it does not have sufficient reserves to enable it to effectively manage the financial risk that it faces in the medium term	Risk assessment of the level of reserves and the building of contingency into the base budget to protect future volatility.	8	Regular assessment and review of new and existing areas of volatility or uncertainty.
Financial	The Council's 2018/19 accounts are still being audited and the 2019/20 and 2020/21 accounts have are still being prepared which may mean there could be some movement in the assumed baseline level of reserves.	High risk areas have been reviewed and the financial implications have been built into the capitalisation direction. Risk assessment of the level of reserves and the building of contingency into the base budget to protect future volatility. Regular assessment and review of new and existing areas of volatility or uncertainty.	6	Regular assessment and review of new and existing areas of volatility or uncertainty.

1.3. Environmental implications

1.3.1. Not Applicable

4. Background Papers

- Revenue Budget Report to Full Council – March 2022
- Capital Strategy to Full Council – March 2023
- Treasury Management Strategy to Full Council – March 2023
- Council Tax Bases 2023/24 to Cabinet - January 2023
- Housing Revenue Account Business Plan 2023/24 and 30-Year Housing Investment Plan to Cabinet - February 2023
- Section 25 Report to Cabinet – February 2023
- Council Tax Reduction Scheme 2023-24 to Cabinet – February 2023

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Appendix A1 – 2023/24 Budget Summary

	2022/23 Working Budget	Virements	Growth and Pressures	Net Savings	Corporate Adjustments	Net Funding Changes	Reduction in Capitalisation Direction	2023/24 Proposed Budget
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Service Budgets:								
People (Adults)	26,525	0	0	(5,688)	0	(4,200)	0	16,637
People (Children)	8,047	0	615	(805)	(38)	0	0	7,819
Slough Children First	31,435	0	4,632	0	0	0	0	36,067
Place & Community	17,324	62	529	(3,700)	(562)	0	0	13,653
Housing, Property and Planning	(845)	(62)	5,812	(750)	(415)	0	0	3,740
Strategy & Improvement	17,648	0	130	(1,823)	(2,487)	0	0	13,468
Finance & Commercial	8,769	(100)	0	(7,506)	2,867	166	0	4,196
Total Service Budgets	**108,903**	**(100)**	**11,718**	**(20,272)**	**(635)**	**(4,034)**	**0**	**95,580**
Corporate Budgets:								
Other Corporate Budgets	37,354	100	500	(2,150)	(12,918)	(34)	0	22,851
Pension Deficit	5,014	0	0	0	0	0	0	5,014
Minimum Revenue Provision	32,100	0	0	0	(18,707)	0	0	13,393
Capital Financing	6,039	0	0	0	500	0	0	6,539
Total Corporate Budgets	**80,507**	**100**	**500**	**(2,150)**	**(31,125)**	**(34)**	**0**	**47,797**
Total Expenditure	**189,410**	**0**	**12,218**	**(22,422)**	**(31,760)**	**(4,068)**	**0**	**143,377**
Funded By:								
Council Tax Income	(65,103)	0	0	0	343	(6,657)	0	(71,417)
Council Tax (Surplus) / Deficit	(300)	0	0	0	0	(1,278)	0	(1,578)
Business Rates - Local Share	(37,326)	0	0	0	0	(1,103)	0	(38,429)
Business Rates (Surplus) / Deficit	8,451	0	0	0	0	(613)	0	7,838
Revenue Support Grant	(6,451)	0	0	0	0	(851)	0	(7,302)
Other Government Grants	(4,626)	0	0	0	0	3,712	0	(914)
Capitalisation Direction	(84,055)	0	0	0	0	0	52,480	(31,575)
Total Funding	**(189,410)**	**0**	**0**	**0**	**343**	**(6,790)**	**52,480**	**(143,377)**
General Fund Balanced Budget	**0**	**0**	**12,218**	**(22,422)**	**(31,417)**	**(10,858)**	**52,480**	**0**

Appendix A2 – Directorate Budget Summary - People (Adults)

People (Adults)	**2022/23 Working Budget**	**Virements**	**Growth and Pressures**	**Net Savings**	**Corporate Adjustments**	**Net Funding Changes**	**Reduction in Capitalisation Direction**	**2023/24 Proposed Budget**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Expenditure:								
Employees	12,578	0	0	(300)	0	0	0	12,278
Premises-Related Expenditure	385	0	0	(100)	0	0	0	285
Supplies & Services	42,788	0	0	(5,288)	0	0	0	37,500
Third Party Payments	3,422	0	0	0	0	0	0	3,422
Transport-Related Expenditure	2	0	0	0	0	0	0	2
Total Expenditure	**59,175**	**0**	**0**	**(5,688)**	**0**	**0**	**0**	**53,487**
Income:								
Government grants	(17,232)	0	0	0	0	(4,200)	0	(21,432)
Grants and contributions	(16)	0	0	0	0	0	0	(16)
Sales	0	0	0	0	0	0	0	0
Fees and Charges	(13,951)	0	0	0	0	0	0	(13,951)
Rent	0	0	0	0	0	0	0	0
Internal Recharges	(1,451)	0	0	0	0	0	0	(1,451)
Total Income	**(32,650)**	**0**	**0**	**0**	**0**	**(4,200)**	**0**	**(36,850)**
Net Expenditure	**26,525**	**0**	**0**	**(5,688)**	**0**	**(4,200)**	**0**	**16,637**

Appendix A2 – Directorate Budget Summary - People (Children)

People (Children)	2022/23 Working Budget	Virements	Growth and Pressures	Net Savings	Corporate Adjustments	Net Funding Changes	Reduction in Capitalisation Direction	2023/24 Proposed Budget
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Expenditure:								
Employees	7,055	0	127	(210)	0	0	0	6,972
Supplies & Services	80,747	0	120	0	0	0	0	80,867
Premises-Related Expenditure	361	0	0	0	0	0	0	361
Third Party Payments	5,945	0	0	0	0	0	0	5,945
Transport-Related Expenditure	3,692	0	0	(595)	0	0	0	3,097
Total Expenditure	**97,800**	**0**	**247**	**(805)**	**0**	**0**	**0**	**97,242**
Income:								
Government grants	(85,234)	0	120	0	0	0	0	(85,114)
Grants and Contributions	0	0	0	0	0	0	0	0
Sales	0	0	0	0	0	0	0	0
Fees and Charges	(1,560)	0	0	0	(38)	0	0	(1,598)
Rent	(22)	0	0	0	0	0	0	(22)
Internal Recharges	(2,937)	0	248	0	0	0	0	(2,689)
Total Income	**(89,753)**	**0**	**368**	**0**	**(38)**	**0**	**0**	**(89,423)**
Net Expenditure	**8,047**	**0**	**615**	**(805)**	**(38)**	**0**	**0**	**7,819**

Appendix A2 – Directorate Budget Summary - Slough Children First

Slough Children First	2022/23 Working Budget	Virements	Growth and Pressures	Net Savings	Corporate Adjustments	Net Funding Changes	Reduction in Capitalisation Direction	2023/24 Proposed Budget
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Expenditure:								
Supplies & Services	31,435	0	4,632	0	0	0	0	36,067
Total Expenditure	**31,435**	**0**	**4,632**	**0**	**0**	**0**	**0**	**36,067**

Appendix A2 – Directorate Budget Summary - Place & Community

Place & Community	2022/23 Working Budget	Virements	Growth and Pressures	Net Savings	Corporate Adjustments	Net Funding Changes	Reduction in Capitalisation Direction	2023/24 Proposed Budget
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Expenditure:								
Employees	16,356	760	0	(402)	0	0	0	16,714
Premises-Related Expenditure	1,456	0	0	(125)	5	0	0	1,336
Transport-Related Expenditure	3,724	(5)	0	(460)	0	0	0	3,259
Supplies & Services	27,024	(866)	0	(1,615)	0	0	0	24,543
Third Party Payments	280	0	0	0	0	0	0	280
Depreciation and Impairment Losses	686	0	0	0	0	0	0	686
Total Expenditure	**49,526**	**(111)**	**0**	**(2,602)**	**5**	**0**	**0**	**46,818**
Income:								
Government grants	(2,594)	349	0	0	0	0	0	(2,245)
Grants and contributions	(940)	0	0	0	0	0	0	(940)
Sales	(8)	0	0	0	0	0	0	(8)
Fees and Charges	(9,544)	(176)	529	(1,098)	(564)	0	0	(10,853)
Rent	(35)	0	0	0	(3)	0	0	(38)
Internal Recharges	(19,081)	0	0	0	0	0	0	(19,081)
Total Income	**(32,202)**	**173**	**529**	**(1,098)**	**(567)**	**0**	**0**	**(33,165)**
Net Expenditure	**17,324**	**62**	**529**	**(3,700)**	**(562)**	**0**	**0**	**13,653**

Appendix A2 – Directorate Budget Summary - Housing, Property and Planning

Housing, Property and Planning	2022/23 Working Budget	Virements	Growth and Pressures	Net Savings	Corporate Adjustments	Net Funding Changes	Reduction in Capitalisation Direction	2023/24 Proposed Budget
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Expenditure:								
Employees	9,321	(190)	0	(26)	(57)	0	0	9,048
Premises-Related Expenditure	9,533	0	1,012	(696)	(91)	0	0	9,758
Transport-Related Expenditure	149	0	0	0	0	0	0	149
Supplies & Services	57	(47)	0	(28)	(9)	0	0	(27)
Third Party Payments	8	0	0	0	0	0	0	8
Depreciation and Impairment Losses	0	0	0	0	0	0	0	0
Interest	0	0	0	0	0	0	0	0
Total Expenditure	**19,068**	**(237)**	**1,012**	**(750)**	**(157)**	**0**	**0**	**18,936**
Income:								
Government grants	(190)	0	0	0	0	0	0	(190)
Grants and contributions	(355)	0	0	0	0	0	0	(355)
Sales	0	0	0	0	0	0	0	0
Fees and Charges	(3,361)	175	0	0	(258)	0	0	(3,444)
Rent	(11,326)	0	4,800	0	0	0	0	(6,526)
Internal Recharges	(4,681)	0	0	0	0	0	0	(4,681)
Total Income	**(19,913)**	**175**	**4,800**	**0**	**(258)**	**0**	**0**	**(15,196)**
Net Expenditure	**(845)**	**(62)**	**5,812**	**(750)**	**(415)**	**0**	**0**	**3,740**

Appendix A2 – Directorate Budget Summary - Strategy & Improvement

Strategy & Improvement	2022/23 Working Budget	Virements	Growth and Pressures	Net Savings	Corporate Adjustments	Net Funding Changes	Reduction in Capitalisation Direction	2023/24 Proposed Budget
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Expenditure:								
Employees	10,524	0	50	(1,060)	315	0	0	9,829
Premises-Related Expenditure	48	0	0	(6)	0	0	0	42
Transport-Related Expenditure	7	0	0	0	0	0	0	7
Supplies & Services	8,576	0	0	(756)	(2,765)	0	0	5,055
Third Party Payments	321	0	80	0	0	0	0	401
Depreciation and Impairment Losses	0	0	0	0	0	0	0	0
Total Expenditure	**19,476**	**0**	**130**	**(1,822)**	**(2,450)**	**0**	**0**	**15,334**
Income:								
Government grants	(76)	0	0	0	0	0	0	(76)
Grants and contributions	0	0	0	0	0	0	0	0
Sales	0	0	0	0	0	0	0	0
Fees and Charges	(460)	0	0	(1)	(37)	0	0	(498)
Rent	0	0	0	0	0	0	0	0
Internal Recharges	(1,292)	0	0	0	0	0	0	(1,292)
Total Income	**(1,828)**	**0**	**0**	**(1)**	**(37)**	**0**	**0**	**(1,866)**
Net Expenditure	**17,648**	**0**	**130**	**(1,823)**	**(2,487)**	**0**	**0**	**13,468**

Appendix A2 – Directorate Budget Summary - Finance & Commercial

Finance & Commercial	2022/23 Working Budget	Virements	Growth and Pressures	Net Savings	Corporate Adjustments	Net Funding Changes	Reduction in Capitalisation Direction	2023/24 Proposed Budget
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Expenditure:								
Employees	10,088	0	0	(2,339)	1,200	0	0	8,949
Premises-Related Expenditure	15,535	0	0	0	0	0	0	15,535
Transport-Related Expenditure	0	0	0	0	0	0	0	0
Supplies & Services	5,711	(100)	0	(3,900)	400	0	0	2,111
Third Party Payments	252	0	0	0	0	0	0	252
Transfer Payments	35,025	0	0	0	0	0	0	35,025
Total Expenditure	**66,611**	**(100)**	**0**	**(6,239)**	**1,600**	**0**	**0**	**61,872**
Income:								
Government grants	(50,005)	0	0	(350)	350	166	0	(49,839)
Grants and contributions	(213)	0	0	0	0	0	0	(213)
Sales	0	0	0	0	0	0	0	0
Fees and Charges	(2,647)	0	0	(917)	917	0	0	(2,647)
Rent	(97)	0	0	0	0	0	0	(97)
Interest and Investment Income	0	0	0	0	0	0	0	0
Internal Recharges	(4,880)	0	0	0	0	0	0	(4,880)
Total Income	**(57,842)**	**0**	**0**	**(1,267)**	**1,267**	**166**	**0**	**(57,676)**
Net Expenditure	**8,769**	**(100)**	**0**	**(7,506)**	**2,867**	**166**	**0**	**4,196**

Appendix A3 - Growth and Pressures

Directorate	Item	2023/24 £000
People (Children)	SEND Team	127
People (Children)	Reduction in grant income	120
People (Children)	Reduction in recharge income	248
People (Children)	Other pressures	120
Sub-Total		**615**
Slough Children First	Growth and pressures	4,632
Sub-Total		**529**
Place & Community	Unachievable management fee income	529
Sub-Total		**529**
Housing, Property and Planning	Unachievable savings	1,300
Housing, Property and Planning	Reduction in commercial rent	3,500
Housing, Property and Planning	Energy pressures	1,012
Sub-Total		**5,812**
Strategy & Improvement	Pressures related to coroner's service	80
Strategy & Improvement	Staffing pressures	50
Sub-Total		**130**
Corporate Budgets	Creation of provision	500
Sub-Total		**500**
Total Growth & Pressures		**12,218**

Appendix A4 - 2023/24 Proposed Savings by Directorate

Directorate/Service	Ref	Savings Description	Total £000's	Cabinet decision
People (Adults)				
People (Adults)	ASC-2324-08	Reablement Efficiencies	(650)	Yes - Oct 2022
People (Adults)	ASC-2324-08	Accomodation with Support	(652)	Yes - Oct 2022
People (Adults)	ASC-2324-08	Joint Funding	(330)	No
People (Adults)	ASC-2324-08	Practice and Process Development	(810)	Yes - Oct 2022
People (Adults)	ASC-2324-10	Better use of Disabled Facilities Grant and equipment	(100)	No
People (Adults)	ASC-2324-09	Align and integrate the range of ASC and PH services with the NHS and/or across East Berks Councils/better use of PH Grant	(250)	TBC
People (Adults)	ASC-2324-08	Mental Health	(500)	Yes - Oct 2022
People (Adults)	ASC-2324-08	Transitions	(400)	No
People (Adults)	ASC-2324-08	Diverting demand	(270)	No
People (Adults)	ASC-2324-08	Review of hospital discharge/6-week review	(350)	No
People (Adults)	ASC-2324-08	Financial Assessments	(150)	No
People (Adults)	ASC-2324-08	Direct Payment recoupment	(200)	No
People (Adults)	ASC-2324-08	Levying the OPG determined charge rate	(100)	No
People (Adults)	ASC-2324-08	Further cost reductions, efficiencies and vacancy factor	(300)	No
People (Adults)	ASC-2324-55	Assistive Technology	(420)	No
People (Adults)	ASC-2324-56	Reduce Block Beds	(206)	No
People (Adults) Total			**(5,688)**	

People (Children)				
People (Children)	CHS-2324-27	Home to School Transport - various initiatives to reduce spend	(595)	Yes - Oct 2022
People (Children)	CHS-2324-49	Education & Inclusion Staff Restructure	(210)	Yes - TBC
People (Children) Total			**(805)**	

Directorate/Service	Ref	Savings Description	Total £000's	Cabinet decision
Housing, Property & Planning				
Housing, Property & Planning	HP-2324-40	Reduce spend on repairs and maintenance at Corporate Buildings	(280)	Yes - Feb 2023
Housing, Property & Planning	HP-2324-41	Reduce spend on cleaning at Corporate Buildings	(200)	Yes - Feb 2023
Housing, Property & Planning	HP-2324-42	Corporate Contract efficiencies	(50)	No
Housing, Property & Planning	HP-2324-12	Savings from reduction in building management costs	(100)	No
Housing, Property & Planning	HP-2324-64	Savings from additional efficiencies in facilities management	(100)	No
Housing, Property & Planning	HP-2324-40	Reduce spend on repairs and maintenance at Corporate Buildings	(20)	No
Housing, Property & Planning Total			**(750)**	

Place & Community				
Place & Community	PL-2324-01	Reduce staff costs in Planning Development	(100)	No
Place & Community	PL-2324-02	Adopt fortnightly waste collections	(424)	Yes - Sep 2022
Place & Community	PL-2324-03	Chalvey HWRC Management Fee	(40)	No
Place & Community	PL-2324-04	Borough Wide Controlled Parking Zones	(200)	Yes - Feb 2023
Place & Community	PL-2324-05	Switch off streetlighting and park lighting after midnight	(25)	No
Place & Community	PL-2324-06	Stop Bus Subsidy - Service 4, 5 and 6	(160)	No
Place & Community	PL-2324-07	Government tapering of concessionary fares	(300)	No
Place & Community	PL-2324-19	Library Service model	(276)	Yes - Feb 2023
Place & Community	PL-2324-20	Improve Trade Waste Business	(10)	No
Place & Community	PL-2324-22	Increase charges for Parking permits	(48)	No
Place & Community	PL-2324-23	Streetworks Section 50 licences	(35)	No
Place & Community	PL-2324-24	Streetworks Road Closure fees	(65)	No
Place & Community	PL-2324-25	Transport and Highways grant swap	(1,071)	No
Place & Community	PL-2324-36	Green waste collection charges	(700)	Yes - Jul 2022
Place & Community	PL-2324-37	Reduce Highways maintenance works	(100)	No
Place & Community	PL-2324-38	All leisure services to be externally funded	(20)	No
Place & Community	PL-2324-46	Stop SBC funded CCTV Monitoring of public spaces	(26)	Yes - Feb 2023
Place & Community	PL-2324-59	Delete vacant AD post	(100)	No
Place & Community Total			**(3,700)**	

Directorate/Service	Ref	Savings Description	Total £000’s	Cabinet decision
Strategy & Improvement				
Strategy & Improvement	RES-2324-11a-d	Various - Electoral Canvass reform, Events and Slough Citizen	(150)	No
Strategy & Improvement	RES-2324-47a-g	IT contract savings	(505)	Yes - Mar 2023
Strategy & Improvement	RES-2324-18a	Vacancy factor	(500)	No
Strategy & Improvement	RES-2324-53	Reduction in services and efficiencies	(668)	No
Strategy & Improvement Total			**(1,823)**	
Finance & Commercial				
Finance & Commercial	RES-2324-11e	Staffing reduction - Fraud dept	(12)	No
Finance & Commercial	RES-2324-18b	Vacancy factor	(299)	No
Finance & Commercial	RES-2324-13+14	Increased taxbase and collection rate	(917)	Yes - Jan 2023
Finance & Commercial	RES-2324-15	Reduced audit fee, reduced duplicate payments and income	(400)	No
Finance & Commercial	RES-2324-16	Single Person Discount monitoring and other initiatives	(350)	No
Finance & Commercial	RES-2324-48	Budgeted overheads cleanse	(788)	No
Finance & Commercial	RES-2324-50	Efficient working practices in Revenues and Benefits	(440)	No
Finance & Commercial	RES-2324-51	Revenues and Benefits agency savings	(450)	Yes - Feb 2023
Finance & Commercial	RES-2324-17	Early payment of pension contributions	(350)	No
Finance & Commercial	RES-2324-58	Minimum Revenue Provision reduction as a consequence of asset disposal decisions	(3,500)	No
Finance & Commercial Total			**(7,506)**	
Other Corporate Budgets				
Other Corporate Budgets	X-2324-26	Fees & Charges increases	(900)	Yes - Jan 2023
Other Corporate Budgets	X-2324-54	Review of Strategic Commissioning	(750)	Yes - TBC
Other Corporate Budgets	X-2324-57	Support Services	(500)	Yes - Feb 2023
Other Corporate Budgets Total			**(2,150)**	
Total			**(22,422)**	

Appendix B – Council Tax Resolution

The Council is required to calculate and set its Council Tax for 2023/24 as required by law by 11th March in the preceding financial year to the year in which the charges will be made.

Recommendations:

1) An increase in the Council's element of the Council tax for a band D property by £153.33 for 2023/24, giving a band D Council Tax of £1,688.19 per year, excluding the precepts from Police, Fire and parishes.

2) This equates to an increase in the Council's general band D Council Tax by 7.99%, the maximum permitted without a referendum; and an increase in the Council's Adult Social Care Precept by 2.00% as confirmed by Government in the Final Local Government Settlement.

3) (a) That in pursuance of the powers conferred on the Council as the billing authority for its area by the Local Government Finance Acts (the Acts), the Council Tax for the Slough area for the year ending 31 March 2023 is as specified below and that the Council Tax be levied accordingly.

(b) That it be noted that at its meeting on 16th January 2022 Cabinet calculated the following Tax Base amounts for the financial year 2023/24 in accordance with Regulations made under sections 31B (3) and 34(4) of the Act:

(i) 43,160.1 being the amount calculated by the Council, in accordance with Regulation 3 of the Local Authorities (Calculation of Council Tax Base) Regulations 2012 (the Regulations) as the Council Tax Base for the whole of the Slough area for the year 2023/24 and

(ii) The sums below being the amounts of Council Tax Base for the Parishes within Slough for 2023/24

Parish	2023/24 Band Tax-Base
Parish of Britwell	841.0
Parish of Colnbrook with Poyle	1,842.2
Parish of Wexham Court	1,402.4

(c) That the following amounts be now calculated for the year 2023/24 in accordance with sections 31A to 36 of the Act:

(i) £377,553,135 being the aggregate of the amounts which the Council estimates for the items set out in section 31A (2)(a) to (f) of the Act. (Gross Expenditure);

(ii) £304,526,303 being the aggregate of the amounts which the Council estimates for the items set out in section 31A (3) (a) to (d) of the Act. (Gross Income);

(iii) £73,026,832 being the amount by which the aggregate at paragraph c (i) above exceeds the aggregate at paragraph c (ii) above calculated by the Council as its council tax requirement for the year as set out in section 31A(4) of the Act. (Council Tax Requirement);

(iv) £1,692.00 being the amount at paragraph c(iii) above divided by the amount at paragraph b(i) above, calculated by the Council, in accordance with section 31B(1) of the Act, as the basic amount of its Council Tax for the year, including the requirements for Parish precepts.

(v) That for the year 2023/24 the Council determines in accordance with section 34 (1) of the Act, Total Special Items of £164,383 representing the total of Parish Precepts for that year.

(vi) £1,688.19 being the amount at paragraph c (iv) above less the result given by dividing the amount at paragraph c (v) above by the relevant amounts at paragraph b (i) above, calculated by the Council, in accordance with section 34 (2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no special item relates.

(vii) Valuation Bands

Band	Slough Area £	Britwell £	Wexham £	Colnbrook with Poyle £
A	1,125.46	41.92	16.67	27.66
B	1,313.04	48.91	19.44	32.27
C	1,500.62	55.89	22.22	36.88
D	**1,688.19**	**62.88**	**25.00**	**41.49**
E	2,063.35	76.85	30.56	50.72
F	2,438.50	90.83	36.11	59.94
G	2,813.65	104.8	41.67	69.16
H	3,376.39	125.76	50.00	82.99

Being the amounts given by multiplying the amounts at paragraph c (iv) and c (vi) above by the number which, in the proportion set out in section 5 (1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation band D, calculated by the Council, in accordance with section 36 (1) of the Act, as the amount to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.

(viii) Calculate that the Council Tax requirement for the Council's own purposes for 2023/24 (excluding Parish precepts) is £72,862,449

(ix) That it be noted that for the year 2023/24 that the Thames Valley Police Authority precept will increase by £15.00 for a Band D property. The Police & Crime Panel at its meeting on 27th January 2023 endorsed the PCC's proposed 6.22% increase in the Police element of Council Tax for 2023/24. The following amounts are stated in accordance with section 40 of the Act, for each of the categories of dwellings shown below:

Band	**Office of the Police and Crime Commissioner (OPCC) for Thames Valley £**
A	170.85
B	199.33
C	227.80
D	**256.28**
E	313.23
F	370.18
G	427.13
H	512.56

(x) That it be noted that for the year 2023/24 the Royal Berkshire Fire Authority has proposed increasing its precept by £5.00 in accordance with section 40 of the Act, for each of the categories of dwellings shown below:

Band	**Royal Berkshire Fire Authority £**
A	52.63
B	61.41
C	70.18
D	**78.95**
E	96.49
F	114.04
G	131.58
H	157.90

(xi) Note that arising from these recommendations, and assuming the major precepts are agreed, the overall Council Tax for Slough Borough Council for 2023/24 including the precepting authorities will be as follows:

Band	Slough £	Office of the Police and Crime Commissioner (OPCC) for Thames Valley £	Royal Berkshire Fire Authority £	TOTAL £
A	1,125.46	170.85	52.63	1,348.94
B	1,313.04	199.33	61.41	1,573.78
C	1,500.62	227.8	70.18	1,798.60
D	**1,688.19**	**256.28**	**78.95**	**2,023.42**
E	2,063.35	313.23	96.49	2,473.07
F	2,438.50	370.18	114.04	2,922.72
G	2,813.65	427.13	131.58	3,372.36
H	3,376.39	512.56	157.90	4,046.85

With the parish precepts, the Council Tax will be:

Band	Slough + Preceptors Unparished £	Britwell £	Wexham £	Colnbrook with Poyle £
A	1,348.94	1,390.86	1,365.61	1,376.60
B	1,573.78	1,622.69	1,593.21	1,606.05
C	1,798.60	1,854.49	1,820.82	1,835.48
D	**2,023.42**	**2,086.30**	**2,048.42**	**2,064.92**
E	2,473.07	2,549.92	2,503.63	2,523.78
F	2,922.72	3,013.55	2,958.83	2,982.66
G	3,372.36	3,477.16	3,414.03	3,441.53
H	4,046.85	4,172.61	4,096.85	4,129.83

(xii) That the Section 151 Officer be and is hereby authorised to give due notice of the said Council Tax in the manner provided by Section 38(2) of the 2012 Act.

(xiii) That the Section 151 Officer be and is hereby authorised when necessary to apply for a summons against any Council Tax payer or non-domestic ratepayer on whom an account for the said tax or rate and arrears has been duly served and who has failed to pay the amounts due to take all subsequent necessary action to recover them promptly.

(xiv) That the Section 151 Officer be authorised to collect (and disperse from the relevant accounts) the Council Tax and National Non- Domestic Rate and that whenever the office of the Section 151 Officer is vacant or the holder thereof is for any reason unable to act, the Chief Executive or such other authorised post-holder be authorised to act as before said in his or her stead.

(xv) That in the event that there are any changes to the provisional precept of the Fire Authority, the Section 151 Officer is delegated authority to enact all relevant changes to the Revenue Budget 2023/24 Statutory Resolution and council tax levels.

APPENDIX C - DEDICATED SCHOOLS GRANT 2023/24

1. Background

1.1 School Funding is received through the Dedicated Schools Grant (DSG), and is split into four blocks, each with its own formula to calculate the funding to be distributed to each local Authority, and with specific regulations on what each block of funding can be spent on:

- **Schools Block (SB)–** funds primary and secondary schools through the school's funding formula, premises funding and growth funding for new and growing schools or bulge classes.

- **Central Schools Services Block (CSSB)** – funds services provided by the local authority centrally for all schools and academies, such as the admissions service.

- **Early Years Block (EYB)–** funds the free entitlement for 2, 3, & 4-year olds in all early year's settings in the private, voluntary and independent (PVI) sector as well as maintained nursery schools, and nursery classes in mainstream primary schools.

- **High Needs Block (HNB)** – funds places in special schools, resource units and alternative provision, and top up funding for pupils with Education, Health & Care Plans (EHCPs) in all settings including non-maintained special schools, independent special schools, and further education colleges.

1.2 The allocations for the 2023-24 financial year were published by the Department for Education (DfE) on 16th December 2022. Adjustments to the allocations are made throughout the year for academy schools recoupment, high needs provisions and for early year's provisions. The CSSB is generally fixed for the year.

1.3 The DSG is a ring-fenced grant and must be deployed in accordance with the conditions of grant and the latest school and Early Years Finance (England) Regulations. Detailed guidance for each block is contained within various operational documents issued by the Education Funding & Skills Agency (EFSA).

1.4 Transfers between the individual blocks of the DSG are allowed providing they meet the regulations and are approved by Schools Forum. Schools Forum, at its meeting in November 2022, agreed to transfer 0.05% of the SB allocation to the HNB and the CSSB. The final allocations were £100k to the CSSB and £714k to the HNB.

1.5 Schools Forum meets a minimum of four times a year and the papers for the meetings can be found on the following link: Schools Forum.

2. DSG Allocation and Budgets for 2023/24

2.1 Table 1 sets out the detailed DSG allocations for 2023/24 as published by the DfE on 16 December 2022, together with additional allocation for the SB and HNB following additional funding announced in the Autumn 2022 budget statement.

DSG Funding 2023/24

Slough NFF Funding Allocation	**School Block**	**High Needs Block**	**Central Services Block**	**Early Year Block**	**Total**
	£'000	£'000	£'000	£'000	£'000
2022/23	159,653	31,526	743	14,461	206,383
2023/24	168,190	34,597	785	15,532	219,104
Increase/(Reduction)	8,538	3,071	42	1,071	12,721
% Change	5.4%	9.7%	5.7%	7.4%	6.2%

3. Schools Block

3.1 The vast majority of the schools block allocation is pupil driven with different funding rates for primary pupils and secondary pupils. The funding rates are known as Primary Units of Funding (PUFs) and Secondary Units of Funding (SUFs). These funding rates are then multiplied by the pupil numbers on the October 2022 census which show the number of children in mainstream schools and academies.

3.2 An allocation for growth (growing schools and bulge classes) and premises (national non-domestic rates [NNDR]) and schools funded through the Private Finance Initiative) is also added to the PUF and SUF allocations to complete the funding for the schools block.

3.3 The approach to setting the schools funding formula for 2022-23 has been to mirror the full national funding formula rates.

3.4 The School Block funding includes £1.52m NNDR funds which will be retained by the ESFA due to centralising the payments of NNDR.

3.5 The schools block budget has been set based on the criteria agreed on at Schools Forum meeting in January 2023 which took into consideration recommendations from the 5-16 task group. The final budgets were agreed at the January 2023 meeting of the Schools Forum based on the settlement received form Government on 16th December 2022.

3.6 Annexe 1 shows the final allocations against the NFF factor rates, these rates may change depending on the final allocation of the grant once Authority Performa Tools has been verified by the Education and Skills Funding Agency.

4. Central Schools Services Block

4.1 The central schools services block is split into two elements, historical commitments and ongoing commitments. From 2020/21 the ESFA have included a mandatory reduction of 20% in the historical elements of this block. Slough has already reduced its historical elements by more than 20% so the additional funding can be utilised within the ongoing commitments area. Funding for ongoing commitments is calculated using 2 factors, a basic per-pupil factor, through which LAs receive the majority of funding, and a deprivation per-pupil factor.

4.2 The central services budget allocation has increased by £42k from £743k in 2022/23 to £785k in 2023/24. This is mainly due to an overall increase in pupil numbers for which the ongoing element is calculated on.

5. Early Years Block

5.1 The early years block is made up of specific elements for funding of the two year old entitlement, a total of £1.4m and the three and four year old entitlement for both the universal 15 hours and the additional 15 hours for eligible children of working parents, which is a total of £13.0m.

5.2 In addition to the above elements the Early Years National Funding Formula allocates funding for the early years pupil premium at a rate of £0.62 per eligible child per hour, a total of £128k and disability access fund at £828 per eligible child per year, a total of £52k.

5.3 Maintained Nursery Schools (MNS) receive supplementary funding each year to ensure their funding is protected at 2016/17 funding levels following the introduction of the Early Years National Funding Formula in April 2018. MNS supplementary funding for 2023/24 is £949k an increase of £250k over 2022-23 funding. The increase reflects the movement of the historic cost of teachers pay and pension (£100k) from grant into directed MNS funding and a change in the way the overall funding is calculated (£150k).

5.4 Early Years Funding regulations state that at least 95% of available early years funding must be passported to early years providers. Therefore, a maximum of 5% of can be utilised by the authority for fund central function that support early year provision.

5.5 All providers are consulted annually on the distribution of the early years funding formula and the central spend is agreed at Schools Forum.

6. High Needs Block

6.1 The authority receives the funding for the high needs block based on a formula set by the DfE. The formula provides for every authority to receive an increase of at least 8% per head of the age 2 to 18 populations based on what authorities received in 2022/23

6.3 The allocation for the high needs block has increased by £3.1m from £31.5m in 2022/3 to £34.6m in 2023/4. There will be a total net adjustment to the import/export element in July to reflect actual movement. This is a net adjustment to reflect the difference between high needs pupils and students living in one local authority and attending a school or college in another.

6.3 The authority funds pre 16 special schools, alternative provisions and resource provision on 2 elements, a core place funding element which is a fixed rate and a top up element which is based on the individual pupils specific needs.

7. The Management Plan

7.1 A separate report is to be presented to Cabinet with a more detailed update on the DSG's deficit and management plan.

Annexe 1

Formula Factor Values 2022/23 to 2023/24

	NFF ACA 2022-24 £	NFF ACA 2023-24 £	Increase £	%
Primary Basic entitlement	3,544.58	3,641.00	96.42	2.72%
Key Stage 3 Basic Entitlement	4,998.70	5,134.00	135.30	2.71%
Key Stage 4 Basic Entitlement	5,633.17	5,786.00	152.83	2.71%
Primary FSM	499.70	510.00	10.30	2.06%
Secondary FSM	499.70	510.00	10.30	2.06%
Primary FSM6	624.55	750.00	125.45	20.09%
Secondary FSM6	912.30	1,090.00	177.70	19.48%
Primary IDACI A	671.70	710.00	38.30	5.70%
Primary IDACI B	514.60	540.00	25.40	4.94%
Primary IDACI C	482.10	510.00	27.90	5.79%
Primary IDACI D	444.20	470.00	25.80	5.81%
Primary IDACI E	281.70	300.00	18.30	6.50%
Primary IDACI F	232.90	245.00	12.10	5.20%
Secondary IDACI A	937.10	985.00	47.90	5.11%
Secondary IDACI B	736.70	775.00	38.30	5.20%
Secondary IDACI C	682.50	720.00	37.50	5.49%
Secondary IDACI D	628.40	660.00	31.60	5.03%
Secondary IDACI E	449.60	475.00	25.40	5.65%
Secondary IDACI F	335.70	355.00	19.30	5.75%
Primary LPA	1,186.30	1,225.00	38.70	3.26%
Secondary LPA	1,798.40	1,855.00	56.60	3.15%
Primary EAL	595.85	615.00	19.15	3.21%
Secondary EAL	1,608.80	1,660.00	51.20	3.18%
Primary Mobility	97.50	207.18	109.68	112.49%
Secondary Mobility	139.75	298.81	159.06	113.82%
Primary Lum Sum	127,620.00	135,500.00	7,880.00	6.17%
Secondary Lump Sum	127,620.00	135,500.00	7,880.00	6.17%

Abbreviations

EAL - English s an Additional Language

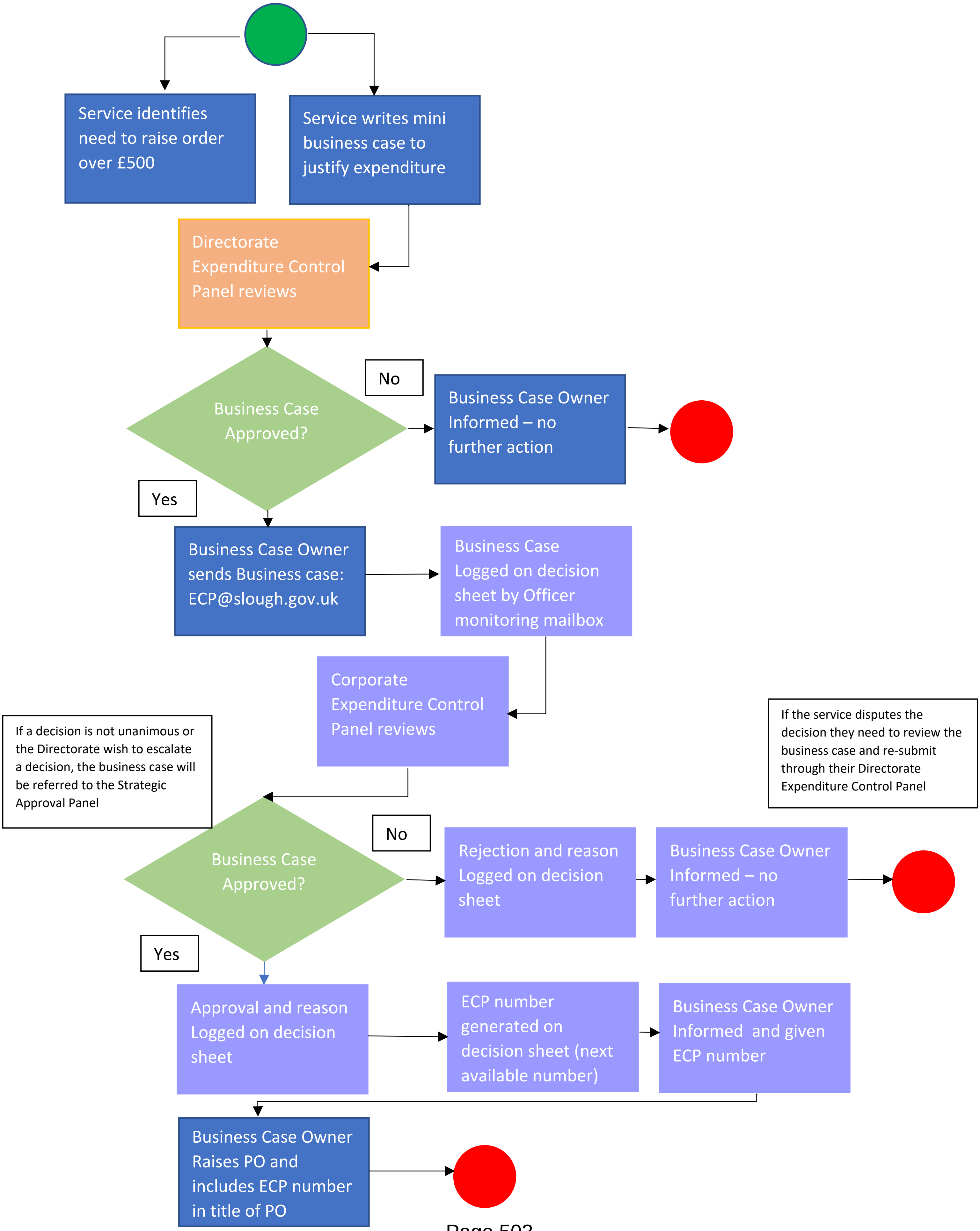
FSM - Free School Meals

IDACI - Income Deprivation Affecting Children Index

LPA - Low Prior attainment

Appendix D: Outline of Expenditure Control Panel Process

Expenditure Control Panel Process



Appendix E - Equality Impact Assessment (Budget 2023/24)

1 Overview

1.1 This appendix describes the most significant equality pressures confronting each main service area, informed by an equality analysis. It highlights the effect of policy and governance changes; an overview of positive and neutral impacts; and a service impact overview. These outcomes are based upon spending decisions taken during the last two years and changes resulting from the 2023/24 budget. The analysis also highlights a number of cumulative impacts that may arise resulting from the 2023/24 budget.

1.2 It is important to note that the budget is the financial expression of the strategic plan and our operational intent, and where known, the equality impact of change is disclosed. There are also a number of individual decisions that will arise over the period of the 2023/24 budget and these will continue to be the subject of specific and more detailed equality impact assessments in line with the Council's Equality Impact Assessment (EIA) guidance. Political decisions will only be taken once effective and meaningful engagement has taken place on a need-by-need basis.

1.3 In making this decision we must have regard to the Public Sector Equality Duty (PSED) under section 149 of the Equality Act 2010, i.e. have due regard to the need to:

a) Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act;

b) Advance equality of opportunity between people who share a protected characteristic and those who do not;

c) Foster good relations between people who share a protected characteristic and those who do not, including tackling prejudice and promoting understanding.

1.4 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation. In addition, marital status is a relevant protected characteristic for 1.3(a)

1.5 The PSED is a relevant factor in making this decision but does not impose a duty to achieve the outcomes in s149. It is only one factor that needs to be considered and may be balanced against other relevant factors.

1.6 Part of the equalities governance is to ensure that equality impact assessments are undertaken when considering new and/or revised policies to inform and underpin good decision-making processes. This also helps us pay due regard to our equality obligations.

1.7 The Equality Act also says that public bodies must pay 'due regard' to equality. This means that we must:

- move or minimise disadvantages suffered by people due to their protected characteristics;

- take steps to meet the needs of people from protected groups where these are different from the needs of other people.

2. Identified high level cumulative equality impact

2.1 At this stage, it is not possible to fully measure the impact of the proposals on those people who have protected characteristics under the Equality Act 2010, or how the geographic spread of budget proposals will be felt across all areas of Slough.

2.2 However, our preliminary equality impact analysis of the planned activity and budget proposals for 2023/24 indicates that the council is focused on making a wide range of changes during 2023/24 in order to balance its budget and whilst the majority of identified savings through efficiencies are linked to internal systems and processes there are others that impact our external partners and neighbours.

2.3 Key impacts from this initial analysis across the portfolios are outlined from section 5 below.

3. Mitigating actions – our principles

3.1 **Monitoring of impact**: Services must ensure ongoing equalities monitoring of the Impact of service changes, to identify trends in disproportionate or unanticipated impact at an early stage to address them. This reporting should be monitored Council-wide at senior levels within the Council in order to identify cumulative impacts and mitigating actions. Consideration should be given to working with other partners in this monitoring and evaluation where appropriate.

3.2 **Informing decision-making**: The findings of this monitoring should be used to inform the budget-setting process year on year.

3.3 **Equality Impact Assessments**: As the budget proposals are developed, individual Equality impact assessments will be undertaken. This will include an assessment of who is likely to be impacted by the changes, whether they are considered to have ‘protected characteristics’ under the Equality Act 2010 and if they are, what mitigation activity is proposed to ensure that they will not be disproportionately affected. These will all be reviewed to provide an assessment of the cumulative impact of the budget decisions.

3.4 **Targeting based on need**: Resources and services should clearly identify specific needs of different groups at an early stage in order to be most effective and meet needs at first contact wherever possible e.g. through consultation.

3.5 **Gaps in monitoring**: Where gaps in monitoring have been identified during the equality impact assessment process, steps should be taken to fill these in the forthcoming year. This will enable better modelling of potential impacts and assessments in future.

4. Identified Positive Impacts

4.1 The Council is fully committed to addressing the challenges facing communities and supporting residents to live better lives. The Council is on a journey of improvement and transformation in light of the challenging circumstances in which the Council finds itself. As part of this, the Council will be reviewing how the services it provides will respond to and plan for these challenges with a key focus on tackling inequalities across the Borough. The commitment to equality and inclusion is shared by partners and will be firmly rooted in the long-term vision for Slough.

4.2 The Budget for 2023/24 contributes to this in the following ways:

- By ensuring that the savings are balanced across service areas whilst recognising all service areas will need to contribute including those targeted at the most vulnerable
- By driving savings through the delivery of efficiencies and through the reform of services to improve outcomes and make them more cost effective
- By continuing to invest in services and activities that will reduce inequalities and support better lives for residents
- By being realistic about what is affordable and can be achieved within a significantly reduced resource base

5. Policy and Governance Context

5.1 The proposed social care precept and increase in council tax may adversely impact some residents of Slough; however, residents on the lowest incomes will remain eligible for support with their bills via the local council tax support scheme. The increase proposed from the social care precept relates to a specific social care precept that will be ring-fenced for adult social care. This should positively impact on vulnerable adults within Slough by helping to protect and improve social care services.

5.2 The localisation of council tax benefit (introducing new payees to council tax as a result of national policy changes) was implemented in 2013/14 alongside a scheme for hardship and investment in collection initiatives including provision of debt and welfare support. Over this time, the Council has sustained collection rates against this backdrop, ensuring no negative impact on other council taxpayers. However, during the COVID-19 pandemic we saw a reduction in collection rates. This position is now improving again and our budget proposes a continuation of the focus on collection activities for 2023/24 to maintain this trend and performance.

5.3 We have invested in a team within the Finance and Commercial Directorate to tackle council tax fraud across the borough. The programme:

- ensures those entitled to discounts or exemptions on their council tax are receiving the right support;
- has introduced extensive regular reviews to ensure the levels of benefits people receive are correct;
- encourages people to notify councils if their circumstances change, and the consequences of not doing so, to enable councils to take swift and appropriate action against people fraudulently claiming council tax benefit.

5.4 With the impact of the COVID-19 pandemic impacting household incomes, there was an increase in the number of claims for the local council tax support schemes. There is a risk this will potentially grow with the current cost of living crisis climate. As the Council has been granted the ability to apply an increase in the level of the Council

Tax of up to 9.99%, it will do so whilst also creating a more generous Council Tax Reduction Scheme (CTRS). There will be a revision in the number of CTRS bandings and reductions offered to residents that fall into these bandings, with more generous reductions and a new band in which no council tax will be payable. This will enable the Council to help those households hardest hit. The current day pressures on local people and their household budgets are becoming greater than ever before with significant pressures on energy, fuel and high inflation affecting day-to-day living costs impacting the most vulnerable within the borough. The council tax reduction scheme is expected to contribute more support to residents in 2023/24 as a result.

6. Portfolio Impacts Overview

Overview

Equality impact assessments were produced for all of the savings proposals put forward for scrutiny through December to February and can be found within the papers for each of the key scrutiny committees. A summary of the findings in also set out in Annex A. Links to the Council's web pages where the EIAs can be found are listed below:

Overview & Scrutiny Committee 1st December 2022

Overview & Scrutiny Committee 2nd February 2023

Customer and Community Scrutiny Panel 7th December 2022

Customer and Community Scrutiny Panel 1st February 2023

People Scrutiny Panel 15th December 2022

People Scrutiny Panel 31st January 2023

People (Children)

6.1 The portfolio has identified budget savings proposals of £0.8m for 2023/24. The main area of saving relates to the home to school transport offering, with a further saving coming from a restructure of the Education and Inclusion service.

6.2 The service has completed initial assessments of the equality impacts for both savings areas and determined that none of the proposals will have a negative impact from an equalities point of view. A number of positive impacts have been identified for specific groups and these will be monitored during the development of all proposals.

6.3 In order to ensure that the Council pays due regard to the PSED, individual equality impact assessments have been undertaken and will continue to be kept under review as the proposals are developed in order to ensure there are mitigating actions, where possible, to minimise any adverse impact on children, young people and their families. An overview is set out in Annex A.

Slough Children First Company Contract

6.4 The Company has been refining its business case which has yet to receive formal approval from the Council, but within the latest version it has identified budget savings proposals of £1.140m in 2023/24 across 6 main areas of focus.

6.5 It is looking to drive savings from commissioning local provision for a block contract of beds for placements; increase the number of children placed through in-house fostering provision from the development of the fostering agency; there are discussions on the potential use and development of a property which could house UASC aged 18+; and two new grants are to be used in order to extend the level of evening/weekend support provided and reduce reliance on the out of hours service provided by another authority.

6.6 Caseload reductions are being targeted from Edge of Care and cost of living impact leading to a fall in legal hours, court and counsel fees. More manageable caseloads lead to better compliance and reduced court delays and lengthy proceedings. Community Based parenting assessments are expected to reduce the cost of external court appointed expert fees.

6.7 Through recruitment and retention activity in targeted early help, a reduction in casework and need for additional safeguarding will allow the safe removal of the two Innovate teams.

6.8 In order to ensure that due regard is paid to the PSED, individual equality impact assessments will continue to be undertaken as proposals are developed in order to ensure there are mitigating actions, where possible, to minimise any adverse impact on children, young people and their families. No adverse implications have been identified from the work undertaken to date on the proposals put forward.

People (Adults)

6.9 The portfolio has identified budget savings proposals of £5.7m for 2023/24, a continuation of its Transformation Program. The priority is to operate sustainably while fully meeting legal obligations and in so doing ensure adults, carers and families have access to the information, advice and tools they need to enable them to live ordinary lives, safely and independently, for as long as possible.

6.10 The budget proposals will see improved value for money in continuing to meet residents' needs via an improved offer providing greater independence, improved preventative options and access to community provision.

a) **Younger Adults-**
   i. **Learning Disability** – The Council aims to support individuals with learning disabilities and/or autism to ensure their needs are being met safely, whilst enabling them to achieve their outcomes and life aspirations. A refresh of the LD / Autism strategy is being undertaken to support the planning and delivery, incorporating a consultative process.
   ii. **Mental Health** – The intention is to ensure we provide effective support for adults in the most efficient manner possible with clear pathways for stepdown and move-on to support recovery. Thus minimising readmission and working with the wider system to better understand and manage future demand.

b) **Older People** – we continue to review the critical pathways that support adults going into and leaving hospital. The objective is to ensure that the adult is offered the most appropriate support for them, with an emphasis on people being enabled to return home where this is possible, with support to regain as much independence as possible. It is anticipated that this approach will enable us to both fully meet the needs of adults and continue generating efficiencies in

2023/24 and pave the way for a more sustainable operating model in future years especially in managing he anticipated increase in demand and complexities.

c) **All care groups** - In addition to the work set out above we will continue to work with our market (including 3rd sector partners) to develop new models for meeting need, managing the cost of care crisis and recruitment requirements to ensure there is sufficient capacity to meet the needs of the Council and its residents.

6.11 In order to ensure that the Council pays due regard to the PSED, individual equality impact assessments have been undertaken and will be refreshed in order to ensure there are mitigating actions, where possible, to minimise any adverse impact on citizens accessing Adult Services. A high-level summary of each proposal is shown in Annex A.

Place and Community

6.12 The portfolio has identified budget savings proposals of £3.700m in 2023/24, the majority of which cover a wide range of service areas, both in terms of cost reduction and income generation. Individual equality impact assessments have been undertaken on all proposals.

6.13 The budget proposals identified are categorised into the main areas outlined below:

a) Waste management – a garden waste collection subscription service has already been brought in, which will generate income to contribute towards the service; other collections will transition to a fortnightly collection cycle later in the year; and there is additional income being generated from the trade waste business which will be recognised in the budget. A management fee for the Chalvey HWRC will be applied to a neighbouring borough whose residents share the use of the site.

b) In respect of transport and highways, there are a number proposals – borough-wide controlled parking zones will be introduced to better manage on-street parking, whilst there will also be increases in the charges for parking permits. Highways maintenance spend will be reduced, bus subsidy contracts will not be renewed, and by identifying spend that can be capitalised it can also be funded through an annual grant which will be maximised.

c) The library service will rely more on facilities officers rather than library staff; and while the CCTV will continue until the end of 2023 it is then envisaged to be offered to the police to continue. Trials are being carried out on the further dimming of streetlights which will reduce energy costs.

d) Other savings reflect more effective staff planning which will not impact on service delivery.

6.14 In order to ensure that the Council pays due regard to the PSED, individual equality impact assessments have been undertaken in order to ensure there are mitigating actions, where possible, to minimise any adverse impact. A high-level summary of each proposal is shown in Annex A.

Housing, Property and Planning

6.15 The portfolio has identified budget savings proposals of £0.750m in 2023/24, these relate to a number of efficiency savings across the Council's estate of operational properties in respect of facilities management and cleaning. These changes are therefore not expected to impact on the level of service provided to residents.

6.16 It is not considered that any of these savings proposals will have an adverse impact on persons who share any relevant protected characteristic. However, an equality impact assessment has been completed as part of the governance and decision-making process for all savings and published as per the links above. A high-level summary of each proposal is shown in Annex A.

Strategy and Transformation

6.17 The portfolio has identified budget savings proposals of £1.823m in 2023/24, these relate to a number of efficiency savings across support services. These changes are not expected to impact on the level of service provided to residents.

6.18 It is not considered that any of these savings proposals will have an adverse impact on persons who share any relevant protected characteristic. However, an equality impact assessment has been completed as part of the governance and decision-making process for all savings and published as per the links above. A high-level summary of each proposal is shown in Annex A.

Finance and Commercial

6.19 The portfolio has identified budget savings proposals of £7.506m in 2023/24, these relate to a number of efficiency savings across back office services, corporate budgets and the Revenues and Benefits service. These changes are not expected to impact on the level of service provided to residents.

6.20 It is not considered that any of these savings proposals will have an adverse impact on persons who share any relevant protected characteristic. However, an equality impact assessment has been completed as part of the governance and decision-making process for all savings and published as per the links above. A high-level summary of each proposal is shown in Annex A.

Cross-Council initiatives

6.21 The Council has identified further budget savings proposals of £2.150m in 2023/24 relating to proposals which span more than one directorate. These are as follows:

a) Fees and charges increases. A number of fees and charges will increase by up to c10%, with a smaller number which will increase by more than this level, which approximates to the recently announced rate of inflation which will impact on the cost to the Council of delivering the services.

b) Support Services will be combined to create further back office efficiencies.

c) Commissioning efficiencies – a review is being procured to assess the opportunity to drive further savings from commissioning activities, whether through looking at what is being commissioned or the way in which it is commissioned and managed.

6.22 It is not considered that any of these savings proposals will have an adverse impact on persons who share any relevant protected characteristic. However, an equality impact assessment has been completed as part of the governance and decision-making process for all savings and published as per the links above. A high-level summary of each proposal is shown in Annex A.

Other Operating Costs – Capital

6.23 The Council’s financial position requires total borrowing to be reduced, therefore the strategy is to minimise the extent to which capital schemes require additional new borrowing. Last year a number of schemes were therefore removed from the programme in order to reduce the impact of the programme on the revenue budget. An EIA has been undertaken at a high level in respect of the schemes left in the programme and no adverse implications identified. A number of the schemes in the programme are for the positive benefit of certain protected groups, in particular schoolchildren and disabled adults and children and these schemes will continue while fully funded from the sources such as the Disabled Facilities Grant or the DfE capital grant.

ANNEX A

ANALYSIS OF EQUALITY IMPACT ASSESSMENTS BUDGET 2023/24

Cross-Council

Proposal	Groups positively impacted	Groups negatively impacted	Mitigations
Fees & Charges increases	None identified at this stage	None identified at this stage	N/A
Support Services	None identified at this stage	None identified at this stage	N/A
Review of Strategic Commissioning	None identified at this stage	None identified at this stage	N/A

People (Adults)

Proposal	Groups positively impacted	Groups negatively impacted	Mitigations
Demand management initiatives.	All residents with potential Social care needs, who are 18 and over regardless of race, gender with potential need support.	Potential for some users to be affected including: - Men/Women - Disabled People - People of ethnicity/race - Particular age groups - People on low income	Coproduction, consultation, and reviews to be carried out, to shape transformed services. Ensure communication and consultation materials are provided in an accessible format. Practitioners to support service users to engage with any engagement activities. Support through change to be considered as part of implementation planning. Ensure transformed services maintain opportunities for people to come together and share experiences. Updating and better applying the Fairer Charging Policy will ensure fair and consistent contributions from adults receiving services. Any changes to the Fairer Charging Policy, or application of this policy, will be done in consultation and to improve fairness and improve access to services.
Reablement stretch	Older Persons & People with Physical Disabilities	None identified	N/A
Direct payments	None identified	None identified	N/A
Mental Health Review	People with Mental Health Problems	None identified	N/A
Transitions	Young Adults with Learning Disability	None identified at this stage	N/A
Financial Assessment and charging	None identified	None identified	N/A

Proposal	Groups positively impacted	Groups negatively impacted	Mitigations
Levying the OPG charge rate	None identified	None identified	N/A
Joint Funding Protocol	None identified	None identified	N/A
Integration	All residents with potential Health &/or social care needs, who are 18 and over regardless of race, gender with potential need support	Carers, foreign language speakers, People with disabilities, Older Persons, People with particular faiths & beliefs and people on low incomes	Coproduction, consultation, and reviews to be carried out, to shape transformed services. Ensure communication and consultation materials are provided in an accessible format. Practitioners to support service users to engage with any engagement activities. Support through change to be considered as part of implementation planning. Ensure transformed services maintain opportunities for people to come together and share experiences. Updating and better applying the Fairer Charging Policy will ensure fair and consistent contributions from adults receiving services. Any changes to the Fairer Charging Policy, or application of this policy, will be done in consultation and to improve fairness and improve access to services.
Better use of the DFG and equipment	People with Disabilities	None Identified	N/A
Assistive Technology	All Client groups	None identified	N/A
Review of contractual and funding arrangements for care home placements	None Identified	None Identified	N/A

People (Children)

Proposal	Groups positively impacted	Groups negatively impacted	Mitigations
Reduction of costs in home to school transport through the implementation of route efficiencies and ensuring	Children with a disability will be more empowered and better prepared for later life with greater resilience.	None identified at this stage	N/A

Proposal	Groups positively impacted	Groups negatively impacted	Mitigations
robust application of statutory policy.			
Staff restructure of the Education and Inclusion Service	None identified at this stage	None identified at this stage	N/A

Slough Children First

Proposal	Groups positively impacted	Groups negatively impacted	Mitigations
Commissioning - best value, packages of care and placements	None identified at this stage	None identified at this stage	N/A
Carer recruitment	None identified at this stage	None identified at this stage	N/A
Develop semi-independent accommodation for young people in care	None identified at this stage	None identified at this stage	N/A
Reduced use of joint out of hours contract	None identified at this stage	None identified at this stage	N/A
Edge of care – contextual safeguarding	None identified at this stage	None identified at this stage	N/A
Recruitment and retention	None identified at this stage	None identified at this stage	N/A

Housing, Property & Planning

Proposal	Groups positively impacted	Groups negatively impacted	Mitigations
Savings from reduction in building management costs	None identified at this stage	None identified at this stage	N/A
Reduce spend on repairs and maintenance at Corporate Buildings	None identified at this stage	None identified at this stage	N/A
Reduce spend on cleaning at Corporate Buildings	None identified at this stage	None identified at this stage	N/A
Corporate Contract efficiencies	None identified at this stage	None identified at this stage	N/A
Savings from additional efficiencies in facilities management	None identified at this stage	None identified at this stage	N/A

Place and Community

Proposal	Groups positively impacted	Groups negatively impacted	Mitigations
Reduce staff costs in Planning Development	None identified at this stage	None identified at this stage	N/A
Adopt fortnightly waste collections	None identified at this stage	Large/multi-generational households, more prevalent in certain communities, and families with young children in nappies, those with learning difficulties	Provide larger bins Clear comms
Chalvey HWRC Management Fee	None identified at this stage	None identified at this stage	N/A
Borough Wide Controlled Parking Zones	None identified at this stage	Low income families. Addressed in parking permit proposal	Disabled users exempt if parking bay provided
Stop Bus Subsidy - Service 4, 5 and 6	None identified at this stage	Disabled/elderly	Alternative routes are being planned that do not require financial support from the Council
Government tapering of concessionary fares	None identified at this stage	None identified at this stage	N/A
Improve Trade Waste Business	None identified at this stage	None identified at this stage	N/A
Increase charges for Parking permits	None identified at this stage	Larger low income families	Review of terms and conditions before Cabinet decision is taken in order to introduce discretionary rates where appropriate
Streetworks Section 50 licences	None identified at this stage	None identified at this stage	N/A
Streetworks Road Closure fees	None identified at this stage	None identified at this stage	N/A
Transport and Highways grant swap	None identified at this stage	None identified at this stage	N/A
Green waste collection charges	None identified at this stage	People on low incomes	The Chalvey HWRC will still be available for those residents to tip for free Green Waste
Reduce Highways maintenance works	None identified at this stage	None identified at this stage	N/A
All leisure services to be externally funded	None identified at this stage	None identified at this stage	N/A
Switch off streetlighting and park lighting	None identified at this stage	Elderly, those with visual impairments, females	Trial and engagement with key stakeholders to identify real impacts
2023-24 Library Service model	None identified at this stage	Children and their mothers, people with MH issues, low income households	Develop events and activities which attract these groups to continue to use and access the services and ancillary voluntary

Proposal	Groups positively impacted	Groups negatively impacted	Mitigations
		and groups with disproportionate representation	groups that partner with library services
Stop SBC funded CCTV Monitoring of public spaces	None identified at this stage	None identified at this stage	N/A
Delete vacant AD post	None identified at this stage	None identified at this stage	N/A

Strategy & Improvement

Proposal	Groups positively impacted	Groups negatively impacted	Mitigations
Electoral Canvass reform	None identified at this stage	None identified at this stage	N/A
Assistant Electoral Officers	None identified at this stage	None identified at this stage	N/A
Events	None identified at this stage	None identified at this stage	N/A
Slough Citizen	None identified at this stage	None identified at this stage	N/A
Vacancy factor	None identified at this stage	None identified at this stage	N/A
Reprovision of the ITSM Contract	None identified at this stage	None identified at this stage	N/A
Reprovision of the landline telephony contract	None identified at this stage	None identified at this stage	N/A
Reduction in the mobile connections/devices	None identified at this stage	None identified at this stage	N/A
Termination of Xen Mobile Licences	None identified at this stage	None identified at this stage	N/A
Reduction in Microsoft Licencing	None identified at this stage	None identified at this stage	N/A
Reprovision of the Data Centre Hosting Contract	None identified at this stage	None identified at this stage	N/A
Reprovision of the ERP (Agresso) Hosting Contract	None identified at this stage	None identified at this stage	N/A
Reduction in services and efficiencies	None identified at this stage	None identified at this stage	N/A

Finance & Commissioning

Proposal	Groups positively impacted	Groups negatively impacted	Mitigations
Staffing reduction - Fraud dept	None identified at this stage	None identified at this stage	N/A
Increased taxbase and collection rate	None identified at this stage	None identified at this stage	N/A
Reduced audit fee, reduced duplicate payments and income	None identified at this stage	None identified at this stage	N/A
Single Person Discount monitoring and other initiatives	None identified at this stage	None identified at this stage	N/A
Early payment of pension contributions	None identified at this stage	None identified at this stage	N/A
Vacancy factor	None identified at this stage	None identified at this stage	N/A
Budgeted overheads cleanse	None identified at this stage	None identified at this stage	N/A
Efficient working practices in Revenues and Benefits	None identified at this stage	None identified at this stage	N/A
Revenues and Benefits agency savings	None identified at this stage	None identified at this stage	N/A
Minimum Revenue Provision	None identified at this stage	None identified at this stage	N/A

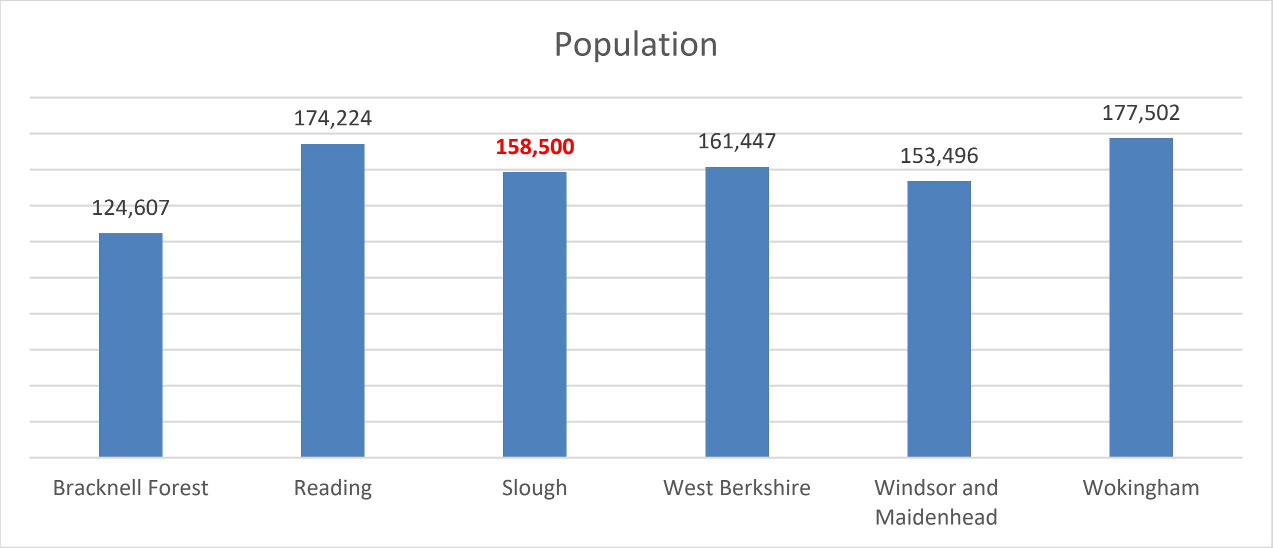
3.1 Insights into Slough

3.2.1 Separate to the pressures from the Covid-19 pandemic and the issues referred to above, Slough operates in a unique environment that presents a challenge to providing services. This section will present some highlights to contextualise the ongoing challenge for the Council.

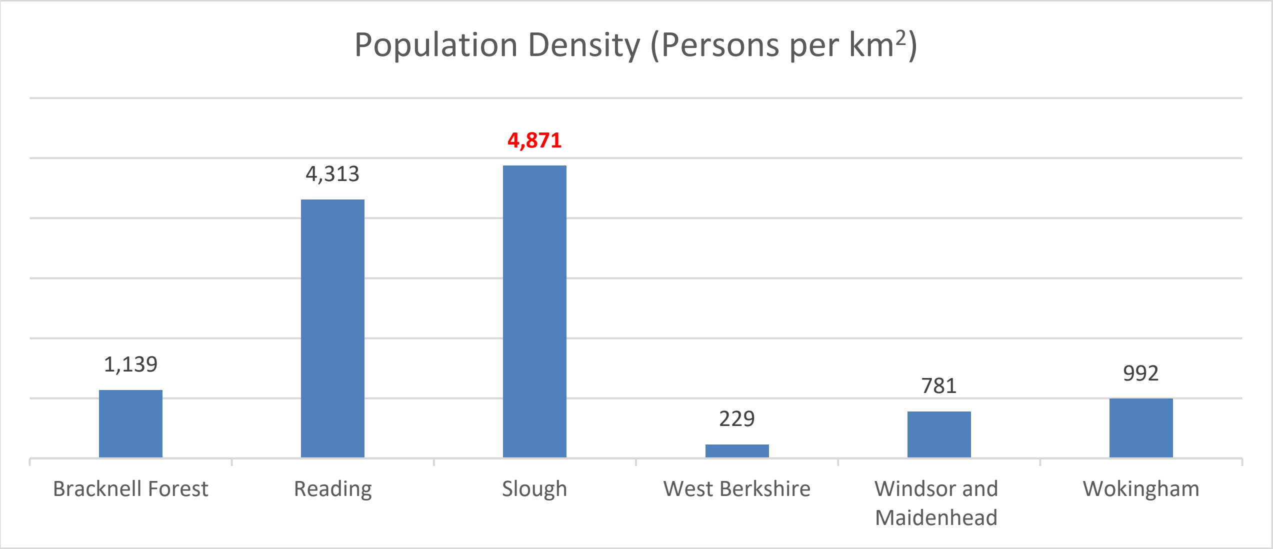
Population

3.2.2 Slough's population continues to grow, reaching 158,500 in the 2021 Census. It is one of the most ethnically and religiously diverse boroughs in the UK, with over 100 different languages spoken in our schools and 44% of residents born outside the UK. In the 2021 census, 46.7% of Slough's population were from Asian ethnic groups and 36% were from white ethnic groups. 29% of the population are Muslim, 32% are Christian, and 20% followed another religion. 27% of the population aged over 3 spoke a language other than English as their main language.

3.2.3 Slough has the third smallest population within Berkshire but is the most densely populated borough by a noticeable margin.



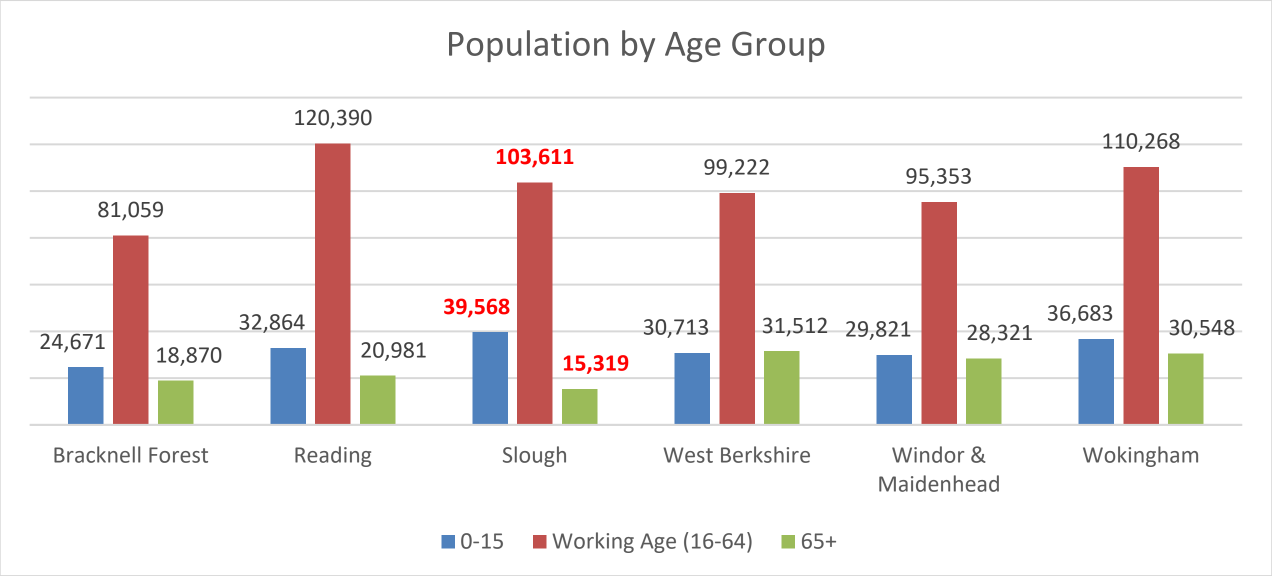
Source: Census 2021 Phase 1 Data, November 2022



Source: Census 2021 Phase 1 Data, June 2022

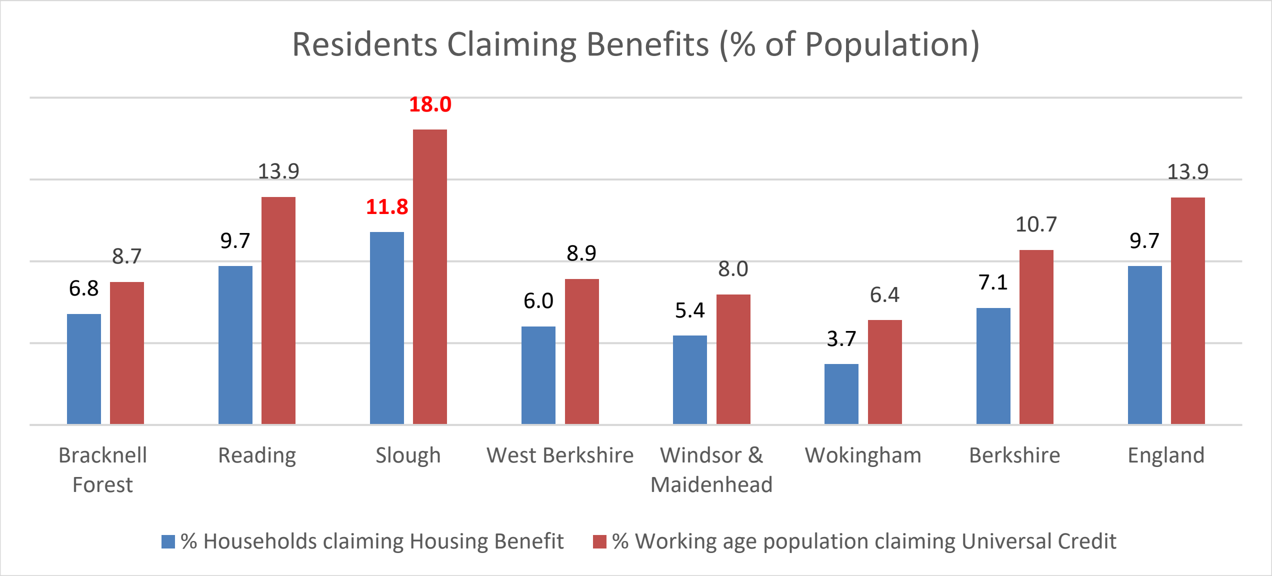
3.2.4 The population structure is younger than the national average and includes many families and a high proportion of children and working age adults. In the 2021 Census, there were 11,774 infants (aged 0 to 4), 35,432 children and young people (aged 5 to 19) and 95,973 adults (aged 20 to 64). While proportionally lower than other areas, the older population is also growing (15,319 adults aged 65+). 51% of Slough's Population is aged 35 and under and 31% is aged 20 and under. Slough has the second highest proportion nationally of under 15s (23.5%) and under 19s (29.8%), second only to Barking and Dagenham.

3.2.5 Within Berkshire, Slough has the third largest number of working age residents (aged 16-64; 65.4% of the population), the highest number of 0-15 year olds (25%), and the lowest number of residents aged 65 or over (9.7%).



Source: Census 2021 Phase 1 Data, November 2022

3.2.6 Compared to local authorities in Berkshire and the average for England, Slough has the highest proportion of residents claiming Universal Credit and Housing Benefits.



Source: Department for Work and Pensions, May 2022 (Housing Benefit) and July 2022 (Universal Credit)

Deprivation

3.2.7 Slough remains the most relatively deprived area within Berkshire, followed by Reading. These two areas also had the highest levels of violent and sexual crimes in 2021/22 with a rate of 49 offences per 1,000 persons. The pandemic affected Slough particularly badly as the average rate of claimants for unemployment-related benefits increased fourfold, with 9% of persons aged 16-64 claiming unemployment support in March 2021. The number of claimants began to decrease from April 2021 to 5.3% in September 2022, but this is still above pre-pandemic levels.

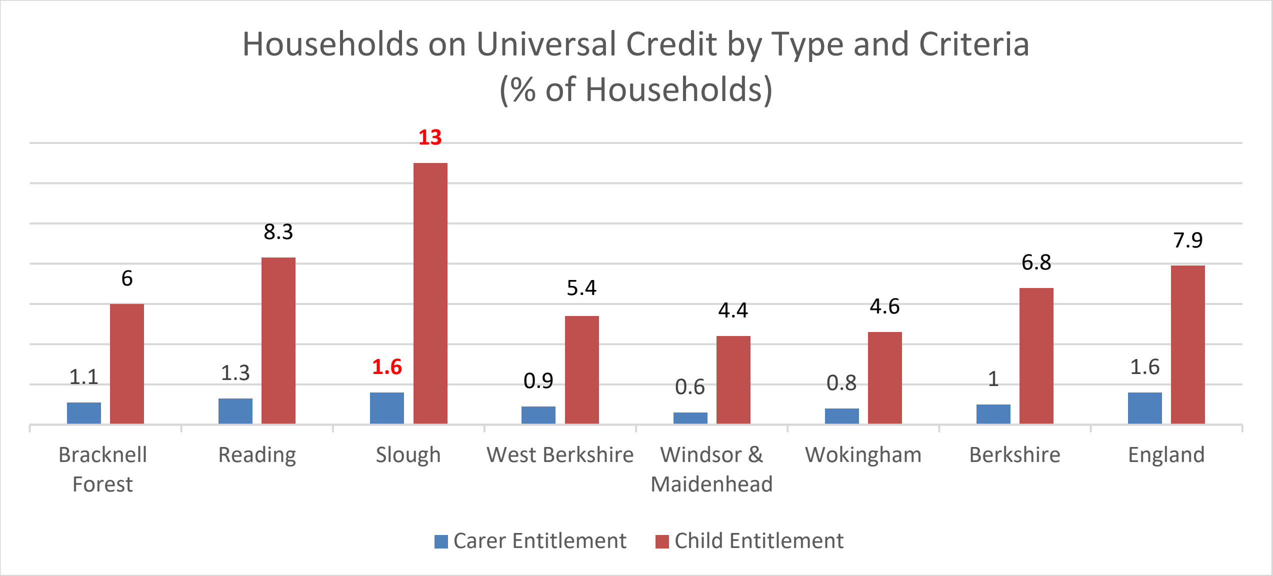
3.2.8 Based on the 2019 Indices of Multiple Deprivation, Slough has above average levels of deprivation in the overall index of multiple deprivation and in the domains of:

- Crime
- Education, skills, and training (especially for adults)
- Health and disability
- Housing affordability
- Income (especially affecting older people)
- Living Environment (e.g., air quality)

3.2.9 In the 2021 Census, 57.7% of households (32,701 of 52,423 households) in Slough were deprived in one or more dimensions. 36.6% (19,176) were deprived in one dimension, 16.4% (8,603) were deprived in two dimensions, and 4.7% (2,461) were deprived in three or four dimensions.

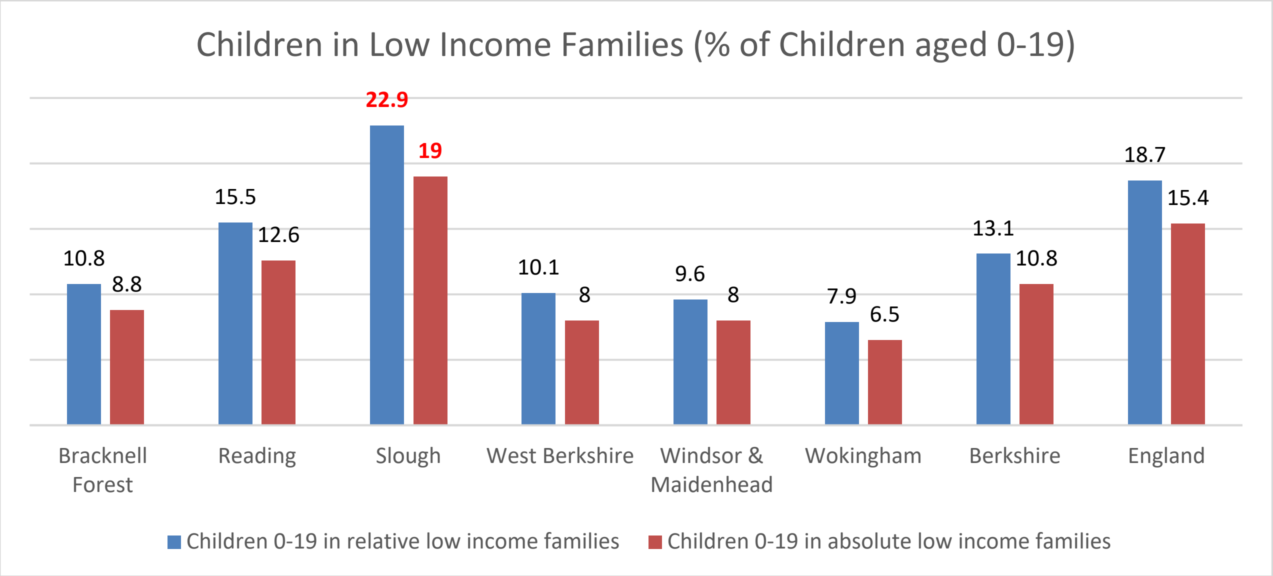
3.2.10 Life expectancy varies between wards with men expected to live, on average, up to 78.7 years of age and women up to 82.9 (both approximately 1 year less than the England average). Healthy life expectancy for both men and women are lower than the England average, with women being expected to live the last 21.6 years of their life in poor health (compared to 18.7 years for England), and men expected to live the last 17.2 years of life in poor health (compared to 16.1 years for England). Key health and wellbeing challenges for the borough include ensuring a healthy start to life, improving childhood obesity, oral health, smoking, physical inactivity, diabetes, TB, alcohol and substance misuse, mental health issues and early deaths from cardiovascular disease.

3.2.11 Compared to the average for Berkshire and England, Slough also has a higher proportion of claims from households for the child and carer's entitlement of Universal Credit.



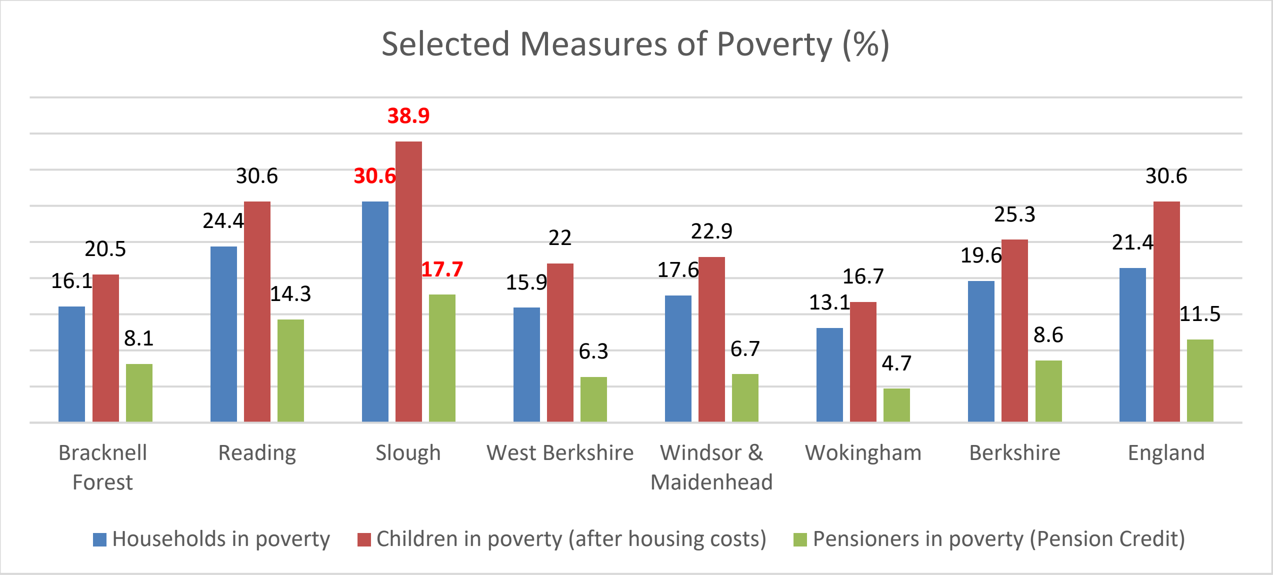
Source: Department for Work and Pensions, August 2022

3.2.12 Along with the higher proportions of households claiming child entitlement for Universal Credit and the higher numbers of lone parent households in Slough, there are higher proportions of children (aged 0-19) in low income households.



Source: Department for Work and Pensions, 2020/21

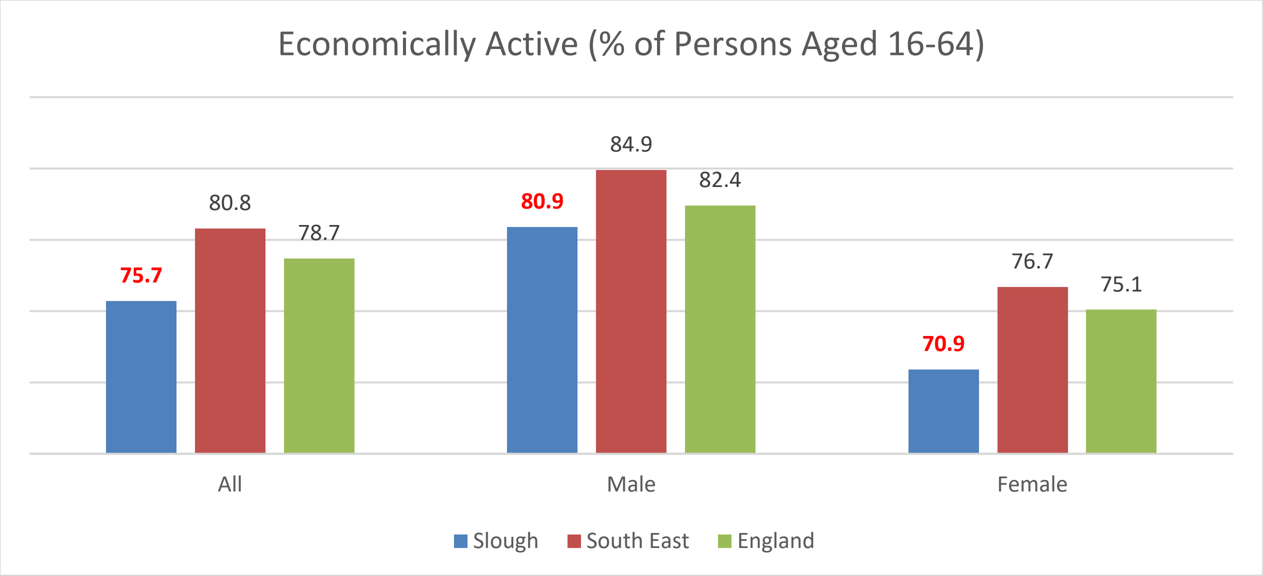
3.2.13 The proportion of other households and residents in Slough classed as being in poverty is also high when compared to neighbouring authorities and the average for England.



Sources: Office for National Statistics, 2013/14 (Households in poverty); End Child Poverty, 2017/18 (Children in poverty after housing costs); Department for Work and Pensions, November 2021 (Pensioners in poverty/Pension Credit).

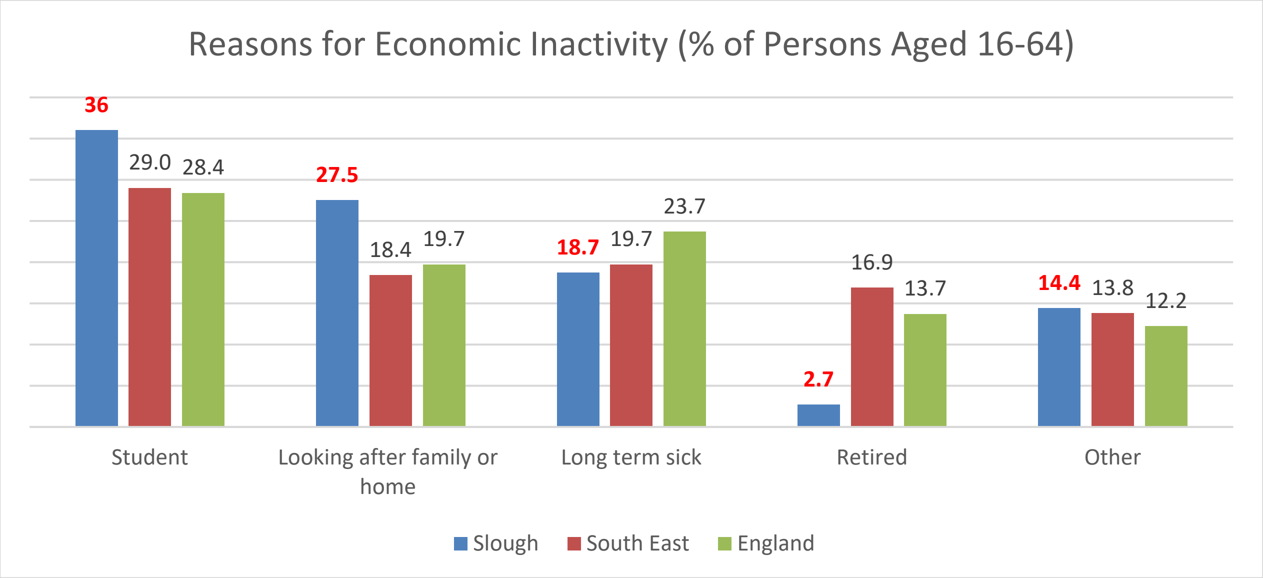
Economic Activity

3.2.14 The number of economically inactive people in Slough increased by 47% from the 2011 to 2021 Census. Slough's economically active population is lower than the averages for the South East and England. This is the case for males and females, with the female economically active rate gap larger than that for males. This economic activity gap will be a driver of low income and poverty in the borough.



Source: Office for National Statistics Annual Population Survey/Berkshire Data Observatory, December 2021

3.2.15 Slough has a relatively high proportion of residents (aged 16-64) who are economically inactive due to caring responsibilities at home and for wider family members.

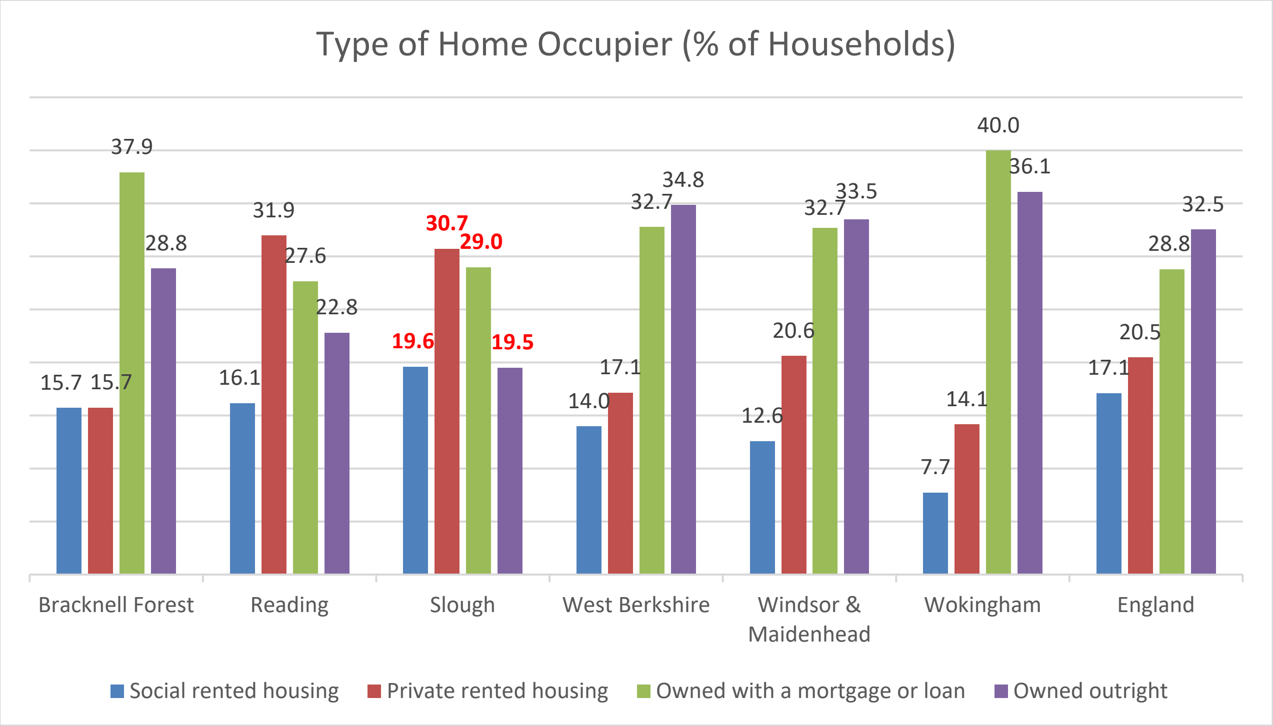


Source: Office for National Statistics Annual Population Survey/Berkshire Data Observatory, December 2021

3.2.16 Slough residents were relatively heavily reliant on government support during the pandemic. For example, In April 2021, 23.0% of the working aged population in Slough were claiming government-based benefits due to the pandemic (a combination of 10.9% on the Job Retention Scheme (JRS), 6.2% on the Self-Employment Income Support Scheme (SEISS) and a 5.9% unemployment claimant count increase since March 2020).

3.2.17 Whilst the average house price in Slough (£355,084) is the lowest in Berkshire, it is higher than the England average (£274,615) and the relatively higher levels of poverty and low income in Slough means that housing affordability is low. The average house price in Slough is 8.99 times the average earnings.

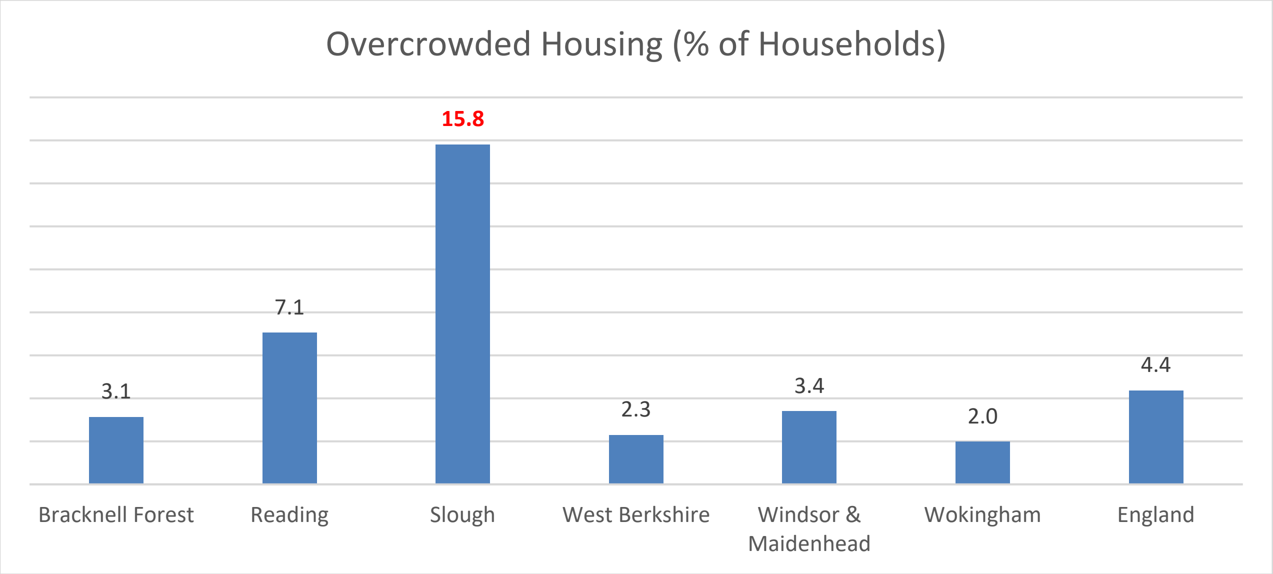
3.2.18 Compared to neighbouring authorities in Berkshire, Slough has a lower proportion of residents who own their own homes and a higher rate of socially or privately rented accommodation (except for Reading). The level of socially rented accommodation (defined as being rented from a Local Authority, Housing Association or Registered Social Landlord) is particularly high when compared to neighbouring authorities and the average across England.



Source: Census 2021 Phase 1 Data, January 2023

3.2.19 Slough has 56,773 dwellings and the highest average household size in the country (2.99 people per household).

3.2.20 Slough has a significantly higher level of overcrowded housing compared to neighbouring authorities and the average for England. A household is defined as overcrowded if there is at least one room fewer than needed for household requirements using standard definitions. The number of households consisting of 7 people increased by 49% from 678 in 2011 to 1,011 in 2021 and the number of households consisting of 8 or more people increased by 92% from 556 in 2011 to 1,067 in 2021.



Source: Census 2021 Phase 1 Data, January 2023

Core Spending Power

3.2.21 The Core Spending Power is a measure used by the Government to assess an authority's ability to spend based on Settlement Funding Assessment, grants and Council Tax assumptions. In comparison to neighbouring authorities in Berkshire, the Council's measure of Core Spending Power (adjusted to remove Council Tax) is the highest in the region.

3.2.22 This will partly be due to the way grants such as the new Services Grant and Social Care and Improved Better Care fund are allocated based on the statistics highlighted above. This results in the Council receiving higher allocations than neighbouring authorities where such pressures are less severe in comparison. These statistics and ongoing pressures in Slough are further evidenced by the lower amount of reward-based funding received by the Council, such as the New Homes Bonus, compared to neighbouring authorities.

SLOUGH BOROUGH COUNCIL
SUMMARY OF 2023/24 BUDGET SCRUTINY

Introduction

The Overview & Scrutiny Committee and three scrutiny panels (Customer & Community and Place held joint meetings) have extensively scrutinised the savings proposals for the 2023/24 budget in six dedicated meetings held between December 2022 to February 2023.

Key budget issues, risks and savings proposals were presented at the meetings of each Panel by Lead Members, Executive Directors and other senior officers. The Overview & Scrutiny Committee had agreed Key Lines of Enquiry for budget scrutiny in July 2022 and councillors on scrutiny received training on local government finance before scrutiny of the savings proposals commenced.

The Overview & Scrutiny Committee and panels reviewed each savings and were tasked with:

- constructively challenging each savings proposal;
- questioning whether the proposed savings were realistic, deliverable and robust;
- Examining the key risks; and
- Considering the implications for Slough's residents and the community.

Summary

Before considering each individual savings proposal the Committee/Panels were presented with an overview of the Council's financial position and Members agreed with the overall savings target in line with the Corporate Plan objective for the Council to 'live within its means'.

Whilst each directorate savings proposal was tested and challenged during the discussions, no amendments or alternative proposals were agreed to be made to Cabinet. The savings proposals were therefore accepted.

The following is a summary of the key issues covered at each Committee/Panel with links to the minutes.

Overview & Scrutiny Committee

The Overview & Scrutiny Committee was responsible for scrutiny of corporate savings proposals covering COO/Strategy & Transformation and Finance & Commercial Directorates.

Meeting: Thursday 1st December 2022:

- The savings reviewed included IT contract savings (£0.505m); business administration reductions including the cessation of some corporate events (£0.150m); and a vacancy factor saving (£0.500m).

- Members commented on the importance of ensuring good quality corporate services to support frontline service delivery. Members queried whether corporate services could be improved at the same time as reducing some staffing budgets but were assured that service redesign, restructures and transformation could deliver ‘more for less’.
- In relation to Finance & Commercial savings, the Committee asked about the targeted collection rate and asked a number of questions about how efficiencies would be achieved in practice.

Meeting: Thursday 2nd February 2023

- The Committee reviewed a second tranche of savings proposals, which included scrutiny of ‘overhead cleanse’ savings. The principle of removing historic budget provision for activity that had ceased e.g. events, was supported on the basis that any future re-introduction of such activity would be subject to business cases.
- Members also reviewed the capital programme. The discussion focused on whether the reduced capital programme could still deliver the required maintenance and investment in property and infrastructure, including Council housing.

No amendments or alternative proposals were made to any of the proposed corporate or Council wide savings by the Overview & Scrutiny Committee.

Customer & Community / Place Scrutiny Panel (Panels met jointly)

Meeting: Wednesday 7th December 2022

- The Panels met jointly to review savings proposals relating to the Place & Community and Housing & Property directorates.
- Discussion focused on issues such as the resources available to deal with the backlog of housing repairs and it was agreed the problems could be managed through improved contract management.
- The introduction of charges at household waste and recycling facilities was reviewed and Members accepted the principle of mirroring charges of neighbouring authorities.
- The reductions in bus service subsidies and parking regulations were also considered.

Meeting: Wednesday 1st February 2023

- The Panels reviewed savings in areas including library services and CCTV. Members emphasised the importance of these services to residents and agreed if the savings were to be made they needed to be properly implemented and well managed, including working with partners.
- The dimming of street lights was discussed at length and Officers explained the rationale for the changes.

No amendments or alternative proposals were made to any of the proposed Place & Community and Housing & Property savings by the Panels.

People Scrutiny Panel

Meeting: Thursday 15th December 2022

- The Panel reviewed savings proposals from the People (Adults) directorate.
- Members welcomed the success of the Adult Social Care Transformation Programme and agreed the savings relating to improved commissioning and contracting arrangements.
- It was recognised that there were significant demand pressures on adult social care services and the Panel sought assurance that the Council would continue to meet its statutory duties whilst delivering the savings.
- The Panel also asked whether best practice and new ideas from other authorities was being explored and it was confirmed that it was.

Meeting: Tuesday 31st January 2023

- A second tranche of People (Adults) savings were scrutinised including Assistive Technology and contractual arrangement for care home placements.
- The People (Children) proposed savings for home to school transport was reviewed and the staffing restructure was supported.
- The Slough Children First savings were considered alongside the overall financial position of the company.

No amendments or alternative proposals were made to any of the proposed People (Adults), People (Children) and Slough Children First savings by the Panel.

Links to agendas and minutes

Overview & Scrutiny Committee

Agenda for Overview & Scrutiny Committee on Thursday, 1st December, 2022, 6.30 pm (slough.gov.uk)

Agenda for Overview & Scrutiny Committee on Thursday, 2nd February, 2023, 6.30 pm (slough.gov.uk)

Customer & Community and Place Scrutiny Panels

Agenda for Customer and Community Scrutiny Panel on Wednesday, 7th December, 2022, 6.30 pm (slough.gov.uk)

Agenda for Customer and Community Scrutiny Panel on Wednesday, 1st February, 2023, 6.30 pm (slough.gov.uk)

People Scrutiny Panel

Agenda for People Scrutiny Panel on Thursday, 15th December, 2022, 6.30 pm (slough.gov.uk)

Agenda for People Scrutiny Panel on Tuesday, 31st January, 2023, 6.30 pm (slough.gov.uk)

SLOUGH BOROUGH COUNCIL

REPORT TO:	Cabinet
DATE:	27 February 2023
SUBJECT:	Financial Update Report – P9 2022/23
CHIEF OFFICER:	Steven Mair, Executive Director Finance and Commercial (Section 151 Officer)
WARD(S):	ALL
PORTFOLIO:	Cllr Anderson. Lead Member for Financial Oversight and Council Assets
KEY DECISION:	No
EXEMPT:	No
DECISION SUBJECT TO CALL	No

APPENDICES:

Ai – General Fund Forecast
Aii – General Fund Year to Date
Bi – Savings Programme by Executive Directorate
Bii – Savings Programme by Cabinet Portfolio
Ci – General Fund Capital Programme Monitor
Cii – HRA Capital Programme Monitor
D – HRA Forecast
E – Virements
F – School Balances

1 Summary and Recommendations

1.1 This report sets out:

- the forecast monitoring position as at month 9 2022/23, covering revenue (including DSG and schools, Treasury Management (including asset sales) and Pensions) and capital for both the General Fund and the HRA (Sections 2 to 13)
- risks, mitigations and caveats/requirements associated with the information

1.2 In respect of the above it should be noted that:

1.2.1 The Council’s forecast revenue and capital outturn positions for 2022/23 as at period 9 (P9, 31 December 2022) are noted along with a number of risks associated with this and how these have been mitigated to deliver a balanced forecast at this stage in the year. This is subject to ongoing and complete delivery of all savings as projected by all Executive Directors, assumed asset sales and closed and audited accounts for all years.

1.2.2 The projected forecast, variances and service level budgets are ongoing work in progress and reflect the work and investigations able to be undertaken up to this point in time. There has been substantial ongoing work and cleansing required to date in order to get the budgets at a service level to approach the standard normally expected, this is necessitated because of the inherited inaccuracies such as under or overstated budgets on grants, rental income and expenditure and recharges to capital or the HRA. Corrections have been factored into the Capitalisation Direction (CD) adjustments in the 2022/23 budgets to support the Council with historical budgeting issues, but further refinement will be needed on an ongoing basis to ensure the budget sits precisely where needed.

Overall Capitalisation Direction

1.2.3 A key element of the Council's financial recovery plan set out in September 2021, the Council's Treasury Management Strategy (TMS) approved in March 2022 and the SUR disposals strategy approved in July 2022 is to reduce the Council's historic over-reliance on temporary borrowing in order to reduce interest rate risk and to reduce the annual level of Minimum Revenue Provision (MRP) charges. The debt reduction strategy is predicated on a programme of generating capital receipts which can then be applied to repay temporary borrowing and reduce the Council's Capital Financing Requirement (CFR), which determines the amount of MRP payable. The disposals profiling is based on a set of assumptions regarding:

- the assets considered to be surplus to requirements,
- the timing and value of these, and
- progress along a pipeline of work required to get them ready for disposal.

1.2.4 The list and profiling is reviewed and updated on a regular basis based on:

- progress,
- potential issues that could delay, and
- governance requirements.

1.2.5 Progress in 2022/23 is principally arising from the work on the accounts identifying accessible receipts, the review of the companies including SUR and the disposal of assets. Currently the benefits of this work combined with the output of elements of the Council's financial recovery strategy which was to:

- address the identified problem, this began in July 2021
- sell assets to reduce borrowings and thus reduce MRP/interest costs and finance the CD – agreed September 2021
- reduce net revenue expenditure – ongoing since July 2021
- produce and have audited high quality accounts – ongoing since July 2021

This means that at the moment the outturn for 2022/23 is forecasting a reduction in the budget and the 2022/23 CD of £24.2m. Clearly as with all estimates this is subject to change and will be kept under review during the year but represents the start of the Council seeing the benefits of the financial recovery strategy it agreed in 2021.

Recommendations:

1.3 That Cabinet approve the following:

- that the fully-funded capital scheme proposed to make efficient use of the DfT grant to a projected value of £1.943m as set out in paragraph 9.5 of this report be added to the capital programme
- the virements as set out in Appendix E.

1.3 That Cabinet note the following:

- that the 2022/23 forecast year-end position for the General Fund, taking account of use of all capitalisation direction amendments, is a fully balanced position. However, within this, there is an overspend of £4.256m across service areas, comprising a further anticipated ask from SCF for contract funding support of £2.760m, shortfalls on savings initiatives within Council directorates of £2.1m and a range of other broadly offsetting under and overspends. This position is then balanced through an improvement in the collection fund position, underspends in Treasury and corporate budgets and the use of capitalisation;
- that the General Fund Capital Programme is forecasting an underspend of £2.633m at a spend of £26.022m;
- that the HRA is forecasting a surplus and contribution towards capital funding and HRA reserves of £2.604m, a £0.073m adverse variance against budget;
- that the HRA Capital Programme is forecasting to underspend against budget by £3.761m;
- that the DSG balance is forecast to be a cumulative deficit of £27.108m by the end of this financial year, reflecting an in-year deficit of £1.638m, with plans to reduce the in-year movement to a balanced position by 2025/26;
- that maintained schools are projecting a reduction in balances by 31 March 2023 from £9.555m to £6.478m, with 4 out of 16 schools expecting to be in deficit with an aggregate deficit of £0.741m.

Reason

1.4 In July 2021, the Council's Section 151 officer highlighted that projected in-year overspending coupled with the correction of various historical issues was expected to significantly exceed levels of available reserves even after allowing for the 'minded to' Capitalisation Direction of £12.2m used in the Council's budget report.

1.5 Since then the Council has had discussions with the Department for Levelling Up, Homes and Communities (DLUHC) about its financial position. To reduce the burden of borrowing costs on revenue budgets, the Council has scaled back its capital investment plans significantly from where they once were.

1.6 When the Council's budget was set in March 2022, the Council's net reserves position at 31 March 2023 was originally estimated to be c£307m in deficit, and DLUHC indicated a 'minded to' approval for this sum to be subject to a capitalisation direction, (£84m of this sum related to 2022/23), to enable the Council to manage its revenue position. However, this was heavily dependent on the Council delivering its annual asset sales and revenue savings target. It is imperative that the Council manages both revenue and capital spending within approved budget limits, and all members, corporate directors and responsible officers are taking responsibility for managing services within these constraints.

1.7 There are significant uncertainties connected with the current geo-political and economic landscape from which pressures which may come to bear on both the council and local residents and business, such as significant rises in inflation, interest rates, risks in supplier resilience and continuity among other issues, and how this impacts demand from individuals and businesses both on council services as well as fees and charges.

1.8 Given the magnitude and complexities of the Council's financial position the position is kept under continuous review across revenue, capital, asset sales, savings, DSG, accounts and all other matters. Inevitably the situation will change and so this will be tracked and managed to ensure the Council remains within the original estimates and the position improves.

Commissioner review

1.9 The Commissioners are content with this report.

2 Forecast outturn – P9 2022/23

2.1 General Fund (GF) Forecast Outturn

2.1.1 In March 2022, the Council approved the GF revenue budget for 2022/23. A balanced budget was approved by members, based on:

- delivery of in-year savings totalling £19.958m
- utilisation for revenue purposes of a Capitalisation Direction of £84.055m in order to deliver a balanced budget
- a number of Capitalisation Direction adjustments within the above £84.055m to address issues that may arise in the course of the year or to address historical issues which are carried into the year from 2021/22 and earlier.

2.1.2 The Council's forecast shows a reduction in the overspend on service area budgets to £4.3m (P6: £7.3m). This reflects a revision in the presentation on the SCF contract following Cabinet approval of £1.515m in additional contract payments relating to 2022/23 and which has accordingly been loaded into the budget for the contract. The latest review of company projections indicates that a further request for retrospective funding relating to 2022/23 of £2.760m will come forward in 2023/24 and this is now forecast as the overspend to the agreed contract budget.

2.1.3 Further changes include the recognition of commercial rent reductions as a consequence of the asset disposal programme of circa £0.8m, a shortfall in the projected income from parking of £0.6m and £0.3m from a reduced level of benefits overpayments being collected. These are offset by reduced expenditure on concessionary bus fares of £0.3m, a reduction in the cost of energy to the general fund of £0.3m, early delivery of the garden waste subscription service and staff underspends across Place and Strategy & Improvement.

2.1.4 The above service variances are offset by an improved collection fund position of £2.5m, underspends in Treasury Management and other corporate budgets of £1.3m, and the utilisation of £0.5m from the CD in order to balance the budget. It should be noted that this still leads to a total dependency on capitalisation of just over £60m, i.e. that Council expenditure is projected to exceed its income and funding sources by this amount, and that the budget is only balanced by means of a capitalisation direction of circa £60m for the year.

2.1.5 Table 1 below sets out a summary of the variances by directorate and key budget lines. Commentary can be found in section 3. In addition to the above service variance of £4.3m, there are risks of £1.6m and opportunities of £0.750m which may arise subject to review, decisions or actions but have not yet been integrated into the core forecast.

2.1.6 The reported variances are subject to change as more information comes to light through the progress on closing the prior year accounts, and the ongoing review, scrutiny and challenge of all budgets and spend.

Table 1 – General Fund Revenue Forecast P9 2022/23 – by Directorate

	Current Budget	Forecast Outturn	Full Year Variance	Risks	Opps
Directorate	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
People (Adults)	28,768	28,768	-	949	(700)
People (Children) excl. SCF	8,046	8,126	80	200	-
Slough Children First (SCF) Contract	32,950	35,710	2,760	-	-
Place & Community	18,924	19,481	557	-	(50)
Housing & Property	(2,642)	(31)	2,611	500	-
Strategy & Improvement (formerly COO)	17,519	15,925	(1,594)	-	-
Finance & Commercial	7,996	7,838	(158)	-	-
Service Total	**111,561**	**115,817**	**4,256**	**1,649**	**(750)**
Corporate Budgets	77,849	51,877	(25,972)	-	-
Expenditure Total	**189,410**	**167,694**	**(21,716)**	**1,649**	**(750)**
Council Tax	(65,103)	(65,102)	-	-	-
Business Rates – Local Share	(37,326)	(37,326)	-	-	-
Collection Fund Deficit	8,151	5,651	(2,500)	-	-
Revenue Support Grant	(6,451)	(6,451)	-	-	-
Other Grants	(4,626)	(4,626)	-	-	-
Funding Total	**(105,355)**	**(107,855)**	**(2,500)**	**-**	**-**
Capitalisation Direction	(84,055)	(59,839)	24,216	(1,649)	750
Total	**(189,410)**	**(167,694)**	**21,716**	**(1,649)**	**750**
Balanced budget position	**-**	**-**	**-**	**-**	**-**

Table 2 - General Fund Revenue – P9 2022/23 year to date position

	Budget Year to Date	Actual Year to Date	Variance
Directorate	**£'000**	**£'000**	**£'000**
People (Adults)	21,577	26,163	4,586
People (Children) excl. SCF	6,036	5,187	(849)
Slough Children First contract	23,576	23,576	-
Place & Community	15,030	11,595	(3,435)
Housing & Property	(2,538)	(20)	2,517
Strategy & Improvement	13,139	10,636	(2,503)
Finance & Commercial	6,821	13,972	6,971
Service Total	**83,641**	**90,929**	**7,287**

2.1.6 The year to date position as set out above shows the actuals recorded in the general ledger against budget for the nine months of the year to date. Commentary on this position is included in section 3 below against each directorate, with further detail at a service level in Appendix Aii.

3 Forecast Outturn 2022/23 – Service commentary

3.1 People (Adults)

3.1.1 The Adults directorate is forecasting a nil variance at P9, against a revised budget of £28.768m at the year end. This is the same as reported in P6. Although the expectation is for all savings to be delivered in the current financial year, there is approximately £0.916m shortfall in financial benefits that is forecast to occur in the current year due to delays in commencing some of the projects. This is offset by other variances noted below and the projects are expected to provide a full year effect in 2023/24.

3.1.2 At service level, there are underspends being reported in Commissioning (£0.838m), Reablement, Rehabilitation and Recovery (RRR) & Long-Term Occupational Therapy (OTs) - (£0.047m), Adults Management (£0.151m) and the Safeguarding Partnership Team (£0.211m). These underspends mitigate the pressures in areas including Localities Social Work - £0.513m, Community Team for People with Learning Disabilities (CTPLD) - £0.396m, and Mental Health - £0.337m.

3.1.3 In Commissioning, the underspend of (£0.838m) is due in the main to staff vacancies of (£0.595m) plus (£0.243m) government grant yet to be allocated, which will be redistributed into the care & support budgets, in line with the grant conditions.

3.1.4 CTPLD is forecasting a £0.396m overspend, due primarily to an underlying net overspend of £0.752m in client related expenditure, offset by underspend of £0.367m in staffing due to vacancies. The ongoing Transformation programme is expected to deliver further efficiencies to help manage expenditure by year end. Approximately £0.380m of the client pressure is due to Transitions clients, where insufficient provision was allocated during the 2022/23 budget setting process.

3.1.5 Although the Reablement, Rehabilitation and Recovery (RRR) & Long-Term Occupational Therapy (OTs) is forecasting £0.047m underspend; it is funded from the Better Care Fund and any underutilisation or additional call on the fund will be managed as part of the wider Adults financial management process. The Safeguarding Partnership Team underspend of £0.211m is projected primarily due to staff vacancies.

3.1.6 The Localities Social Work area is projecting an overspend of £0.513m, of which £0.984m is due to net client expenditure, being mitigated by an underspend of (£0.475m) in staffing. There is a risk, estimated at £0.949m, that some of the savings relating to 2022/23 are not deliverable due to underlying demand pressures from hospital discharges, however these are being managed as part of the budget management discussions with an opportunity for further efficiencies of £0.300m by repurposing grant funding to activity to support hospital discharge.

3.1.7 The Mental Health Service is projecting an overspend of £0.337m of which £0.783m relates to packages of care and £0.055m relates to Direct Payments. Further opportunities for efficiencies through improved demand management activities and care management planning have been identified, this could help mitigate the outturn pressure by approximately £0.400m by year end, which is not yet within the forecast. In addition, underspends in staffing of £0.491m and additional income of £0.021m are contributing towards mitigating the overspend.

3.1.8 The £0.151m underspend within Adults Management is due in large part to external funding to support pressures in other service areas.

3.1.9 Public Health expenditure is from a ringfenced grant and is projecting a balanced budget. An exercise has been undertaken to reconfirm that the share of spend on PH outcomes outside of the immediate PH function is aligned and in accordance with conditions, and a virement has been undertaken to reflect this redistribution of the grant.

3.1.10 Although the year-to-date expenditure compared against budget shows an overspend of £4.586m, there are material accounting adjustments for grant income yet to be received or processed including £1.759m for BCF (Better Care Fund) and £1.799m for PH (Public Health). Additionally, the council's accrual accounting arrangements compensates for usual payment lag on expenditure items, which are also accounted for in the projections.

3.1.11 Overall, the directorate has an in-year savings target of £5.9m already allocated to the budget. The Adult Social Care Transformation programme is to deliver £4.771m of 2022/23 savings target. The remaining £1.129m of the savings is being delivered outside but monitored within the Transformation programme. Adults are currently projecting that their savings initiatives will all be on target to complete and deliver in the year, however there is a shortfall of £0.916m forecast in financial benefits for 2022/23. These projects are projected to deliver the full year equivalent in 2023/24.

3.2 People (Children)

3.2.1 The People (Children) directorate is forecasting an overspend position for 2022/23 of £0.080m, excluding the impact from the contract with Slough Children First which is referenced further below.

3.2.2 Children's Centres and Family Hub overspend of £0.040m and is due to the delay in the project to re-model our 10 children's centres. The project outcomes are to reach a broader client group and to look at opportunities for alternative use of some of the buildings to support early years provision. This has had an impact on the directorates savings plans for 2022/23 and will mean the service will be overspent at the end of the financial year.

3.2.3 The Team responsible for children with Special Educational Needs and Disability (SEND) are forecasting a £0.283m overspend due to recruiting permanent members of staff and having to use more expensive agency staff to fill the gaps and here have been £0.060m of unexpected legal costs relating to 2021-22 charged to this financial year.

3.2.4 The contract with the Regional Adoption Agency is forecasting a £0.071m overspend as there is insufficient budget to meet higher contract costs.

3.2.5 School Services is forecasting a £0.232m underspend which relates to the home to school transport service which is seeing reduced expenditure following policy changes from the start of the 2022/23 academic year and writing back of accruals relating to 2021/22.

3.2.6 There is a potential risk to the forecast outcome in respect of home to school transport and the impact of the higher fuel prices and general inflation. Some of the service is subject to reprocurement or extension of contracts which take effect from the autumn term and hence may be subject to price increases. An estimated £0.200m has been reflected in risks therefore, although this is purely an estimate needing subsequent review and revision and is not based on concrete data or calculations.

3.2.7 The year to date position as set out reflects an underspend of £0.849m which is expected to reverse in due course. For Schools Services, there are payments of some £0.200m due to transport providers which remain uninvoiced and for which the prior year accruals have reversed; grants anticipated to be paid to third parties for Early Help (£0.373m); and outstanding recharges for Education Standards Service will be actioned later in the year (£0.184m).

3.2.8 Commentary on the Dedicated Schools Grant can be found later on in this report in section 11. Section 12 then has an update on maintained schools' balances and schools in deficit.

3.3 Slough Children First Contract

3.3.1 The core contract between the Council and the company was originally budgeted at £31.435m for the year but following decisions to uplift the contract payment in respect of 2022/23, this now stands at £32.950m. This incorporates a virement for uplifts of £0.343m agreed by Cabinet in September, and £1.172m agreed in December 2022. There was also a further payment agreed retrospectively in respect of 2021/22 which will be paid by SBC in order to assist SCF with its cashflow position but will be reflected back into SBC's 2021/22 accounts. The company's December forecast now reflects a deficit, even after the above agreed uplifts, of £4.136m. Of this, it is expected that a further contract variation with the Council is anticipated of £2.760m which is reflected in the forecast outturn of the council in Table 1 above. The balance of the deficit is not reflected as this will remain with the company.

3.3.2 Given the recent change in Chief Executive of the company, the business case of the company will be under review. Looking ahead to 2023/24 therefore, the budget will be set at a level which ensures sufficient cashflow for the company until a revised business plan can be developed. The forecast of the contract payment for 2022/23 will remain at the payment that has been agreed, and a virement put in place to amend the budget accordingly. Subject to further work on the business plan, the £5m loan previously advanced to the company would not be able to be repaid for some time and may be at risk of irrecoverability.

3.3.3 The company's own forecast now reflects a deficit in year of £4.136m, with expenditure of £44.370m compared to total income of £40.234m. Expenditure is £4.818m higher than budget, mitigated by the additional income agreed with the Council (£1.515m) less lost DfE Transformation income of £0.990m. The main drivers of the adverse variance in expenditure are Safeguarding & Family Support (£1.186m), Children Looked After and Support Services (£3.455m), and Heads of Service (£0.759m), mitigated by savings against Transformation of £0.455m.

3.3.4 In the company forecast, the transformation funding anticipated from DfE has been removed, reflecting a £0.990m shortfall. This is offset by assumed increases in income from the core contract, the Home Office for UASCs and other grant income, such that income overall is projected to be £0.683m favourable to budget.

3.3.5 Safeguarding and family support is forecasting an adverse variance of £1.186m, reflecting the continuation of the Innovate teams to manage high caseloads throughout the year, compared to the funding ending in June. Additional family support costs, which include assessment costs as an alternative to residential, interpreting and S17 support have been high to date, with weekly support costs being reviewed.

3.3.6 Children Looked After and Support Services is forecast with a £3.455m adverse position due to increased numbers and higher weekly rates of children in looked after placement settings compared to lower numbers in foster care at rates which are lower. There are high volumes of UASC and the threshold number of 43 has been reached with 46 under 18s in the cohort. No further UASC are being accepted by the company through the national transfer scheme at this stage, and one has been transferred to another authority.

3.3.7 Heads of Service has a forecast £0.759m adverse to budget, predominantly based on the level of activity in Children in Need (CIN), Child Protection Plans (CP) and Children Looked After (CLA) driving the level of legal advice and assuming the high levels of costs for disbursements are included based on past year trends. Legal fees make up £0.585m of the variance.

3.3.9 If the company does continue to overspend in the way currently projected, the increased losses may ultimately fall to the Council, as SCF would be unable to repay the £5.000m loan granted by the Council to cover working capital. The loss is therefore a pressure that needs to be addressed and progress needs to be seen in line with the business plan.

3.3.9 Spend to date is now £4.225m adverse to budget year to date, with an overall deficit of £4.675m but does not reflect any of the additional income agreed with the Council. Income is consequently £1.156m over budget in the year to date. Staff and agency costs combined are over budget by £1.142m, due to the Innovate Teams continuing unfunded past June, offset by vacancies in other teams. Placement costs are £1.066m adverse to budget; average volumes are now over budget by 6 and weekly rates higher than budget by £46. There have been 3 new high-cost residential placements, including one parent and child placement and 8 additional UASCS placed into care in December. Care leavers costs are £0.5m adverse to budget with both volumes and rates higher than budgeted. Volumes are up due to UASC numbers while negotiations continue with a local provider with a view to reducing rates.

3.4 Place and Community

3.4.1 The Place & Community directorate is forecasting an overspend of £0.557m against a budget of £18.925m. The variance spread across the departments consists of overspends of £2.730m with underspends of £2.173m. The main operational variances which are driving this overspend are non-delivery of savings (£0.520m leisure management fee), an overspend in the anticipated cost of energy bills attributable to the General Fund of £0.692m, a shortfall in Parking income of £0.642m, an overspend of £0.214m in Parks & Open Spaces due to an income target from S106 receipts and partner contributions which is no longer deliverable and partner contributions and other pressures amounting to £0.662m. These overspends are offset by underspends of £1.489m on staffing costs due to unfilled vacancies, £0.343m reduction in payments to bus companies for concessionary fares because of reduced services offered by the bus companies on behalf of SBC, additional income of £0.178m from garden waste collection, and other underspends amounting to £0.163m.

3.4.2 It should be noted that the energy price to be paid in 2022/23 has been fixed following approval at Cabinet, so the key variable which will impact on outturn is the volume of energy used by the council. An analysis of the impact of the increased prices on the Council indicates that there will be an increase in cost for the General Fund of £0.692m, which is reflected in Place's forecast alongside an impact on the HRA of an additional £0.536m. The overspend is due to elevated costs of gas and electricity as a result of the war in Ukraine. Subject to future prices, this should reduce in the future as council assets are disposed of and energy consumption reduces.

3.4.3 Asset Management is forecasting an overspend of £0.107m due to unachievable recharge income in the Contracts Management service. The forecast includes use of £1.9m from a DfT capital grant to mitigate the pressure on Highways which was previously reported because of the budgeted cost recovery surplus on the Highways programme. The approach to taking advantage of the grant is an early application of a saving proposal being put forward for the 2023/24 budget. The spend will instead be reported through the capital programme with further commentary in the capital section of this report.

3.4.6 Environmental Services is forecasting an underspend of £0.293m. The main reason for the underspend relates to £0.329m saving on salaries due to vacancies and additional income of £0.178m from the garden waste subscription. This is offset by an overspend of £0.214m in Parks & Open Spaces resulting from an income target from S106 receipts and partner contributions which is no longer deliverable.

3.4.7 Place Management is forecasting an overspend of £0.571m. This is made up of an overspend on Energy costs of £0.692m due to the on-going energy crisis and an unachievable sponsorship income target on Economic Development of £0.173m. This is mitigated by underspends on staffing of £0.219m due to unfilled vacancies and an underspend of £0.076m on transport related expenditure costs.

3.4.8 Localities and Neighbourhoods is projecting an overspend of £0.112m. The main reason for the overspend is a pressure of £0.520m on the leisure management fee which was renegotiated for 2022/23 in light of the pandemic. This is offset by underspends of £0.408m resulting from current vacancies in the service.

3.4.9 Learning Skills & Employment service is forecasting an underspend of £0.533m arising from current vacancies, partially offsetting the above pressures.

3.4.10 Public Protection is projecting an overspend of £0.084m arising on CCTV.

3.4.11 The Infrastructure service is reporting an overspend of £0.509m. The main reasons for this are a shortfall in Parking income of £0.642m due to increased compliance in on-street parking and bus lane enforcement and increased civil enforcement contract costs of £0.299m relating to a significant increase in inflation. This is offset by underspends in the payment to bus companies for concessionary fares of £0.343m and in Highways amounting to £0.089m.

3.4.12 The savings target for Place for 2022/23 amounts to £ 4.551m, against which a shortfall of £0.520m leisure management fee is set out above. All other savings are currently expected to deliver in full.

3.4.13 Opportunities reported of £0.050m relate to additional parking income arising from the Thames Valley University site.

3.4.18 The year-to-date analysis for Place indicates an underspend of £3.435m. However, there are material accounting adjustments which would need to be considered. Firstly, there is income received in advance from grants amounting to £1.194m currently reflected which needs to be deferred to a later period. Other adjustments include depreciation £0.515m and non-achievement of savings £0.285m. Accrual accounting arrangements are in place to consider payment on expenditure items whereby invoices have not all come through yet and this has been reflected in the forecast. At this stage therefore the forecast appears reasonable based on the year to date.

3.5 Housing, Property & Planning

3.5.1 Housing, Property & Planning Directorate has been newly formed and was carved out of the Place directorate. Work is ongoing to get the directorate set-up in Agresso (SBC's financial system) though efforts have been made to manually create the budget position for the new directorate as at period 9.

3.5.2 The Housing, Property & Planning Directorate has been allocated a net credit budget of £2.642m and is forecasting an outturn of £0.031m credit balance. This represents a projected overspend for the full year of £2.611m. The main variances straddle Accommodation (£1.105m), Planning (£0.141m), Place Strategy (2.060m), and Business Services (£0.253m). An underspend of £0.947m is forecast within Place Delivery and this is due mainly to unfilled vacancies.

3.5.3 In Accommodation, the forecast overspend of £1.105m is primarily in the Temporary Accommodation area and reflects national trends. In Slough there are now estimated to be around 610 households in temporary accommodation and this represents an increase of around 155 since the start of the financial year. The increased numbers have added around £0.730m in net costs and existing landlords have increased nightly costs of accommodation by around 10% during the first few months of the year resulting in an increase in forecast net costs of circa. £0.170m. The minor housing benefit adjustment results in a pressure of £0.170m while £0.030m is due to late invoices relating to the last financial year. There is a risk of £0.5m assigned to temporary accommodation above the £1.105m reported overspend while the trend and data on volumes is being understood. This is being monitored on a regular basis to ascertain if it will materialise.

3.5.4 The projected overspend of £0.141m in Planning is due mainly to a reliance on contract staff in Building Control as the service has struggled to attract permanent staff due to market conditions and competition for resource. There has also been an underachievement of land use charge income.

3.5.5 In Place Delivery, a projected underspend of £0.947m is due to unfilled vacancies within the service and some posts that were filled in the last quarter of the year.

3.5.6 Place Strategy is forecasting an overspend of £2.060m. This emanates from an unachievable savings of £1.3m on rent for letting floors within Observatory House. A rental income target was set on the assumption that the Council would rent out floor space in Observatory House pending a decision on sale of the building or further rental of space. £0.760m is the further shortfall in commercial rent expected this year due to commercial properties being sold in line with the Council's asset disposal programme.

3.5.7 Business Services is forecasting an overspend of £0.253m. The pressure arises from an overspend on the Bouygues contract of £0.400m as final invoices and payments are clarified, a decline of £0.030m in venue hire income from Britwell Community Hub and £0.140m increase in maintenance and repairs costs. These pressures are partly offset by a virement of £0.329 budget to cover business rates which were put forward in a prior year as a budget saving. There are also underspends from in-year vacant and unfilled posts and increased income generated in other hubs to have reduced the above pressure to the current level. Close attention to the delivery of the outturn will be required due to the dependency on decisions and action in respect of the asset disposal programme and decisions being taken by Place directorate on longer term plans. Some of the overspend on the Bouygues contract may transfer into other directorate budgets as the cost drivers and recharges are clarified.

3.6 Strategy & Improvement (formerly Chief Operating Officer)

3.6.1 The new Strategy & Improvement directorate (formerly Chief Operating Officer) has been allocated £17.519m (following the transfer of the Business Services to Housing & Property) from the original Resources directorate and is projecting an underspend for the full year of (£1.594m) which is a favourable change of (£0.345m) from last reported figure. The movement is spread across Business Services (£0.106m), Democratic Services (£0.114m), HR (£0.090m), IT (£0.028), Strategy & Innovation (£0.084m) and added pressures of £0.064m in Elections and other net pressures of £0.013m. The main variance is spread across the departments with underspends in IT (£0.866m), HR (£0.391m), Democratic Services (£0.284m), Strategy & Innovation (£0.142m), Business Services (£0.150m) and Communications (£0.035m). Overspends are anticipated across Customer Services £0.181m and Electoral Services £0.093m.

3.6.2 IT is projecting an underspend of £0.866m. The variance is directly attributable to delays in the restructuring of the service coupled with challenges in attracting and recruiting staff of the necessary calibre. The projection assumed that a third of the extra staff approved as part of the restructure will be in post by Jan 2023 however this has not materialised hence the increase of £0.028m in the underspend. The IT contracts and modernisation programme budgets are currently being projected at a nil variance. It is anticipated that any underspend on the modernisation programme will be carried forward in earmarked reserves due to the nature of the projects.

3.6.3 HR is projecting a favourable variance of £0.391m, an increase of £0.090m due to unfilled posts when recruitment of permanent staff yielded no positive results. The principal variance is due to vacancies within the HR service arising from the delay in the restructure with a knock-on effect of a consequent delay in the training programme. There are ongoing plans to progress recruitment to the vacant posts to build resilience to support the wider organisation's undertaking moving forward.

3.6.4 In Democratic Services, the reported underspend of £0.284m (also a favourable movement of £0.114m from last reported figures arising from delays in recruitment) results from challenges in recruiting to the expanded team. Consequently, the service is currently operating with some posts currently unfilled. The underspend in Strategy & Innovation of £0.142m is due to the chief executive position being undertaken by a Commissioner for part of the year.

3.6.5 In Communications, the underspend of £0.035m is due to in-year staff vacancies in addition to cancelled events and citizenship newsletter following management decisions. These underspends offset the current £0.061m pressure on the printing budget. The service has experienced issues regarding the legacy recharge income target of £0.219m based on the click rate of council-wide printing. As the click rate is low due to hybrid working, the internal charge per click to services has been raised to 3p which reduces the potential pressure to £0.061m.

3.6.6 Customer Services are projecting an overspend of £0.181m. The main driver of this pressure is the extra 18 interim staff (£0.400m projected forecast till March 2023 against a budget of £0.030m) brought in to improve response rates. However, mitigating plans in place to offset this pressure are lower spend in the Telephony system (£0.060m), staff vacancy in the wider service(£0.165m), and an increase in recharge to the HRA (£0.010m) and other minor pressures amounting to £0.046m. The part of Business Service remaining with the Strategy & Improvement directorate (following the transfer of the greater part of the Business Service) is reporting an underspend of £0.150m arising from staffing vacancies of (£0.125m) and (£0.025m) increase in HRA recharge.

3.6.7 The Electoral department is presently reporting a budget pressure of £0.093m, mainly due to a new initiative to send out household notification letters (HNL) £50k for the forthcoming elections, printing and postage in Elections £0.018m, and computing licences in Electoral Registration of £0.021m and other minor pressures of £0.004m.

3.6.8 In respect of the year-to-date position, Strategy & Improvement is showing a net underspend of £2.503m. This aligns with reported underspends in the forecast position across the directorate as well as delays in the current IT modernisation programmes spend which will be carried forward into next financial year.

3.6.9 The Strategy & Improvement directorate is currently forecasting to deliver against all its 2022/23 savings targets amounting to £1.421m. The residual £0.351m of savings sits within the part of Business Services that has transferred across to Housing & Property.

3.7 Finance & Commercial

3.7.1 The Finance & Commercial directorate has a budget of £7.996m (including 2022/23 salary uplift and after viring £1.1m insurance contingency back to Corporate Budgets due to a CD revision) after separation out from the Resources directorate and is projecting an underspend for the full year of £0.158m, an unfavourable swing of £0.012m from figures last reported. The shift from last month is split into an adverse movement in Commercial of £0.049m, with a slight improvement in Revenue & Benefits of (£0.015m) and Financial Governance of (£0.022m). The core variance is spread across the departments with variances in Revenue & Benefits of (£0.166m), Commercial of (£0.009m) and £0.016m in Financial Governance - Investigations.

3.7.2 Revenue & Benefits are currently projected to underspend by £0.166m arising primarily from a shortfall in the collection of benefits overpayments of up to £0.300m and the increased use of overtime £0.134m, offset by the release of grant funding of £0.600m. Although the service is operating at full staff capacity with the use of interims to fill vacant posts, there is a need for overtime to clear the backlog. The service has experienced challenges in recruiting staff due to neighbouring boroughs offering higher remuneration for similar posts. The service manager is working on a restructure to address the issues within the service. The service has applied an unused one-off unringfenced grant of £0.600m to offset these pressures.

3.7.3 In the Commercial Service, the forecast underspend of £0.008m with an adverse shift of £0.049m arises from the delay in the restructure and the transfer of RSM procurement staff now transferred in-house.

3.7.4 The overspend in Financial Governance - Investigations (£0.016m) is down to legacy income from court proceeds which is not expected to be delivered (£0.034m) however a reduction in staffing costs of (£0.022m) has reduced the pressure. As referenced above, £1.1m is being vired back to Corporate Budgets as it has been established that an adjustment will be made to insurance balances in a prior year and hence this budget is no longer required in the Insurance department.

3.7.5 In the year to date, Finance & Commercial is showing an overspend against budget of £6.971m. There is a variance of £6.631m in Revenues & Benefits. This arises from the quarterly returns done by the service following which grants can be drawn down from the balance sheet to offset spends in the revenue account. There is also an underspend variance of (£1.845m) in Operational Finance due to grant from the Contain Outbreak Management Fund which will be transferred back to the balance sheet. Strategic Finance also holds a £1.748m spend balance which relates to agency spend yet to be recharged to the relevant services across the Council. The variance in the directorate is therefore mainly due to adjustments often undertaken at year end as well as internal recharges which have yet to be undertaken and is not indicative of any underlying issues or overspends which need to be forecast.

3.7.6 The Finance & Commercial (FC) directorate is currently forecasting to deliver against all its 2022/23 savings targets amounting to £1.051m.

3.8 Corporate Budgets

3.8.1 A forecast underspend of £25.972m has been projected as at P9. The majority of this underspend is due to the release of costs budgeted to account for the Capitalisation Direction as the pressures and impacts anticipated are manifesting through service area forecasts, or as it is identified that capitalisation adjustments are no longer deemed necessary, amounting to £24.663m. Further to this, there is an underspend of £1.309m comprising of an expected over-delivery on treasury management of £0.520m and £0.789m of underspends on other corporate budget lines. This variance is therefore comprised of a number of factors as set out below.

3.8.2 Due to ongoing work relating to the prior years, projections of the asset sales, and improved cash flow monitoring, the minimum revenue provision (MRP) requirement for 2022/23 has been revised downwards creating an underspend of £11.312m. The impairment of the SUR loan assumed an impact of £1.800m in 2022/23 but which will correctly be adjusted for in full in a prior year, meaning this adjustment is no longer needed in 2022/23, other than to cover costs of around £0.195m, creating an underspend.

3.8.3 The budget recognised that £5.6m of additional funding was announced in the final settlement agreement, with a placeholder for the spend that this would be attributed to. Of this, £2.242m was in respect of adult social care grant which is being vired across to Adults. The residual balance of c£3.4m has therefore been released as an underspend which thus contributes corporately to offset the overspends being reported in other service areas.

3.8.4 As planned and allowed for in the capitalisation direction, £5m accounted for as a contingency within the £84m anticipated capitalisation has been released as it is not expected to be needed. A further £1.1m in the original CD was expected in order to recreate the necessary insurance provision appropriate for the Council. An adjustment has since been applied to a prior year in the model and hence this provision is no longer required and has been released as unspent. The savings contingency of £2.3m has also been released in order to offset the known savings shortfalls which have materialised in the service areas and which are reported on elsewhere in this report.

3.8.5 Further allowances for costs envisaged in the Capitalisation Direction and which were anticipated would manifest through service budgets have been aligned with need, such as the negotiated staff settlement and contract inflation arising through the cost of living crisis and supplier pressures, and where appropriate they have been allocated to service areas as set out in Appendix E. The increases agreed by Cabinet in respect of the SCF contract in recent months (£1.515m in aggregate) have also been addressed through this mechanism. An amount still remains provided for in respect of inflation which will be carried forward into 23/24 if not fully utilised, along with the agreed £1m to be added into the general fund to build it further for the future resilience of the Council. The overall position on the capitalisation requirement continues to be kept under review as there may be further matters arising for which capitalisation may be required and so the amount released or utilised may need to be further flexed. By reducing the amount expected to be required, the draw on capitalisation will be reduced.

3.9 Funding

3.9.1 A review of the collection fund indicates that it has the capacity to release £2.500m more than was originally budgeted. Whilst this is subject to audit review as outstanding accounts are completed, it is anticipated that as historic underfunding of the bad debt and appeals provision in prior years is resolved through the Capitalisation Direction, the Council will see an improvement in the Collection Fund position from 2022/23 onwards. This additional funding is therefore available to the Council in 2022/23. Through the application of a smoothing reserve, this benefit will be carried forward for a number of years.

Table 3 – Collection Fund estimate 2022/23

Collection Fund	Budget £'000	Actuals £'000	Forecast £'000	Variance £'000
Council Tax	(65,402)	(36,377)	(65,402)	0
Business Rates	(28,875)	(16,150)	(31,375)	(2,500)
Total	**(94,277)**	**(52,526)**	**(96,777)**	**(2,500)**

4 Forecast Outturn commentary – by Cabinet Portfolio

4.1 This is underway and will be released separately in due course.

5 Treasury Management

5.1 A key element of the Council's financial recovery plan and the Council's Treasury Management Strategy (TMS) approved in March 2022 is to reduce the Council's historic over-reliance on temporary borrowing in order to reduce interest rate risk and to reduce the annual level of Minimum Revenue Provision (MRP) charges.

5.2 The debt reduction strategy is predicated on a programme of asset sales to generate capital receipts which can then be applied to repay temporary borrowing and reduce the Council's Capital Financing Requirement (CFR), which determines the amount of MRP payable.

5.3 The Asset Disposal programme has yielded capital receipts of £173m to date and is forecast to yield £200m by the end of March 2023. Consequently, the Council is on track to reduce its exposure to temporary borrowing to £133.5m by the end of March and fully repay temporary borrowing by September 2023. This is two years ahead of forecasts made at the beginning of 2022.

5.4 Consequently the Council's borrowing outstanding at 31 March 2023 is forecast to be:

Table 4 – Council borrowing outstanding

Type	31 March 2022		31 March 2023	
	£000	£000	£000	£000
Temporary Borrowing		336,500		133,500
Long Term Debt				
Market Loans	8,000		8,000	
Other	5,000		5,000	
PWLB HRA	115,841		115,841	
PWLB non HRA	249,569		307,499	
Total Long-Term Borrowing		378,410		436,340
Total Borrowing		**714,910**		**569,840**

5.5 The forecast borrowing of £570m at 31 March 2023 remains well within the Council's operational boundary of borrowing of £757m.

5.6 Because repayment of temporary borrowing has been accelerated, whilst temporary borrowing rates have increased significantly overall to around 3.8%-4.2%, the reduction in borrowing means that the average interest rate payable by the Council is remaining around 1.51% from around 1.1% at the start of 2022/23. Interest on temporary borrowing has increased for the year by £1.3m but has been offset by an increase in investment income of £1m and the net position remains within £2m included in the Capitalisation Direction for interest rate rises.

5.7 The Council's investments and cash balances outstanding at 31 January 2023 were as follows:

Table 5 – Investments and Cash balances

Type	£000	£000
UK Debt Management Office		85,500
Aberdeen Liquidity Fund	10,000	
Insight Liquidity Fund	9,982	
Legal & General Fund	10,000	
Federated Prime Rate Cash Fund	10,000	
Morgan Stanley Fund	2,050	
Total Money Market Funds		**42,031**
Loans to other local authorities		5,000
Lloyds Bank Group Account Balances		306
Total Investments and Cash at 31 January 2023		**132,837**

5.8 The Council has authorised lending to third parties up to a cap of £90m. Currently the loans outstanding total £69m comprising:

Table 6 – Loans to other entities

Borrower	Balance outstanding at 31 January 2023
	£000
GRE5 Ltd	9,613
James Elliman Homes Ltd	51,700
Slough Children First Ltd	5,000
SUR – loan notes re Old Library Site	2,885
TOTAL	**69,198**

5.9 The continued poor financial performance of Slough Children First raises concerns about whether the company will be able to repay the loan within the original expected timeframe. Allowance had been included in the Capitalisation Direction for possible impairment of the loan in line with proper accounting practice. As their draft business plan shows a return to a surplus position by 2028/29 there is potentially no need to impair the loan. However, an allowance has been made in the revised CD against annual losses through to 2027/28 with the loan impairment slipped to the end of the profiled period as a contingency against the turnaround succeeding.

5.10 The £10m loan to GRE 5 Ltd was executed in June 2022. Repayment is secured against funding from Homes England. However it remains uncertain whether the funding will be sufficient to meet the loan liability. Therefore an impairment allowance of £5m has been retained within the Capitalisation Direction.

6 Savings Programme

6.1 The Council's original 2022/23 budget was based on the delivery of £19.958m in savings. The projected savings to be delivered in the year of £13.891m, together with £1.203m of mitigations within Adults and SCF amount to a total delivery of £15.094m (or 76%) and a shortfall of £4.864m.

6.2 The delivery of the savings programme and emerging in-year pressures on delivery are summarised in the table below, with detail from the directorate commentaries in Section 3 repeated beneath for convenience:

Table 7 – Savings Programme Summary 2022/23

Directorate	Savings Target £'000	Forecast Delivery £'000	Savings at Risk £'000	Savings Mitigation £'000	Residual Gap £'000
People (Adults)	5,900	4,984	916	916	**-**
People (Children)	1,109	832	277	-	**277**
Slough Children First Contract	2,673	(351)	3,024	287	**2,737**
Place & Community	4,551	4,031	520	-	**520**
Housing & Property	2,253	1,953	1,300		**1,300**
Strategy & Improvement (formerly COO)	1,772	1,772	-	-	**-**
Finance & Commercial	1,051	1,051	-	-	**-**
Total Savings/ Budget Programme	**19,958**	**13,921**	**6,037**	**1,203**	**4,834**

6.3 People (Adults) are currently projecting that their savings actions will all be complete and delivered by the end of the year, both for the suite of savings relating to the transformation programme (£4.771m), comprised of a number of proposals, and the other additional savings put forward (£1.129m). However, there is a shortfall of **£0.916m** forecast in financial benefits for 2022/23. These will be mitigated as noted above in section 3. These projects are projected to deliver the full year equivalent in 2023/24.

6.4 The target set for People (Children) of £1.109m is expected to fall short by £0.277m. This is caused by a delay on the project to reshape the Council's children's centres provision which is yet to be presented to Cabinet and will need to undergo a statutory consultation process. The project outcomes are to reach a broader client group and to look at opportunities for alternative use of some of the buildings to support early years provision. Out of the saving of £0.456m set out in Appendix B, the remaining £0.179m has already been delivered through actions in the prior year. All other savings are currently expected to deliver to budget.

6.5 SCF is projecting a significant shortfall against its savings proposals, with a £3.024m adverse variance to the target before mitigations. The full details of the savings proposals and shortfalls are set out in Appendix Bi. The net saving target of £2.673m included some pressures, hence the savings at risk being in excess of this. Mitigations of £0.287m have been identified in order to reduce the impact, comprising reductions in S17 expenditure on statutory services following investment in Early Help (£0.070m), and additional Strengthening Families and COMF funding (£0.217m).

6.6 Place is projecting a shortfall of £0.520m against the target of £4.551m. This is on the management fee contract with the Council's leisure provider. This shortfall on the leisure management fee is crystallised as the management contract value for 2022/23 has been negotiated and confirmed.

6.7 Housing & Property is projecting a shortfall of £1.300m against the target of £2.253m. This is against rental income from Observatory House.

6.8 Strategy & Improvement (formerly COO) directorate are projected to be on target with their £1.421m savings.

6.9 The Finance & Commercial (FC) Directorate is currently forecasting to deliver against all its 2022/23 savings targets amounting to £1.051m.

7 Capitalisation Direction 2022/23

7.1 Significant work has been ongoing through the recent MTFP and budget setting process to refine the CD workings both for the past, current and future years. The latest projection shows a significant reduction in the size of capitalisation anticipated to be required in respect of the 2022/23 financial year.

7.7 A summary of the change in use of capitalisation in respect of 2022/23 is as set out in the table below. This remains subject to change in light of the outstanding audits for prior years, final outturn for the year by Council services including savings delivery, and any significant emerging pressures:

Table 8 – Projected Capitalisation Direction for 2022/23

	Budget £'000	Revised Estimate £'000	Movement £'000
Roll forward of budget pressures	1,000		(1,000)
Original Capitalisation Direction	3,000		(3,000)
Additional Growth for new years of MTFS	1,065	4,773	3,708
Increase Reserve Levels	1,000	1,000	-
Companies	2,300	7,010	4,710
Incorrect capitalisation of staff costs	2,450	2,450	-
Minimum Revenue Provision (MRP)	28,985	17,673	(11,312)
Fund Redundancy Costs for 2 years	7,500	7,500	-
Emerging Pressures, Contingencies, and Provisions	31,755	19,602	(12,153)
Additional Capitalisation	5,000	-	(5,000)
Other forecast outturn variances	-	(169)	(169)
Total	**84,055**	**59,839**	**(24,216)**

8 HRA

8.1 The HRA net budget for 2022/23 is a credit of £2.677m (net contribution to HRA Reserves).

8.2 The HRA is currently forecasting a net contribution to reserves of £2.604m as at P9. This represents an increase of £0.777m when compared to the £1.827m reported in P6.

8.3 An underspend of £1.167m is projected on the Repairs and Maintenance budget. The underspend is mainly due to reduced expenditure on voids, electrical works, and lift maintenance work.

8.4 An overspend of £0.428m is projected on the Supervision and Management budget. Pressures include the costs of agency staff and temporary staff supporting the implementation of the new Housing Management System. The cost is unbudgeted as the assumption was for it to be charged under capital. The increased use of agency staff is due to the current state of flux between Our Futures transformation and the 'to be' structure which would be implemented. The pressures will be partly mitigated by the vacancies within the service and contributions from HRA Reserves if required.

8.5 A pressure of £0.443m is reported against the Rent, Rates and Taxes budget. This emanates mainly from the nationwide increase in energy cost though this will be partly mitigated by some of the underspends mentioned above.

8.6 An overspend of £0.027m in interest payable cost is projected based on the estimated interest payable on all HRA loans.

8.7 Dwelling rent is forecast to exceed the budget by £0.028m at year-end.

8.8 Non-dwelling rent and service charge income are forecast to fall below the budget at year-end by £0.306m and £0.117m respectively. This is due to garage and shop rent being below the projected level and outstanding service charge income. There is an ongoing review aimed at ensuring debt recovery.

8.9 A detailed table on the HRA revenue forecast position is set out in Appendix D.

9 Capital Programme

9.1 The General Fund revised capital budget in 2022/23 is £28.655m.

9.2 The breakdown of this budget by project is provided in Appendix Ci. The forecast is reviewed regularly with project managers as part of the monthly budget monitoring process. A summary of the budget and forecast position is set out below:

Table 9 – General Fund Capital Programme 2022/23

Directorate Name	Revised Budget 2022/23	Full Year Projection	2022/23 Full Year Variance
	£000	£000	£000
People (Adults)	1,825	1,818	(7)
People (Children)	1,731	756	(975)
Housing, Property & Planning	11,084	9,682	(1,402)
Place	14,015	13,766	(249)
General Fund Total	**28,655**	**26,022**	**(2,633)**

9.3 The council is currently forecasting a gross expenditure of £26.022m, creating a variance of £2.633m against the revised gross budget, as set out in Appendix Ci.

9.4 The previous budget and forecast for Place Directorate has been split to reflect the Housing, Property & Planning Directorate that has been carved out of it. A forecast underspend of £0.249m is projected for the current Place Directorate. This is due to some projects being on hold or for which the timetable of works have been updated which may result in some of the works being staggered into 2023/24. For instance, some of the works relating to Sutton Lane Gyratory will slip to 2023/24 hence £1.822m underspend. Other projects with variances are: a £0.304m underspend on Flood Defence, a £0.320m overspend on Stoke Road TVU Junction, a £0.050m underspend on Burnham Station LEP which is not required, a £0.627m underspend on Langley High Street Improvements; £0.140m underspend on the decarbonisation scheme grant funded by Salix and for which the balance will be returned to Salix. The Old Library Site development has £0.185m slippage from the prior year but will cost £0.862m to conclude and so will overspend by £0.677m. This overspend will be offset from the sales proceed of some of the apartments when completed. There is a further £0.025m spend on the Community Investment Fund which was unbudgeted but committed. £0.103m earmarked as retention payment for LED Upgrade project is no longer required as fund exist for this within the retention payments account in the balance sheet.

9.5 An opportunity has been identified to mitigate some of the financial pressures faced by SBC by rebadging some qualifying revenue expenditure (£1.943m) against the Transport and Highways capital grant underspend from previous years which sits within the SBC balance sheet. This project has therefore been shown as added to the capital programme forecast but leaving the budget unchanged. This scheme is fully funded by the DfT grant and so places no financial pressure on the programme and creates no borrowing requirement to support it. The scheme was not set out in the original budget and so a recommendation has been included in this report to approve the addition of this initiative to the programme.

9.6 In Children's, a forecast underspend of £0.975m is projected. The projects with variances are: a £0.172m underspend on Primary Expansions due to delays in ongoing discussion with SUR; a £0.300m underspend on Schools Modernisation Programme due to delays in agreeing SBC energy projects with schools; a £0.340m underspend on 'Special School Expansion – Primary, Secondary & Post 16' due to revised timetabling of works, £0.145m underspend on the Secondary Expansion Programme due to delays in resourcing the project, and a £0.029m underspend on Haybrook College. A £0.011m overspend on SEN Resource Expansion will arise as there is no budget for the project in 2022/23.

9.7 In Adults, a forecast underspend of £0.007m is projected. This represents the residual amount from the Learning Disability Programme budget. No further expenditure is envisaged on this project. The Suitable Home Ownership for people with Learning Disability project is being forecast to budget. The Disabled Facilities Grant project is being forecast to budget. This project has been moved from Place Directorate to Adults where it is better aligned with service activity.

9.8 In Housing, Property & Planning, a forecast underspend of £1.402m is projected. £1.1m of the underspend is due to rephasing of the cladding work at Nova House that will continue into 2023/24. Other projects with variances are: a £0.200m underspend on capital works based on stock condition surveys, a £0.068m underspend on Thames Valley University Site, a £0.1m underspend on Farnham Road Leisure Centre, and a £0.067m overspend on Britwell Hub Development.

Table 10 – HRA Capital Programme 2022/23

Programme Name	Revised Budget 2022/23	Full Year Projection	Full Year Variance
	£000	£000	£000
RMI Capital Programme	5,302	4,406	(896)
Planned Maintenance Capital	1,918	1,853	(65)
Affordable Homes	3,500	700	(2,800)
General Fund Total	**10,720**	**6,959**	**(3,761)**

9.8 The HRA capital budget is £10.720m. The breakdown of this budget by project is provided in Appendix Cii. A summary of the budget and forecast position is set out in Table 12 above and shows an underspend of £3.761m. It is expected that the underspend will be requested to be rolled forward into 2023/24, at which point a review of plans in light of the 23/24 capital programme will be undertaken.

9.9 The Repairs, Maintenance and Improvement (RMI) Capital Programme is the largest proportion of the overall budget and includes boiler replacements, kitchen and bathroom replacements, communal wiring upgrades, fire risk assessments etc. Works orders have been issued to contractors for the full value of works as budgeted above. However, there have been delays in issuing the s20 notices to leaseholders to inform them of the expected contribution they are to make on the works to their premises and so the delays will lead to underspends. This is mostly reflected within garage and environmental improvements (£0.5m underspend), which also includes redecorations. Major aids and adaptations is the other main area of underspend at £0.211m below budget.

9.10 The Planned Maintenance Capital programme is being forecast slightly under budget by £0.050m. This covers works such as roof replacements, door entry replacements and structural works which have already been committed and it is expected they will mostly be fully delivered in this financial year with a small underspend expected on structural works.

9.11 The Affordable Homes Programme is made up of Tower and Ashbourne and other Affordable Homes projects. Both projects are forecast to underspend as the Council development programme will no longer be going ahead. The forecast of £0.700m covers the security costs for the Tower and Ashbourne sites, settlement cost of the compulsory purchase order (CPO) and cost of utilities work carried out at the Quantock Close site.

10 Flexible Capital Receipts Strategy

10.1 There is no Transformation Fund available in 2022/23 as all capital receipts from the disposal of assets will be applied towards the reduction of Council borrowing.

11 Dedicated Schools Grant

11.1 All local authorities with DSG deficits are required to prepare and implement a deficit management plan, although the Department for Education (DfE) recognises that in some cases it may take several years for the situation to improve.

11.2 Slough's original deficit management plan was shared with the DfE in July 2021. The management plan indicated that the deficit could potentially grow to £43m by 2024/25 if no mitigating actions were taken. Action is now being taken to reduce this significantly and it is anticipated that the annual in year deficit will be eliminated by 2025/26.

11.3 The recent history of the DSG deficit has been an outturn position in 2020/21 that anticipated an overspend of £7.2m would occur in 2021/22. However, as a direct result of the proactive actions taken since May 2021 an overspend of £4.7m was achieved, a reduction of £2.5m when compared to last year's position. This and the forecast position in 2022/23 of a £1.638m overspend has taken place due to increased leadership and focus on this area, additional scrutiny and improved panel processes. The majority of the deficit in 2021/22 is as a result of pressures on the High Needs Block and can be summarised as follows:

Table 11: DSG Outturn 2021/22

Area of spend	Amount (£m)
Planned place funding	0.3
Top-up funding within in-borough settings	1.6
Special school top ups	2.4
Out of borough	0.2
Early Years	0.2
Total overspend	**4.7**

11.4 The DSG forecast for 2022/23 is a deficit of £1.638m, against grant funds of £77.064m, after taking account of mitigations identified as part of the Council's DSG Management Plan. The overspend can be attributed to the pressures from the High Needs (HN) Block, which mainly relates to increased demand for in borough SEN placements and places at Special schools and a failure to address the issues in previous years.

Table 12 – DSG Forecast 2022/23

Block	Revised Budget 2022/23	Forecast Position 2022/23	Variance	Cumulative (Surplus)/ Deficit
	£'000	£'000	£'000	£'000
Schools Block	37,960	37,524	(436)	(317)
High Needs Block	23,619	25,706	2,087	27,550
Early Years Block	14,461	14,461	0	(110)
CSS Block	1,024	1,024	(13)	(15)
Total	**77,064**	**78,702**	**1,638**	**27,108**

11.5 The projected in-year deficit for 2022/23 is much reduced from the deficit of £4.732m in 2021/22, reflecting the ongoing work by officers to turn the deficit situation around.

11.6 The cumulative DSG deficit is forecast to rise from £25.5m to £27.1m by 31 March 2023, which is mainly due to the overspend on the High Needs Block.

11.7 In 2020, the Government introduced a statutory override for a period of three years (up to end of March 2023) that meant that local authorities' DSG deficits could be separated from their wider accounts. The Government has agreed to extend the DSG statutory override by a further three years. In the case of Slough, the DSG is forecast to reach a cumulative deficit of over £27.1m by March 2023 and so having a separation of this from the Council's own reserves is critical.

11.8 In order to address the pressures being faced, the following governance structure was implemented to ensure there is oversight of the delivery of the DSG Action Plan:

- DSG Finance Group: meets weekly and is chaired by the Section 151 Finance Officer and provides assurance that actions to deliver the DSG plan is on track and provides financial reports to track impact. These actions are set out below in 11.11

- SEND Transformation Board; meets monthly and is jointly chaired by Section 151 Officer and the Executive Director People Children. Membership also includes chair of school forum, Frimley Clinical Commissioning Group, Slough Children Trust Ltd, parent voice and Adult Social Care. This Board provides challenge and oversight of the DSG Management Plan and links to improving SEND outcomes and reports up to the SEND Strategic Board.

11.9 Options reviewed and implemented by the DSG Finance Group set up by the Director of Finance (S151) to reduce the in-year deficit include:

- ➢ Collaborative work is being undertaken with the local Clinical Commissioning Group (CCG) and care partners, to establish stronger working relationships. There is a local tripartite panel in place to make decisions around joint funding – SBC are requesting review of the ToR and decision-making processes, resolution of funding disputes, and future developments.

- ➢ The authority is currently reviewing the local offer for Alternative Provision (AP), to ensure that we secure sufficient places to meet our statutory 6-day provision for P-Ex pupils, and to work with providers to develop a traded model over time to support schools in identifying how best to purchase any additional AP interventions.

- ➢ Review of bandings to encompass a blended approach of top-ups and fixed costs will support with cost-effective commissioning, as LA can plan around mostly static costs in our IB maintained special schools.

- ➢ Our commissioning approach will be to develop cost-effective commissioning of places from OOB maintained special and independent non-maintained special schools to ensure we have sufficient, good quality, affordable places to meet the needs of all children and young people with SEND in SBC, throughout all phases.

- Capital investment initiatives have been used to support the expansion of two resource bases in primary sector, and development of one new resource base in secondary sector, to meet growing demand for specialist provision supporting ASD and complex needs

11.10 Furthermore, The Council has been participating in the DfE's Safety Valve programme and has been engaging with the DfE on a bi-monthly basis and in doing so the DfE has been offering challenge and support to the process of recovery. The meetings have been focused on providing an effective service and achieving financial sustainability rather than simply reducing expenditure. Feedback from the meetings have been positive, the DfE have been very complimentary and pleased with the progress made by the Council. In particular, the commissioning work and the financial modelling. They have commented positively on the pro-active and comprehensive nature of the Council's responses to queries all of which is taking the DSG issue forward.

11.11 The Council submitted its initial proposal to the DfE on 13th January 2023 with a feedback session held on 23rd January 2023. The feedback session was very positive, and the Council submitted a final proposal on the 3rd February 2023.

11.12 If the proposals are agreed to by the Secretary of State, they will form the basis of a published agreement in early 2023. The agreement will require the Council to implement reforms to the agreed timetable, alongside maintaining an agreed savings profile. It will also set out additional funding which the department will release to support the reduction of the cumulative deficit.

11.13 A separate report is to be presented to Cabinet with a more detailed update on the DSG's deficit and management plan.

12 Maintained Schools

12.1 There are 2 main pressures on school budgets in 2022/23: the National Insurance Health and Social Care levy and increases in energy costs. The DfE allocated schools a supplementary grant to cover these additional costs and since then it has been announced that the NI increase is rescinded from November 2022, limiting the impact on schools and the energy cap will be reviewed in March 2023. Maintained primary and secondary schools are receiving this grant to cover both these new burdens while maintained nursery schools are only receiving grant to cover the additional costs of the national insurance costs.

12.2 In 2023/24 the schools supplementary grant (to be announced later in December 2022) will be included in the DSG allocations through the schools block and the early years block.

12.3 The 16 maintained schools of Slough Borough Council are required to send in a budget monitoring report each quarter. As at quarter 2 the maintained schools are projecting a retained balances position of £6.478m as at 31 March 2023. This represents an increased surplus of £1.013m above that projected at quarter 1 but is less than the closing position at March 2022 of £9.555m. Within this projection, 4 of the 16 schools are expecting to be in deficit at 31 March 2023, with a combined deficit of £0.741m. Appendix F sets out the balances position by school and which schools are currently in or projecting to be in deficit. Schools in deficit are required to produce a recovery plan which sets out how they will return to a balanced position within a three-year period. Council officers and Schools Management Resource Advisors (funded by the DfE) will be working with the schools during the spring 2023 term to ensure that these plans are produced, are considered to be robust, and are monitored to follow progress against the plans by the schools Governing Bodies.

13 Pensions

13.1 Currently the Council is paying annual employer contributions to the pension fund of £14.3m comprising normal contributions of £9.3m and deficit funding contributions of £5.0m.

13.2 Since the previous Financial Update Report, the actuary has published draft results from the March 2022 actuarial valuation which shows a significant improvement in the funding level from 77.3% in 2019 to 86.3% in 2022. This is a £22.7m reduction in the funding deficit from £73.8m to £51.1m as at 31 March 2022. The Council's strategy to address the deficit has been to make lump sum contributions to meet the deficit over 12 years.

13.3 Because the funding deficit has reduced, the actuary has recommended reduced deficit contributions compared with the current level for 2022/23 as set out below. The total of £14.120m is a £1.009m reduction on the 2022/23 contribution rate.

Table 13 – Pension deficit contributions

Year	Deficit Contributions	
	Recommended	Reduction compared with 2022/23
	£000s	£m
2022/23 - current contribution	5,043	
Proposed deficit contributions:		
2023/24	4,530	(513)
2024/25	4,700	(343)
2025/26	4,890	(153)
	14,120	**(1,009)**

13.4 However at the same time the actuary has recommended an increase in the primary contribution rate from 15% to 17.2% of pensionable pay. The primary contribution rate is the rate for benefits earned in the current year. The increase in the primary contribution rate reflects:

- increasing inflation which drives up pension liabilities; and
- falling investment returns which reduce the value of pension assets.

13.5 A pension funding deficit is similar to a loan in that it comprises principal in the form of the deficit at the valuation date (£51.1m at 31 March 2022) and interest to be incurred over the 12 year recovery period. The total contributions required to fund the deficit are £70.6m which comprises the funding deficit of £51.1m plus interest of £19.5m.

13.6 The actuary has provided an update of the total deficit at 31 March 2023 (based on the 31 March 2022 triennial valuation estimates) which reports the deficit reducing slightly to £48.6m.

13.7 The actuary reported that a payment in October 2023 of £51.08m would settle the deficit in full. This is higher than the £48.6m due to accrued interest up to October 2023.

13.8 Using the updated information, if the Council made a lump sum contribution in October 2023 of £51.08m to Berkshire Pension Fund this would save the Council £14.48m in interest over the 12 year deficit recovery period. The aim would be to fund a lump sum contribution from capital receipts under the Flexible Use of Capital Receipts Direction 2022 in 2023/24. However, this will only be possible if the Asset Disposal programme generates sufficient capital receipts in 2023/24 to repay all temporary borrowing (£133.5m) by September 2023 and sufficient to meet the lump sum. Currently the Executive Director Property, Planning and Housing is forecasting generate capital receipts of c.£200m from asset disposals in 2023/24.

13.9 A key risk from making additional contributions to the pension fund is from adverse investment market movements resulting in falls in asset values. Whilst this would imply that the funding level would decline, in practice the future value of liabilities tends to reduce in parallel, thus mitigating the effect of falls in market prices.

14 Implications of the Recommendations

14.1 Financial implications

14.1.1 The financial implications are contained within this report.

14.2 Legal implications

14.2.1 Section 31 of the Local Government Finance Act 1992 requires the Council to set a balanced budget at the start of each financial year.

14.2.2 Section 28 of the Local Government Act 2003 requires all local authorities to review actual expenditure against this budget on a regular basis during the year. Where it appears that there has been a deterioration in the financial position, the local authority must take such action as is necessary to deal with the situation.

14.2.3 The Secretary of State for Education made a direction under s.15 of the Local Government Act 1999 on 1 December 2021 (which has subsequently been updated). The Direction required an action plan to achieve financial sustainability and to close the long-term budget gap. The finance action plan was first reported to cabinet in September 2021 and has been regularly updated since. This report contains significant information on the work undertaken to achieve financial sustainability and to close the long-term budget gap, although the Council will still need a capitalisation direction for some years to come. In addition, the appointed commissioners have reserve powers to exercise the function of proper administration of the Council's financial affairs and all functions associated with the strategic financial management of the Council, including providing advice and challenge of the budget and scrutinising all in-year amendments to annual budgets. The finance commissioner has been fully involved in the budgeting process and in reviewing in-year adjustments.

14.3 Risk management implications

14.3.1 In addition to the risks set out above given the level of financial uncertainty, emerging issues and the restricted financial resources available to the Council, there is clearly a risk that the revenue savings for 2022/23 will prove difficult to deliver. Realising the forecast outturn will be dependent on:

- achievement of in-year savings, across all directorates including the Children’s company
- delivery of the transformation programme and associated planned savings in People Adults of £5.9m
- all other Departments delivering the savings put forward and absorbing any further emerging cost pressures
- the Capitalisation Direction being sufficient to cover on a permanent basis any deficits, shortfalls in savings delivery, new pressures, cost of living and economic impacts that may arise
- Government funding being made available should there be further waves of Covid which require council

14.3.2 To mitigate risks the Council is continuing to:

- engage in regular discussion with DLUHC regarding additional financial support through the Capitalisation Direction and other means
- prioritise preparation and audit of prior years’ financial statements so that the historical financial position can be ascertained with certainty,
- move forward with the Finance Action Plan and strengthen financial management so that all Council functions and services operate within their approved budget on a consistent basis
- strengthen financial controls through the robust ECP process, procurement review board, and realignment of directorate budgets
- ascertain whether any additional savings can be implemented during the current financial year
- Apply Capitalisation Direction appropriately to offset adverse financial positions, having reviewed and challenged them first.
- Report the current position regularly to all forums.

14.4 Environmental implications

14.4.1 None

14.5 Equality implications

14.5.1 There are no identified equality implications from this report. Equality impact assessments will be completed for new savings proposals.

14.6 Procurement implications

14.6.1 None

14.7 Workforce implications

14.7.1 None

14.8 Property implications

14.8.1 The Council's financial recovery plan is heavily dependent on delivery of the asset disposal strategy. The scale and rate of asset disposals has the following implications:

- the quantum of capital receipts which can be generated by the Council, which can then be applied to reduce external borrowing and fund the Capitalisation Direction;
- this in turn generates cash savings from reducing the interest charges on external borrowing;
- generates budget savings by reducing the Capital Financing Requirement and thus reducing the level of MRP which benefits the revenue budget.

14.8.2 In addition as part of the asset disposal strategy there is a review of the Council's asset portfolio to ensure that it is appropriate to deliver services to residents going forward. This in turn is expected to result in a rationalisation of the asset portfolio which will in turn generate savings in operational budgets from reduced maintenance, heating, lighting and capital investment.

15 Background Papers

- Revenue Budget Report, March 2022 Full Council
- Capital Strategy, March 2022 Full Council
- S114 Notice, July 2021 Full Council

SLOUGH BOROUGH COUNCIL **APPENDIX A (i)**

General Fund Revenue Monitor 2022/23

Period 9 Forecast

Directorate	Current Budget £'000	Forecast Outturn £'000	Full Year Variance £'000	Risks £'000	Opportunities £'000
PEOPLE (ADULTS)					
Public Health	-	-	-	-	-
Localities Social Work	16,648	17,161	513	949	(300)
CTPLD	11,939	12,335	396	-	-
Mental Health	5,065	5,402	337	-	(400)
Commissioning	(586)	(1,423)	(837)	-	-
RRR & Long Term OTs	(227)	(274)	(47)	-	-
Safeguarding Partnership team	605	394	(211)	-	-
People Adults Management	(4,676)	(4,827)	(151)	-	-
People (Adults) Total	**28,768**	**28,768**	**-**	**949**	**(700)**
PEOPLE (CHILDREN)					
School Services	4,072	3,840	(232)	-	-
School Effectiveness	157	109	(48)	200	-
Early Help Hub	155	151	(4)	-	-
Children´s Centres / Family Hubs	562	603	41	-	-
Inclusion	931	1,214	283	-	-
People Children Management	2,506	2,546	40	-	-
Dedicated Schools Grant (DSG)	(336)	(336)	-	-	-
Sub-Total	**8,047**	**8,127**	**80**	**200**	**-**
Slough Children First contract	32,950	35,710	2,760	-	-
People (Children) Total	**40,997**	**43,837**	**2,840**	**200**	**-**
PLACE & COMMUNITY					
Environmental Services	12,840	12,547	(293)	-	-
Infrastructure	1,291	1,801	509	-	(50)
Localities & Neighbourhoods	25	137	112	-	-
Community Safety, Housing Regulation & Enforcement	1,340	1,340	0	-	-
Asset Management	725	832	107	-	-
Place Management	1,657	2,228	571	-	-
Public Protection	372	456	84	-	-
Learning, Skills & Employment	674	141	(533)	-	-
Place & Community Total	**18,924**	**19,481**	**557**	**-**	**(50)**
HOUSING, PROPERTY & PLANNING					
Accommodation	1,234	2,338	1,105	500	-
Place Strategy	(8,586)	(6,526)	2,060	-	-
Place Delivery	568	(379)	(947)	-	-
Planning	524	664	140	-	
Building Management	3,619	3,872	253	-	-
Housing & Property Total	**(2,642)**	**(31)**	**2,611**	**500**	**-**
STRATEGY & IMPROVEMENT (formerly COO)					
Business Services	248	98	(150)	-	-
IT	9,627	8,761	(866)	-	-
Customer Services	1,837	2,018	181	-	-
Democratic Services	1,530	1,246	(284)	-	-
Electoral Services	463	556	93	-	-
Strategy & Innovation	1,076	934	(142)	-	-
HR	2,394	2,003	(391)	-	-
Communications	344	309	(35)	-	-
COO Total	**17,519**	**15,925**	**(1,594)**	**-**	**-**
FINANCE & COMMERCIAL					
Operational Finance	3,088	3,088	-	-	-
Commercial	837	829	(8)	-	-
Revenues & Benefits	2,387	2,221	(166)	-	-
Financial Governance	1,893	1,909	16	-	-
Strategic Finance	(209)	(209)	-	-	-
Finance & Commercial Total	**7,996**	**7,838**	**(158)**	**-**	**-**
GRAND TOTAL	**111,562**	**115,818**	**4,256**	**1,649**	**(750)**
% of revenue budget over/(under)			**4%**		
CORPORATE BUDGETS	**77,849**	**51,877**	**(25,972)**	**-**	**-**
GRAND TOTAL	**189,411**	**167,695**	**(21,716)**	**1,649**	**(750)**
% of budget over/(under)			**-11%**		

SLOUGH BOROUGH COUNCIL **APPENDIX A (ii)**

General Fund Revenue Monitor 2022/23

Period 9 - Year to Date

Directorate	Current Budget £'000	YTD Actual £'000	Variance £'000
PEOPLE (ADULTS)			
Public Health	-	1,799	1,799
Localities Social Work	12,486	14,788	2,302
CTPLD	8,954	9,606	652
Mental Health	3,799	4,388	589
Commissioning	(439)	(1,530)	(1,091)
Day Services Unit	-	50	50
Lavender Court	-	1	1
RRR & Long Term OTS	(170)	1,344	1,514
Safeguarding Partnership team	454	349	(105)
People Adults Management	(3,507)	(4,632)	(1,125)
People (Adults) Total	**21,577**	**26,163**	**4,586**
PEOPLE (CHILDREN)			
School Services	3,053	1,831	(1,222)
School Effectiveness	118	6	(112)
Early Help Hub	117	(1,096)	(1,213)
Children´s Centres / Family Hubs	422	401	(21)
Inclusion	699	1,210	511
Music Service	-	172	172
People Children Management	1,879	5,693	3,814
Dedicated Schools Grant (DSG)	(252)	(3,030)	(2,778)
Sub-Total	**6,036**	**5,187**	**(849)**
Slough Children First contract	23,576	23,576	-
People (Children) Total	**29,612**	**28,763**	**(849)**
PLACE & COMMUNITY			
Environmental Services	9,803	7,822	(1,981)
Infrastructure	1,024	1,791	767
Localities & Neighbourhoods	43	(98)	(141)
Community Safety, Housing Regulation & Enforcement	1,017	48	(969)
Asset Management	716	(582)	(1,298)
Place Management	1,616	2,558	942
Public Protection	288	345	57
Learning, Skills & Employment	522	(290)	(812)
Place & Community Total	**15,030**	**11,595**	**(3,435)**
HOUSING & PROPERTY			
Accommodation	937	961	24
Place Strategy	(6,438)	(5,688)	750
Place Delivery	(157)	947	1,104
Planning	406	591	185
Business Services (Building Management)	2,714	3,168	454
Housing & Property Total	**(2,538)**	**(20)**	**2,517**
STRATEGY & IMPROVEMENT (formerly COO)			
Business Services	186	(95)	(281)
IT	7,219	5,533	(1,686)
Customer Services	1,378	1,406	28
HR	1,796	1,189	(607)
Strategy & Innovation	807	814	7
Electoral Services	347	554	207
Democratic Services	1,147	1,019	(128)
Communications	259	216	(43)
Strategy & Improvement Total	**13,139**	**10,636**	**(2,503)**
FINANCE & COMMERCIAL			
Operational Finance	3,140	1,526	(1,614)
Commercial	628	625	(3)
Financial Governance	1,420	1,629	209
Revenues & Benefits	1,790	8,421	6,631
Strategic Finance	(157)	1,591	1,748
Finance & Commercial Total	**6,821**	**13,792**	**6,971**
TOTAL SERVICES BUDGETS	**83,641**	**90,929**	**7,287**

SLOUGH BOROUGH COUNCIL
General Fund Savings Tracker 2022/23 - by Executive Directorate
Period 9 forecast

APPENDIX B (i)

Executive Directorate	Service	Member Portfolio	Savings Description	Savings 2022/23 £'000	Forecast to March 2023 £'000	Savings Gap	Recovery Actions / Mitigation £'000	Overall Savings Gap £'000	Comments on Action / Mitigation
People (Adults)	People Adults Non-Group Manager	Social Care and Public Health	Joint protocol	500	500	-		-	
People (Adults)	People Adults Non-Group Manager	Social Care and Public Health	Provider services	854	1,064	(210)		(210)	Additional savings achieved from reduction in alternative provision for impacted cohort.
People (Adults)	People Adults Non-Group Manager	Social Care and Public Health	Adult Social Care - Financial Charging/Client Contribution	560	514	46		46	
People (Adults)	People (Adults)	Social Care and Public Health	Shared lives	205	-	205		205	
People (Adults)	People (Adults)	Social Care and Public Health	Direct Payment (DP) recoupment	150	400	(250)		(250)	
People (Adults)	People (Adults)	Social Care and Public Health	Virtual Review Team (Delivered)	120	120	-		-	
People (Adults)	People (Adults)	Social Care and Public Health	Focused Review Project	410	410	-		-	
People (Adults)	People (Adults)	Social Care and Public Health	Practice and Process Development	823	500	323		323	
People (Adults)	People (Adults)	Social Care and Public Health	Reablement Efficiencies	550	-	550		550	
People (Adults)	People (Adults)	Social Care and Public Health	Targeted Reablement Project	450	-	450		450	
People (Adults)	People (Adults)	Social Care and Public Health	Accommodation with Support	300	-	300		300	
People (Adults)	People (Adults)	Social Care and Public Health	Floating Support	48	48	-		-	
People (Adults)	People (Adults)	Social Care and Public Health	Better Care Fund (BCF) + BC Review additional	769	1,267	(498)	916	(1,414)	Use One-off Reserves to substitute impact of part year savings delivery in 22/23 - full year benefit in 23/24
People (Adults)	Business Support	Social Care and Public Health	Business Support Efficiencies - 75% reduction in staffing	161	161	-		-	
People (Children)	People (Children)	Children's Services, Lifelong Learning & Skills	Reduction in staffing (vacant post) and re-assigning of various tasks from the School Services area to other functions.	108	108	-		-	On track
People (Children)	Education & Inclusion	Children's Services, Lifelong Learning & Skills	Optimisation of current routes to provide efficiencies and longer term policy review to enable transformation of Slough (SBC) Passenger Travel and Transport (part year saving)	77	77	-		-	On track
People (Children)	Early Years	Children's Services, Lifelong Learning & Skills	Re-modelling Children's centres to reach a broader client group and look at opportunities for alternative use of some of the buildings to support early years provision.	456	179	277		277	Due to request to pause paper being submitted to Cabinet in July by commissioners, the timeline required to reach £456k savings by March 2023 has been significantly impaired. If the paper is submitted to Cabinet in April, full savings should be achieved by March 2024. £112k of the remaining £277k is expected to be achieved through Corporate Landlord rental income, not through savings achieved in People-Children. Forecast to March 2023 represent staff savings that wre achieved in 2021/22 and are being used for the 2022/23 savings target.
People (Children)	All	Children's Services, Lifelong Learning & Skills	Removal of all supplies and services budgets across all remaining Children centres and Early Years provision.	99	99	-		-	On track
People (Children)	People (Children)	Children's Services, Lifelong Learning & Skills	Staffing reductions subject to Cabinet approval	306	306	-		-	On track
People (Children)	People (Children)	Children's Services, Lifelong Learning & Skills	Removal of Educational Psychology Grants Budget	63	63	-		-	On track
Place & Community	Localities and Neighbourhoods	Children's Services, Lifelong Learning & Skills	Library Services Remodelling	400	400	-		-	On track
Place & Community	Community Learning (Adult Learning)	Children's Services, Lifelong Learning & Skills	(Learning) Staffing Management	137	137	-		-	On track
Place & Community	Business Support	Customer Services, Procurement & Performance	Business Support Efficiencies - 75% reduction in staffing	431	431	-		-	On track - This is part of the Directorate restructure
Place & Community	Community	Financial Oversight & Council Assets	Cross Cutting - Voluntary reduced staffing hours; Fees & Charges; Rationalise vacancies following P2 restructure	(79)	(79)	-		-	On track

Executive Directorate	Service	Member Portfolio	Savings Description	Savings 2022/23 £'000	Forecast to March 2023 £'000	Savings Gap	Recovery Actions / Mitigation £'000	Overall Savings Gap £'000	Comments on Action / Mitigation
Housing & Property	Place Strategy & Infrastructure	Financial Oversight & Council Assets	Rental Income for 2/3 floors of Observatory House	**1,300**	**-**	**1,300**		**1,300**	Not achievable. Mitigation is to accelerate disposal of Observatory House / broader disposals programme
Place & Community	Place Strategy & Infrastructure	Transport & The Local Environment	Digital advertising (Street Advertising/Bus Shelter Advertising)	**175**	**175**	**-**		**-**	Partially achieved subject to a further retender. £50k will be achieved by other digital advertising
Place & Community	All	Financial Oversight & Council Assets	Departmental Staffing restructure in line with development of Functional Capacity and Capability statement	**1,737**	**1,737**	**-**		**-**	On track - Multiple vacant posts in prevailing structure many of which are no longer needed and many of which are funded other than by the general fund. Tick and check exercise should be carried out with budgeted establishment assumptions in order to verify.
Place & Community	Place	Asset Management (Corporate Buildings)	Energy costs budget pressure	**(300)**	**(300)**	**-**		**-**	Further pressure from Energy costs has been forecast and is being dealt with as a growth pressure
Housing & Property	Place Management	Housing & Planning (Deputy Leader)	Release and utilisation of S106 receipts	**(50)**	**(50)**	**-**		**-**	Achieved
Housing & Property	Place Strategy & Infrastructure	Financial Oversight & Council Assets	Regeneration - Income generation for Moxy Hotel	**821**	**821**	**-**		**-**	Achieved. Timing of payments may see this increase, this is being explored
Housing & Property	Place Strategy & Infrastructure	Housing & Planning (Deputy Leader)	Delivery of the Local Plan (Reversal of 2020-21 Growth)/Restructure	**332**	**332**	**-**		**-**	Budget was given up on the basis that there will be no Local Plan. Subsequent to this an alternative initial budget of £500k has been found to fund the new Local Plan. A business case is being prepared as this will be insufficient.
Housing & Property	Accommodation	Housing & Planning (Deputy Leader)	Restructure of temporary accommodation services, re-allocation of work across the Housing Department.	**561**	**561**	**-**		**-**	Saving needs to be found from proper allocation of the Homelessness Grant
Place & Community	Localities and Neighbourhoods	Leisure, Culture & Community Empowerment	Leisure Services – receipt of management fee from leisure contractor part year effect	**745**	**225**	**520**		**520**	This is part of the £1.6m Management Fee. Commercial negotiations have been concluded and agreed with Cabinet (18 July 2022) which results in a shortfall of £520k in 2022/23.
Place & Community	Localities and Neighbourhoods	Leisure, Culture & Community Empowerment	Leisure - EA Management fee indexation	**100**	**100**	**-**		**-**	Achieved. This is a subset of the overall £1.6m Management Fee and dealt with as part of that Savings Target
Place & Community	Place Regulation	Public Protection, Regulation & Enforcement	Use PREVENT Reserve to fund Domestic Abuse and Exploitation Service for 1 year	**(49)**	**(49)**	**-**		**-**	Achieved
Place & Community	Place Strategy & Infrastructure	Transport & The Local Environment	Increased Parking Income	**200**	**200**	**-**		**-**	On target - Additional PCNs generated from Bus Lanes & Parking Enforcement
Place & Community	Place Strategy & Infrastructure	Transport & The Local Environment	Income from Car Park on TVU (reversal of prior year saving)	**(100)**	**(100)**	**-**		**-**	Achieved. Possible £50k upside as Car Park continued for 6 mths
Housing & Property	All	Financial Oversight & Council Assets	Cross Cutting - Voluntary reduced staffing hours; Fees & Charges; Rationalise vacancies following P2 restructure	**(154)**	**(154)**	**-**		**-**	On track - Multiple vacant posts in prevailing structure many of which are no longer needed and many of which are funded other than by the general fund. Tick and check exercise should be carried out with budgeted establishment assumptions in order to verify.
Place & Community	All	Transport & The Local Environment	Additional income from re-procurement of Car Parking contract	**102**	**102**	**-**		**-**	On track - New Parking charges - cheaper contract costs
Place & Community	All	Transport & The Local Environment	Bulk Waste & Chalvey Weighbridge Charges additional income	**132**	**132**	**-**		**-**	On track - Additional charges applied at Weybridge
Place & Community	Place	Transport & The Local Environment	Street Cleansing - reduction in resources deployed and revised ways of working	**400**	**400**	**-**		**-**	On track
Place & Community	Place	Transport & The Local Environment	Grounds Maintenance – reduction in resources deployed, stopping of ad-hoc work, and revised ways of working	**450**	**450**	**-**		**-**	On track
Housing & Property	Place Strategy & Infrastructure	Transport & The Local Environment	Bus station self financing	**42**	**42**	**-**		**-**	on track
Place & Community	Place	Transport & The Local Environment	Parks - Efficiencies and Service review	**50**	**50**	**-**		**-**	on track
Place & Community	Place	Transport & The Local Environment	Allotments – water charge levy	**20**	**20**	**-**		**-**	on track
Housing & Property	Place	Transport & The Local Environment	Highways development Planning Performance Agreement fees	**50**	**50**	**-**		**-**	Planning Performance Agreements (PPAs) - research further to understand further upside
COO	Strategy & Improvement	Council Recovery, Forward Strategy & Economic Development Customer Services, Procurement & Performance	Removal of posts never recruited to following previous re-structure	**300**	**300**	**-**		**-**	Saving already achieved

Executive Directorate	Service	Member Portfolio	Savings Description	Savings 2022/23 £'000	Forecast to March 2023 £'000	Savings Gap	Recovery Actions / Mitigation £'000	Overall Savings Gap £'000	Comments on Action / Mitigation
COO	Democratic Services	Council Recovery, Forward Strategy & Economic Development (Leader)	Increase income target for Schools appeals	10	10	-		-	Saving on track to be delivered
COO	Democratic Services	Council Recovery, Forward Strategy & Economic Development (Leader)	Mayors Hire vehicle	8	8	-		-	Saving already achieved
COO	Democratic Services	Council Recovery, Forward Strategy & Economic Development (Leader)	Printing budget (Mayors)	1	1	-		-	Saving already achieved
COO	Corporate Operations	Council Recovery, Forward Strategy & Economic Development (Leader)	Elections – reduction in staffing to reflect the current post holders	14	14	-		-	Saving already achieved
COO	Corporate Operations	Council Recovery, Forward Strategy & Economic Development (Leader)	Communications - Delete vacant posts and reduce events budget	83	83	-		-	Saving already achieved
COO	Business Support	Customer Services, Procurement & Performance	Business Support Efficiencies - 75% reduction in staffing and reduction in usage of printing, postage and mobile costs in Counter Fraud team	106	106	-		-	Saving already achieved
COO	ICT	Customer Services, Procurement & Performance	Professional subscriptions	5	5	-		-	Saving on track to be delivered
COO	ICT	Customer Services, Procurement & Performance	ICT - decommissioning of equipment and contracts that are no longer needed.	360	360	-		-	Active work continues to ensure savings are delivered
COO	Customer Services	Customer Services, Procurement & Performance	Customer service – reduced staffing and re-allocation of workload	38	38	-		-	Saving on track to be delivered
COO	Customer Services	Customer Services, Procurement & Performance	Reduction of 5 customer service assistant posts	123	123	-		-	Saving on track to be delivered
COO	Building Management	Financial Oversight & Council Assets	To review and re-scope Building management contract requirements	225	225	-		-	Will be achieved through consideration of all building management contracts. Highly dependent on asset disposal by Place in a timely manner. TRANSFERRED TO HOUSING & PROPERTY
COO	All	Financial Oversight & Council Assets	Cross department reduction in all budgets through management of vacancies and additional expenditure controls	253	253				Work continues to ensure savings are fully delivered
COO	Building Management	Leisure, Culture & Community Empowerment	Community Centre - Increased Income	126	126	-		-	Saving on track to be delivered. TRANSFERRED TO HOUSING & PROPERTY
COO	Strategy & Improvement	Financial Oversight & Council Assets	Senior management structure	120	120	-		-	Saving on track to be delivered
Finance & Commerci	Business Support	Customer Services, Procurement & Performance	Reduction in usage of printing, postage and mobile costs in Counter Fraud team	2	2				Saving already achieved
Finance & Commerci	Finance & Commercial	Customer Services, Procurement & Performance	Recommissioning and reviews of Procurement and Internal Audit contracts and reduction in number of posts	713	713	-		-	Savings dilevery on target
Finance & Commerci	All	Financial Oversight & Council Assets	Cross department reduction in all budgets through management of vacancies and additional expenditure controls	97	97	-		-	Work continues to ensure savings are fully delivered
Finance & Commerci	Strategic Finance	Financial Oversight & Council Assets	External audit fee - reduction	150	150	-		-	Work continues to ensure savings are fully delivered
Finance & Commerci	Finance & Commercial	Financial Oversight & Council Assets	Cross-cutting: Stretch target pro rata to Depts as agreed at Executive Board	89	89	-		-	Work continues to ensure savings are fully delivered
Slough Children First company	Children's Services Trust Contract	Children's Services, Lifelong Learning & Skills	Staffing recruitment & retention strategies	935	-	935		935	Demand pressures are projecting Innovate teams to the end of the year and additional capacity to meet demands, reliant on transformation funds to progress
Slough Children First company	Children's Services Trust Contract	Children's Services, Lifelong Learning & Skills	16-25 accommodation commission plan -4 procurement lots to develop local markets, meet sufficiency & needs for young people 16 - 25 years old. Reducing placement rates from existing providers. Delays in procurement impacting launch date and reducing saving target	313	-	313		313	Challenges on LOT 2 resulting in delay on savings, LOT 3 & 4 needing to go back out to tender due to difficulties in finding suitable accommodation in the market at affordable prices, savings delayed until later into 2022/23 / 23/24

Executive Directorate	Service	Member Portfolio	Savings Description	Savings 2022/23 £'000	Forecast to March 2023 £'000	Savings Gap	Recovery Actions / Mitigation £'000	Overall Savings Gap £'000	Comments on Action / Mitigation
Slough Children First company	Children's Services Trust Contract	Children's Services, Lifelong Learning & Skills	Income stream maximisation (incl PH)	**1,955**	**1,053**	**902**	**217**	**685**	Session set up with senior leaders across health, council and SCF to work through recommendations for working practices going forward. Analysis under way to identify current spend to attract PH and Health funding. Mitigation through additional Strengthening Families and COMF funding
Slough Children First company	Children's Services Trust Contract	Children's Services, Lifelong Learning & Skills	Slough Children First – AMZ local commissioned provision	**238**	**324**	**(86)**		**(86)**	Greater voids than budgeted due to safeguarding training needed with provided
Slough Children First company	Children's Services Trust Contract	Children's Services, Lifelong Learning & Skills	Independent Foster Allowance (IFA) carer recruitment	**221**	**88**	**133**		**133**	Progress being made, but targets behind profile
Slough Children First company	Children's Services Trust Contract	Children's Services, Lifelong Learning & Skills	Slough Children First – overhead cost savings	**49**	**80**	**(31)**		**(31)**	Small favourable variances against mileage due to more local provision of placements and in room hire offsey by minor adverse variances in unit rate for printing
Slough Children First company	Children's Services Trust Contract	Children's Services, Lifelong Learning & Skills	Savings from staffing restructures, includes recording & transcription of meetings to reduce the need for business support, deletion of 13 early help posts, merging services with the virtual school to delete 1 further post in early help, and efficiencies to be gained from merging o feedback office functions with the council.	**744**	**493**	**251**	**70**	**181**	A number of restructures in this initiative have been delivered, but resource constraints have delayed other corporate savings due to be delivered from council synergies and increased use of technology. Savings dellivered in efficiencies delivered in NEET team, however targeted early help reductions cannot be deleted as posts essential for reducing demands on statutory services. Mitigation through reductions in S17 expenditure in statutory services following investment in Early Help
Slough Children First company	Children's Services Trust Contract	Children's Services, Lifelong Learning & Skills	Other commissioning opportunities	**80**	**248**	**(168)**		**(168)**	Savings in local residential provision delayed due to lack of commissioning resource & identification of housing options. Efficiencies in planned placements are expected to come in on line, training being delivered to new placement team for best practice approaches. Improvements on rates for UASC placements are delivering additional savings.
Slough Children First company	Children's Services Trust Contract	Children's Services, Lifelong Learning & Skills	Growth absorbed by company	**(2,052)**	**(2,637)**	**585**		**585**	Additional pressure from Legal due to demand and court delays.
Slough Children First company	Children's Services Trust Contract	Children's Services, Lifelong Learning & Skills	Peopletoo opportunity - Inclusion of options for children with disability respite and other contractual savings from re-commissioning	**190**	**-**	**190**		**190**	Commissioning resource constraints leading to delays in delivery of procurement exercises as was reliant on transformation funds to progress. Mitigation through PeopleToo negotiations on contract reductions
				19,958	**13,921**	**6,037**	**1,203**	**4,834**	

SLOUGH BOROUGH COUNCIL **APPENDIX B (ii)**

Period 9 forecast

Member Portfolio	Executive Directorate	Service	Savings Description	Savings 2022/23 £'000	Forecast to March 2023 £'000	Savings Gap	Recovery Actions / Mitigation £'000	Overall Savings Gap £'000	Comments on Action / Mitigation
Children’s Services, Lifelong Learning & Skills	People (Children)	People (Children)	Reduction in staffing (vacant post) and re-assigning of various tasks from the School Services area to other functions.	**108**	**108**	**-**		**-**	On track
Children’s Services, Lifelong Learning & Skills	People (Children)	Education & Inclusion	Optimisation of current routes to provide efficiencies and longer term policy review to enable transformation of Slough (SBC) Passenger Travel and Transport (part year saving)	**77**	**77**	**-**		**-**	On track
Children’s Services, Lifelong Learning & Skills	People (Children)	Early Years	Re-modelling Children’s centres to reach a broader client group and look at opportunities for alternative use of some of the buildings to support early years provision.	**456**	**179**	**277**		**277**	Due to request to pause paper being submitted to Cabinet in July by commissioners, the timeline required to reach £456k savings by March 2023 has been significantly impaired. If the paper is submitted to Cabinet in April, full savings should be achieved by March 2024. £112k of the remaining £277k is expected to be achieved through Corporate Landlord rental income, not through savings achieved in People-Children. Forecast to March 2023 represent staff savings that wre achieved in 2021/22 and are being used for the 2022/23 savings target.
Children’s Services, Lifelong Learning & Skills	People (Children)	All	Removal of all supplies and services budgets across all remaining Children centres and Early Years provision.	**99**	**99**	**-**		**-**	On track
Children’s Services, Lifelong Learning & Skills	People (Children)	People (Children)	Staffing reductions subject to Cabinet approval	**306**	**306**	**-**		**-**	On track
Children’s Services, Lifelong Learning & Skills	People (Children)	People (Children)	Removal of Educational Psychology Grants Budget	**63**	**63**	**-**		**-**	On track
Children’s Services, Lifelong Learning & Skills	Place & Community	Localities and Neighbourhoods	Library Services Remodelling	**400**	**400**	**-**		**-**	On track
Children’s Services, Lifelong Learning & Skills	Place & Community	Community Learning (Adult Learning)	(Learning) Staffing Management	**137**	**137**	**-**		**-**	On track
Children’s Services, Lifelong Learning & Skills	Slough Children First company	Children’s Services Trust Contract	Staffing recruitment & retention strategies	**935**	**-**	**935**		**935**	Demand pressures are projecting Innovate teams to the end of the year and additional capacity to meet demands, reliant on transformation funds to progress
Children’s Services, Lifelong Learning & Skills	Slough Children First company	Children’s Services Trust Contract	16-25 accommodation commission plan -4 procurement lots to develop local markets, meet sufficiency & needs for young people 16 - 25 years old. Reducing placement rates from existing providers. Delays in procurement impacting launch date and reducing saving target	**313**	**-**	**313**		**313**	Challenges on LOT 2 resulting in delay on savings, LOT 3 & 4 needing to go back out to tender due to difficulties in finding suitable accommodation in the market at affordable prices, savings delayed until later into 2022/23 / 23/24
Children’s Services, Lifelong Learning & Skills	Slough Children First company	Children’s Services Trust Contract	Income stream maximisation (incl PH)	**1,955**	**1,053**	**902**	**217**	**685**	Session set up with senior leaders across health, council and SCF to work through recommendations for working practices going forward. Analysis under way to identify current spend to attract PH and Health funding. Mitigation through additional Strengthening Families and COMF funding
Children’s Services, Lifelong Learning & Skills	Slough Children First company	Children’s Services Trust Contract	Slough Children First – AMZ local commissioned provision	**238**	**324**	**(86)**		**(86)**	Greater voids than budgeted due to safeguarding training needed with provided
Children’s Services, Lifelong Learning & Skills	Slough Children First company	Children’s Services Trust Contract	Independent Foster Allowance (IFA) carer recruitment	**221**	**88**	**133**		**133**	Progress being made, but targets behind profile
Children’s Services, Lifelong Learning & Skills	Slough Children First company	Children’s Services Trust Contract	Slough Children First – overhead cost savings	**49**	**80**	**(31)**		**(31)**	Small favourable variances against mileage due to more local provision of placements and in room hire offsey by minor adverse variances in unit rate for printing

Member Portfolio	Executive Directorate	Service	Savings Description	Savings 2022/23 £'000	Forecast to March 2023 £'000	Savings Gap	Recovery Actions / Mitigation £'000	Overall Savings Gap £'000	Comments on Action / Mitigation
Children's Services, Lifelong Learning & Skills	Slough Children First company	Children's Services Trust Contract	Savings from staffing restructures, includes recording & transcription of meetings to reduce the need for business support, deletion of 13 early help posts, merging services with the virtual school to delete 1 further post in early help, and efficiencies to be gained from merging o feedback office functions with the council.	**744**	**493**	**251**	**70**	**181**	A number of restructures in this initiative have been delivered, but resource constraints have delayed other corporate savings due to be delivered from council synergies and increased use of technology. Savings dellivered in efficiencies delivered in NEET team, however targeted early help reductions cannot be deleted as posts essential for reducing demands on statutory services. Mitigation through reductions in S17 expenditure in statutory services following investment in Early Help
Children's Services, Lifelong Learning & Skills	Slough Children First company	Children's Services Trust Contract	Other commissioning opportunities	**80**	**248**	**(168)**		**(168)**	Savings in local residential provision delayed due to lack of commissioning resource & identification of housing options. Efficiencies in planned placements are expected to come in on line, training being delivered to new placement team for best practice approaches. Improvements on rates for UASC placements are delivering additional savings.
Children's Services, Lifelong Learning & Skills	Slough Children First company	Children's Services Trust Contract	Growth absorbed by company	**(2,052)**	**(2,637)**	**585**		**585**	Additional pressure from Legal due to demand and court delays.
Children's Services, Lifelong Learning & Skills	Slough Children First company	Children's Services Trust Contract	Peopletoo opportunity - Inclusion of options for children with disability respite and other contractual savings from re-commissioning	**190**	**-**	**190**		**190**	Commissioning resource constraints leading to delays in delivery of procurement exercises as was reliant on transformation funds to progress. Mitigation through PeopleToo negotiations on contract reductions
Council Recovery, Forward Strategy & Economic Development Customer Services, Procurement & Performance	Resources	Strategy & Improvement	Removal of posts never recruited to following previous re-structure	**300**	**300**	**-**		**-**	Saving already achieved
Council Recovery, Forward Strategy & Economic Development (Leader)	Resources	Democratic Services	Increase income target for Schools appeals	**10**	**10**	**-**		**-**	Saving on track to be delivered
Council Recovery, Forward Strategy & Economic Development (Leader)	Resources	Democratic Services	Mayors Hire vehicle	**8**	**8**	**-**		**-**	Saving already achieved
Council Recovery, Forward Strategy & Economic Development (Leader)	Resources	Democratic Services	Printing budget (Mayors)	**1**	**1**	**-**		**-**	Saving already achieved
Council Recovery, Forward Strategy & Economic Development (Leader)	Resources	Corporate Operations	Elections – reduction in staffing to reflect the current post holders	**14**	**14**	**-**		**-**	Saving already achieved
Council Recovery, Forward Strategy & Economic Development (Leader)	Resources	Corporate Operations	Communications - Delete vacant posts and reduce events budget	**83**	**83**	**-**		**-**	Saving already achieved
Customer Services, Procurement & Performance	Place & Community	Business Support	Business Support Efficiencies - 75% reduction in staffing	**431**	**431**	**-**		**-**	On track - This is part of the Directorate restructure
Customer Services, Procurement & Performance	Resources	Business Support	Business Support Efficiencies - 75% reduction in staffing and reduction in usage of printing, postage and mobile costs in Counter Fraud team	**106**	**106**				
Customer Services, Procurement & Performance	Resources	Business Support	Reduction in usage of printing, postage and mobile costs in Counter Fraud team	**2**	**2**	**-**		**-**	Saving already achieved
Customer Services, Procurement & Performance	Resources	ICT	Professional subscriptions	**5**	**5**	**-**		**-**	Saving on track to be delivered
Customer Services, Procurement & Performance	Resources	ICT	ICT - decommissioning of equipment and contracts that are no longer needed.	**360**	**360**	**-**		**-**	Active work continues to deliver savings
Customer Services, Procurement & Performance	Resources	Finance & Commercial	Recommissioning and reviews of Procurement and Internal Audit contracts and reduction in number of posts	**713**	**713**	**-**		**-**	Work continues with RSM to endure full delievery of savings
Customer Services, Procurement & Performance	Resources	Customer Services	Customer service – reduced staffing and re-allocation of workload	**38**	**38**	**-**		**-**	Saving on track to be delivered

Member Portfolio	Executive Directorate	Service	Savings Description	Savings 2022/23 £'000	Forecast to March 2023 £'000	Savings Gap	Recovery Actions / Mitigation £'000	Overall Savings Gap £'000	Comments on Action / Mitigation
Customer Services, Procurement & Performance	Resources	Customer Services	Reduction of 5 customer service assistant posts	**123**	**123**	**-**		**-**	Saving on track to be delivered
Financial Oversight & Council Assets	Place & Community	Community	Cross Cutting - Voluntary reduced staffing hours; Fees & Charges; Rationalise vacancies following P2 restructure	**(79)**	**(79)**	**-**		**-**	On track
Financial Oversight & Council Assets	Place & Community	Place Strategy & Infrastructure	Rental Income for 2/3 floors of Observatory House	**1,300**	**-**	**1,300**		**1,300**	Not achievable. Mitigation is to accelerate disposal of Observatory House / broader disposals programme
Financial Oversight & Council Assets	Place & Community	All	Departmental Staffing restructure in line with development of Functional Capacity and Capability statement	**1,737**	**1,737**	**-**		**-**	On track - Multiple vacant posts in prevailing structure many of which are no longer needed and many of which are funded other than by the general fund. Tick and check exercise should be carried out with budgeted establishment assumptions in order to verify.
Financial Oversight & Council Assets	Resources	Building Management	To review and re-scope Building management contract requirements	**225**	**225**	**-**		**-**	**will be achieved through consideration of all building management contracts. Highly dependent on asset disposal by Place in a timely manner**
Financial Oversight & Council Assets	Resources	All	Cross department reduction in all budgets through management of vacancies and additional expenditure controls	**253**	**253**				
Financial Oversight & Council Assets	Resources	All	Cross department reduction in all budgets through management of vacancies and additional expenditure controls	**97**	**97**	**-**		**-**	Active work continues to deliver savings
Financial Oversight & Council Assets	Resources	Strategy & Improvement	Senior management structure	**120**	**120**	**-**		**-**	Saving on track to be delivered
Financial Oversight & Council Assets	Resources	Strategic Finance	External audit fee - reduction	**150**	**150**	**-**		**-**	Work continues to ensure savings are fully delivered
Financial Oversight & Council Assets	Resources	Finance & Commercial	Cross-cutting: Stretch target pro rata to Depts as agreed at Executive Board	**89**	**89**	**-**		**-**	Work continues to ensure savings are fully delivered
Financial Oversight & Council Assets	Place & Community	Asset Management (Corporate Buildings)	Energy costs budget pressure	**(300)**	**(300)**	**-**		**-**	Further pressure from Energy costs has been forecast and is being dealt with as a growth pressure
Financial Oversight & Council Assets	Place & Community	Place Strategy & Infrastructure	Regeneration - Income generation for Moxy Hotel	**821**	**821**	**-**		**-**	Achieved. Timing of payments may see this increase, this is being explored
Financial Oversight & Council Assets	Place & Community	All	Cross Cutting - Voluntary reduced staffing hours; Fees & Charges; Rationalise vacancies following P2 restructure	**(154)**	**(154)**	**-**		**-**	On track - Multiple vacant posts in prevailing structure many of which are no longer needed and many of which are funded other than by the general fund. Tick and check exercise should be carried out with budgeted establishment assumptions in order to verify.
Housing & Planning (Deputy Leader)	Place & Community	Place Management	Release and utilisation of S106 receipts	**(50)**	**(50)**	**-**		**-**	Achieved
Housing & Planning (Deputy Leader)	Place & Community	Place Strategy & Infrastructure	Delivery of the Local Plan (Reversal of 2020-21 Growth)/Restructure	**332**	**332**	**-**		**-**	Budget was given up on the basis that there will be no Local Plan. Subsequent to this an alternative initial budget of £500k has been found to fund the new Local Plan. A business case is being prepared as this will be insufficient.
Housing & Planning (Deputy Leader)	Place & Community	Accommodation	Restructure of temporary accommodation services, re-allocation of work across the Housing Department.	**561**	**561**	**-**		**-**	Saving needs to be found from proper allocation of the Homelessness Grant
Leisure, Culture & Community Empowerment	Place & Community	Localities and Neighbourhoods	Leisure Services – receipt of management fee from leisure contractor part year effect	**745**	**216**	**529**		**529**	This is part of the £1.6m Management Fee. Commercial negotiations have been concluded and agreed with Cabinet (18 July 2022) which results in a shortfall of £529k in 2022/23.
Leisure, Culture & Community Empowerment	Resources	Building Management	Community Centre - Increased Income	**126**	**126**	**-**		**-**	Work continues to ensure savings are fully delivered
Leisure, Culture & Community Empowerment	Place & Community	Localities and Neighbourhoods	Leisure - EA Management fee indexation	**100**	**100**	**-**		**-**	Achieved. This is a subset of the overall £1.6m Management Fee and dealt with as part of that Savings Target
Public Protection, Regulation & Enforcement	Place & Community	Place Regulation	Use PREVENT Reserve to fund Domestic Abuse and Exploitation Service for 1 year	**(49)**	**(49)**	**-**		**-**	Achieved
Social Care and Public Health	People (Adults)	People Adults Non-Group Manager	Joint protocol	**500**	**500**	**-**		**-**	
Social Care and Public Health	People (Adults)	People Adults Non-Group Manager	Provider services	**854**	**1,064**	**(210)**		**(210)**	Additional savings achieved from reduction in alternative provision for impacted cohort.
Social Care and Public Health	People (Adults)	People Adults Non-Group Manager	Adult Social Care - Financial Charging/Client Contribution	**560**	**514**	**46**		**46**	

Member Portfolio	Executive Directorate	Service	Savings Description	Savings 2022/23 £'000	Forecast to March 2023 £'000	Savings Gap	Recovery Actions / Mitigation £'000	Overall Savings Gap £'000	Comments on Action / Mitigation
Social Care and Public Health	People (Adults)	People (Adults)	Sharelives	**205**	**-**	**205**		**205**	
Social Care and Public Health	People (Adults)	People (Adults)	Direct Payment (DP) recoupment	**150**	**400**	**(250)**		**(250)**	
Social Care and Public Health	People (Adults)	People (Adults)	Virtual Review Team (Delivered)	**120**	**120**	**-**		**-**	
Social Care and Public Health	People (Adults)	People (Adults)	Focused Review Project	**410**	**410**	**-**		**-**	
Social Care and Public Health	People (Adults)	People (Adults)	Practice and Process Development	**823**	**500**	**323**		**323**	
Social Care and Public Health	People (Adults)	People (Adults)	Reablement Efficiencies	**550**	**-**	**550**		**550**	
Social Care and Public Health	People (Adults)	People (Adults)	Targeted Reablement Project	**450**	**-**	**450**		**450**	
Social Care and Public Health	People (Adults)	People (Adults)	Accommodation with Support	**300**	**-**	**300**		**300**	
Social Care and Public Health	People (Adults)	People (Adults)	Floating Support	**48**	**48**	**-**		**-**	
Social Care and Public Health	People (Adults)	People (Adults)	Better Care Fund (BCF) + BC Review additional	**769**	**1,267**	**(498)**	**916**	**(1,414)**	Use One-off Reserves to substitute impact of part year savings delivery in 22/23 - full year benefit in 23/24
Social Care and Public Health	People (Adults)	Business Support	Business Support Efficiencies - 75% reduction in staffing	**161**	**161**	**-**		**-**	
Transport & The Local Environment	Place & Community	Place Strategy & Infrastructure	Digital advertising (Street Advertising/Bus Shelter Advertising)	**175**	**175**	**-**		**-**	Partially achieved subject to a further retender. £50k will be achieved by other digital advertising
Transport & The Local Environment	Place & Community	Place Strategy & Infrastructure	Increased Parking Income	**200**	**200**	**-**		**-**	On target - Additional PCNs generated from Bus Lanes & Parking Enforcement
Transport & The Local Environment	Place & Community	Place Strategy & Infrastructure	Income from Car Park on TVU (reversal of prior year saving)	**(100)**	**(100)**	**-**		**-**	Achieved. Possible £50k upside as Car Park continued for 6 mths
Transport & The Local Environment	Place & Community	All	Additional income from re-procurement of Car Parking contract	**102**	**102**	**-**		**-**	On track - New Parking charges - cheaper contract costs
Transport & The Local Environment	Place & Community	All	Bulk Waste & Chalvey Weighbridge Charges additional income	**132**	**132**	**-**		**-**	On track - Additional charges applied at Weybridge
Transport & The Local Environment	Place & Community	Place	Street Cleansing - reduction in resources deployed and revised ways of working	**400**	**400**	**-**		**-**	On track
Transport & The Local Environment	Place & Community	Place	Grounds Maintenance – reduction in resources deployed, stopping of ad-hoc work, and revised ways of working	**450**	**450**	**-**		**-**	On track
Transport & The Local Environment	Place & Community	Place Strategy & Infrastructure	Bus station self financing	**42**	**42**	**-**		**-**	on track
Transport & The Local Environment	Place & Community	Place	Parks - Efficiencies and Service review	**50**	**50**	**-**		**-**	on track
Transport & The Local Environment	Place & Community	Place	Allotments – water charge levy	**20**	**20**	**-**		**-**	on track
Transport & The Local Environment	Place & Community	Place	Highways development Planning Performance Agreement fees	**50**	**50**	**-**		**-**	Planning Performance Agreements (PPAs) - research further to understand further upside
				19,958	**13,912**	**6,046**	**1,203**	**4,843**	

SLOUGH BOROUGH COUNCIL **Appendix Ci**

General Fund Capital Expenditure Tracker 2022/23

Period 9 Forecast

Project Name	Revised Budget 2022/23	Full Year Forecast 2022/23	Variance
	£000	£000	£000
People (Adults)			
Learning Disability Change Programme	7	0	(7)
HOLD Capital Project (Hold Ownership for people with Long-term Disabilities)	224	224	0
Disabled Facilities Grant	1,594	1,594	0
Total People (Adults)	**1,825**	**1,818**	**(7)**
People (Children)			
Primary Expansions	172	0	(172)
Schools Modernisation Programme	900	600	(300)
SEN Resources Expansion	0	11	11
Special School Expansion-Primary,Secondary & Post 16	400	60	(340)
Secondary Expansion Programme	150	5	(145)
Schools Devolved Capital	80	80	0
323 High St/Haybrook	29	0	(29)
Total People Children	**1,731**	**756**	**(975)**
Housing, Property and Planning			
Loan to GRE5-for Nova House remedial work	8,500	7,400	(1,100)
Capital Works following Stock Condition Survey	737	537	(200)
Hub Development	1,047	1,114	67
Thames Valley University Site	104	36	(68)
Leisure Centre Farnham Road	100	0	(100)
St Martins Place	20	19	(1)
Urban Tree Challenge Fund	185	185	0
Compulsory Purchase Order Reserve	391	391	0
Total Housing, Property and Planning	**11,084**	**9,682**	**(1,402)**
Place			
Domestic Wheeled Bins & Containers	40	0	(40)
Refuse fleet & Grounds Plant equipment	582	582	0
LED Upgrade	103	0	(103)
Colnbrook By-pass	115	115	0
Flood Defence (Sponge City)	1,000	696	(304)
Zone 1 - Sutton Lane Gyratory (MRT)& Zone 2 Foxborough (MRT)	3,800	1,978	(1,822)
Zone 2 - Foxborough (MRT)	980	980	0
Zone 3 - Park & Ride (MRT)	0	18	18
Zone 4 - Stoke Road (Stoke Rd TVU junction)	2,500	2,820	320
Zone 7 - Off Road Cycle Route (Stoke Rd)	150	0	(150)
Burnham Station LEP	50	0	(50)
Langley High Street Improvements LEP	2,809	2,182	(627)
A4 Safer Roads	200	200	0
A4 Cycle	0	4	4
Carbon Management - Public Sector Decarb. Scheme	619	479	(140)
Development Old Library Site	185	862	677
Reading Archives - Extension (SBC Contribution)	200	200	0
Community Investment Fund-Cabinet	0	25	25
Traffic Signals Maintenance Grant	475	475	0
Cemetery Extension	207	207	0
Additional Transport & Highways Grant funded projects	0	1,943	1,943
Total Place	**14,015**	**13,766**	**(249)**
TOTAL GENERAL FUND CAPITAL	**28,655**	**26,022**	**(2,633)**

SLOUGH BOROUGH COUNCIL **APPENDIX Cii**

HRA Fund Capital Expenditure Tracker 2022/23

Period 9 Forecast

Description	Revised Budget 2022/23 £000	Full Year Forecast 2022/23 £000	Full Year Variance 2022/23 £000
RMI Capital Programme			
Boiler Replacement and heating	447	447	0
Kitchen & Bathroom Replacement	478	400	(78)
Electrical Systems	195	195	0
Garage & Environmental Improvements	1,085	600	(485)
Capitalised Repairs	422	350	(72)
FRA & Asbestos Removal Works (bring forward	1,884	1,884	-
Major Aids & Adaptations	691	480	(211)
Decarbonisation Works	100	50	(50)
Windows Replacement			-
RMI Capital Programme	5,302	4,406	(896)
Planned Maintenance Capital			
Windows and Door Replacement	181	181	-
Roof Replacement	796	796	-
Structural	115	50	(65)
Security & Controlled Entry Modernisation	766	766	-
Capitalised voids	60	60	-
RMI Remodelling and Investment	-	-	-
Rochford Hostel			-
Planned Maintenance Capital	1,918	1,853	(65)
Affordable Homes			
Tower and Ashbourne	2,500	450	(2,050)
Affordable Homes	1,000	250	(750)
Total Affordable Homes	3,500	700	(2,800)
HRA GRAND TOTAL	**10,720**	**6,959**	**(3,761)**

SLOUGH BOROUGH COUNCIL **APPENDIX D**

HRA Income and Expenditure Statement

Period 9 Forecast

Income/Expenditure Category	2022/23		
	Original Budget £'000	Forecast Outturn £'000	Full Year Variance £'000
Expenditure			
Repairs and Maintenance	10,880	9,714	(1,167)
Supervision and Management	9,838	10,266	428
Rents, Rates, Taxes and Other Charges	590	1,033	443
Provision for doubtful debt	1,338	1,338	-
Interest payable and similar charges	4,593	4,620	27
Capital grants and contribution	-	-	-
Depreciation, Impairment and Revaluation losses of non-current assets	8,917	8,918	2
Transfer to / from Reserve			
Total HRA Expenditure	**36,156**	**35,888**	**(267)**
HRA Income			
Dwellings Rents	(34,608)	(34,636)	(28)
Non-dwellings Rents	(1,714)	(1,409)	306
Charges for Services and Facilities	(2,495)	(2,378)	117
Contributions towards Expenditure	-	(54)	(54)
HRA Investment Income	(15)	(15)	0
Total HRA Income	**(38,833)**	**(38,493)**	**340**
(Surplus) or deficit for the year on HRA services	**(2,677)**	**(2,604)**	**73**

SLOUGH BOROUGH COUNCIL **Appendix E**
Virements applied to P6 budgets
Period 9 Forecast 2022/23

Directorate	Approved P6 Budget £'000	Staff Inflation £'000	Contract Inflation £'000	Create HP&P £'000	Staffing £'000	Expenditure Budgets	Insurance contingency	SCF contract uplifts agreed	Expenditure attached to Govt ASC grants	Income from Govt ASC Grants	Amended P9 Budget £'000
People (Adults)	28,441	327							2,242	(2,242)	28,768
People (Children)	7,754	162			130						8,046
Slough Children First Contract	31,435							1,515			32,950
Place & Communities	11,540	708	415	6,261							18,924
Housing, Property & Planning		44		(3,090)		404					(2,642)
Strategy & Improvement (formerly COO)	20,261	471		(3,171)	120	(162)					17,519
Finance & Commercial	8,787	222				87	(1,100)				7,996
Total Service Budgets	**108,218**	**1,934**	**415**	**-**	**250**	**329**	**(1,100)**	**1,515**	**2,242**	**(2,242)**	**111,561**
Other Corporate Budgets	44,383	(1,934)	(415)		(250)	(329)	1,100	(1,515)	(2,242)		38,798
Pension Deficit	5,014										5,014
Minimum Revenue Provision	32,100										32,100
Capital Financing	1,937										1,937
Total Corporate Budgets	**83,434**	**(1,934)**	**(415)**	**-**	**(250)**	**(329)**	**1,100**	**(1,515)**	**(2,242)**	**-**	**77,849**
Total Net Budget	**191,652**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(2,242)**	**189,410**

Virements set out above are as follows:

- £1.934m of virements have been required in respect of the staff pay settlement recently agreed and as previously advised. This has been based on the number of positions within the organisational hierarchy, the £1,925 per FTE increase plus NI and pension
- £0.415m relates to the Waste contract and the in-built inflationary uplift which the Council is obliged to honour.
- There are a number of cost centres and balances required to be transferred out of Place & Communities and Strategy & Improvement in order to create the new Housing & Property directorate.
- Two virements relating to staffing have been processed: £130k as a part-year effect for the recruitment of additional SEND staff which was approved by the CEO earlier in the financial year; the balance of which will be allocated in the budget build for 2023/24. The second for £120k relates to a position which was agreed as part of the revised senior management structure but for which it was found there was no budget due to a previous saving that had been taken (as previously advised). This therefore has had to be added back in.
- A small number of budgets moving between directorates involving IT, Revs and Bens, Building Management, so net nil, with one item of £0.329m relating to the business rates pertaining to St Martin's Place needing to be created as this had incorrectly been taken as a saving in a prior year. This is as previously advised at P6.
- On further refinement of the CD model and progress on the prior year financial statements, it has been identified that an adjustment relating to insurance should be made in a prior financial year. Hence the CD allocation of £1.1m made into the insurance budget is no longer needed for that purpose and so it is to be transferred back to Corporate Budgets in order to control expenditure.
- There have been two papers submitted to Cabinet for approval of additional monies relating to the SCF contract payment by SBC. In September, £0.343m was agreed as an increase, followed by a further paper in December to agree a further £1.172m to be added to the contract for the year on a one-off basis (along with a further retrospective amount relating to 2021/22. This has therefore been vired into the budget line for the contract in recognition of that approved increase.
- In the local government settlement for 2022/23, increases in certain grants and an allowance for the spend against these, was accounted for in the final budget build for 2022/23 but held centrally at the time. £2.242m of this related to Adult Social Care grants and hence the income and associated spend budget has been transferred to Adults. The spend was accounted for in Corporate Budgets and the income within Other Grants in sources of funding. By transferring the grant income target (so as to sit with the rest of the grant received by Adults), this has the accounting impact of reducing the total net budget.

Further virements in process:
There are also various virements being undertaken on an ongoing basis within directorates in order to realign budgets with how activity is now experienced on both income and expenditure. This is being done on a "net nil" basis whereby adjustments are made without changing the overall bottom line budget for a directorate. For example the staffing structure of Place has been reset and budgets aligned in cost centres with the schedule of staffing as discussed between the service and Finance. Virements such as this are being done in consultation with EDs but due to the complex detail this can involve it is not proposed to list all of these within this document.

Future Virements required:
Further to the above, it is proposed that the following virements are undertaken in due course and hence that they be processed as soon as numbers and details are confirmed:

- To recognise that £1.1m of the Public Health grant is utilised to meet PH outcomes in other services across the council
- To move salary budget (CD money) for senior management from Corporate to other directorates (S&I and H&P)
- To move PMO Budget from Corporate to S&I

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SLOUGH BOROUGH COUNCIL **Appendix F**

Maintained Schools - Forecast Balances 2022/23

Period 9 Forecast (Schools Quarter 2 Monitoring Returns)

School	Phase	Opening Balance	Expenditure	Income	Estimated c/fwd
		£'000	£'000	£'000	£'000
Baylis Court Nursery School	Nursery	(140)	586	588	(138)
Chalvey Nursery School	Nursery	(147)	550	492	(205)
Cippenham Nursery School	Nursery	202	642	762	322
Lea Nursery School	Nursery	72	547	629	154
Slough Centre Nursery	Nursery	(165)	605	508	(262)
Claycots School	Primary	3,665	9,922	8,870	2,613
Holy Family Catholic Primary School	Primary	98	2,519	2,432	11
Iqra Slough Islamic Primary School	Primary	312	3,578	3,390	124
Our Lady of Peace Catholic Primary and Nursery School	Primary	91	2,781	2,555	(135)
Penn Wood Primary and Nursery School	Primary	262	4,594	4,373	41
Pippins School	Primary	88	1,050	1,031	69
Priory School	Primary	1,239	5,938	5,336	637
St Mary's Church of England Primary School	Primary	385	3,801	3,582	166
Wexham Court Primary School	Primary	1,607	3,731	3,778	1,654
St Bernard's Catholic Grammar School	Secondary	628	6,472	6,242	399
Wexham School	Secondary	1,356	8,022	7,692	1,026
Totals		**9,555**	**55,337**	**52,260**	**6,478**

SLOUGH BOROUGH COUNCIL

REPORT TO:	Cabinet
DATE:	27 February 2023
SUBJECT:	Financial Action Plan – Update
CHIEF OFFICER:	Executive Director Finance and Commercial (S151)
CONTACT OFFICER:	Executive Director Finance and Commercial (S151)
WARD(S):	All
PORTFOLIO:	Councillor Rob Anderson Cabinet Member - Financial Oversight & Council Assets
KEY DECISION:	No
EXEMPT:	No
DECISION SUBJECT TO CALL IN:	No

APPENDICES:
Appendix 1 - Risk assessment
Appendix 2 - Response to CIPFA Review
Appendix 3 - Response to DLUHC Governance Review (Finance only)
Appendix 4 - Response to Grant Thornton's recommendations
Appendix 5 – Response to Directions (Finance only)
Appendix 6 – Assumptions, risks and mitigations
Appendix 7 – Finance and Commercial Services Improvement Plan

1 PURPOSE AND RECOMMENDATIONS

1.1 To provide Cabinet with a summary update on the key areas of the work undertaken to respond to the many and very serious financial challenges and the recommendations made by external agencies. Specifically, it provides an update on the following issues:

- Capitalisation Direction
- progress being made on generating capital receipts
- budgets
- Minimum Revenue Provision (MRP)
- the Council's borrowing levels
- accounts
- the dedicated schools grant
- the finance structure
- revenues and benefits

- Council accounting, HR and procurement system (ERP)
- commercial and procurement improvements
- internal audit actions
- company governance and actions

1.2 Cabinet is recommended to note the progress and issues arising from the continued work on the above.

1.3 Cabinet is requested to recommend the report to Council.

Commissioner Review

1.4 The report provides a very detailed and comprehensive progress report in the Financial Recovery Plan. The commissioners are pleased to note the progress.

2 REPORT

Background

2.1 The range and extent of the financial issues facing the Council have been well documented and reported to Cabinet in the last 20 months

2.2 The Cabinet, auditors and commissioners expect regular reports to evidence progress made. This report summarises the overall key issues, clearly a lot of the detail is contained in the accompanying budget papers and the appendices:

- capitalisation direction
- progress being made on generating capital receipts
- budgets
- MRP
- the Council's borrowing levels
- accounts
- the dedicated schools grant
- the finance structure
- revenues and benefits
- Council accounting, HR and procurement system (ERP)
- commercial and procurement improvements
- internal audit actions
- company governance and actions

2.3 It also includes a summary of the progress made in respect of the recommendations in the various reports from external agencies during 2021/22. These recommendations provide the basis of the financial improvement agenda and assist in framing the scale of the financial challenges facing the council.

2.4 Appendices 2 - 6 have been presented as they show the detail and the current position and progress against the recommendations in external reports among other matters:

- the DLUHC Governance Review (Finance Only)
- the CIPFA Review
- Grant Thornton's statutory recommendations
- Directions (Finance Only)
- Risks, mitigations and assumptions in the current forecast CD and budget

2.5 The financial strategy agreed and actioned by the Council was to:

- address the identified problem, this began in July 2021
- sell assets to reduce borrowings and thus reduce MRP/interest costs and finance the CD – agreed September 2021
- reduce net revenue expenditure, both general fund and the dedicated schools grant – ongoing since July 2021
- produce and have audited annual accounts – ongoing since July 2021
- operate proper and rigorous budgeting and building up reserves – from July 2021
- design and implement a permanent structure for the Council's finance service – now complete and currently being filled through recruitment
- all to an appropriate standard and in an appropriate manner and with an understanding that this will take up to 5 years

2.6 The Council's **strategy is starting to come to fruition** although there is a great deal of work still to do and risks to be managed before stability can be achieved, the position throughout this paper is of course at a point in time and will undoubtedly change. The key developments have been:

- achieving asset sales of over £173m to date this financial year with a planned total of over £200m for the whole year and forecast sales of £200m in 2023/24. This is greatly in excess of the budget and is paying down minimum revenue provision costs, repaying temporary borrowing, reducing interest costs and reducing the Capitalisation Direction
- an overall reduction in the Capitalisation Direction from a worst-case potential £782m to £357m
- projecting a budget which for 2022/23 is currently showing a reduction of £27m in the Capitalisation Direction for this year

- planning for savings of £22.4m in 2023/24
- agreeing with the DfE, subject to formal approval, a DSG recovery plan that achieves an in year balanced position by 2025/26 from what was a previously forecast £7m annual increase in the overspend and should see the Council's historic deficit of £27m financed by the DfE
- producing annual accounts, two so far produced and submitted for audit, one in progress
- starting to build up reserves as indicated in the CD
- designing and implementing a new finance service structure which has seen some success in recruitment from external candidates and transfer of contract staff to permanent positions. The first phase has now completed and a plan is being put in place to recruit to remaining vacancies.

Summary Updates

2.7 The Council applied for and received a minded to **Capitalisation Direction** of £307m to 31/3/23. Looking forward the Council modelled to 2028/29 a total that could have risen to £474m. For further modelling purposes if the Council was unable to deliver £20m annual revenue savings from 2022/23 to 2028/29 and instead achieved £13m as a guide then the Capitalisation Direction would have to increase further and allowing for MRP on that would have totalled an estimated £782m.

2.8 It is currently estimated that **the overall Capitalisation Direction could be reduced from a potential total of £782m to £357m**. **However, it is important that in providing this figure that there is a clear understanding of the assumptions and risks inherent in this figure. These are set out in Appendix 6**

2.9 The Council is thus beginning to see the potential benefit and the outcome of the strategy adopted. Overall, this leaves the Council with a very large and challenging capitalisation direction of £357m but does represent a reduction of £425m and can be fully financed by:

applying capital receipts from 2021/22 to 2027/28	£348m
paying MRP in 2022/23 and 2023/24 of	£9m

2.10 **Capital receipts** of £400m are forecast to be potentially achievable by 31 March 2024 from the sale of assets which is more than sufficient to cover the CD. Thus, if manageable challenges arise with achieving the total from the current plans sufficient flexibility is retained in the current estimates to do this by other means. **However equally if sites do not achieve sales on time or to this value there will be a very serious impact on the Council's financial position.** Current assumptions related to capital receipts are that:

- the production and cleansing of the accounts will generate circa £25m of available capital receipts;
- the work on reviewing the Council's companies and generating capital receipts from those of circa £40m (excluding JEH);
- asset sales of circa £385m up to 2027/28 by disposing of investment properties and surplus operational assets;
- a potential capital receipt of £200m from a stock transfer (from a desk exercise) should be achievable, if it is decided to pursue stock transfer;

2.11 The **budget** savings required in future years currently remain as previously reported and the estimated position as at month 9 is as reported elsewhere on this agenda

2.12 The **2023/24 budget** has a target of £22.4m of savings which has been completed with options to that value to be tabled at Scrutiny in November/December 2022 and January/February 2023. The budget is also allowing for various estimated cost pressures such as pay, contracts, investment income reductions and service demand pressures.

2.13 The **2024/25 budget** has a current estimated savings target of £12.9m and is progressing with options totalling a potential £7m currently being explored.

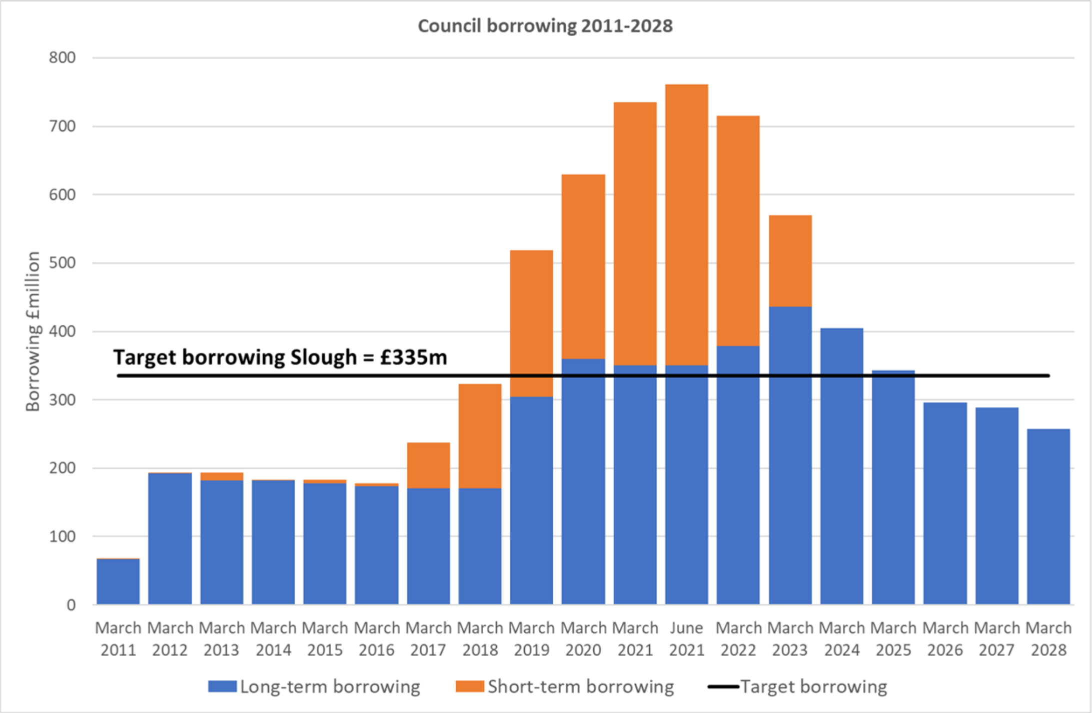
2.14 The lack of adequate budget for **MRP** was identified when the s114 was issued and reported extensively to Cabinet and Council. The Council's MRP budget for 2021/22 was £40k. The original estimated total impact of MRP was £18.3m in 2021/22 and £28.0m in 2022/23, the latter has now reduced by £10.7m. This is due to the identification of £40m capital receipts from redrafting the accounts which has enabled capital expenditure from previous years to be fully financed thus reducing the need for MRP.

2.15 The Council's **borrowings** are forecast to reduce as follows and as shown in Table 1 below:

- by £190m from £760m at 30 June 2021 to £570m by 31 March 2023, and
- down to £280m by 31 March 2028.

2.16 The reduction reflects the forecast receipts from asset disposals as profiled by advisors AY. By using the capital receipts from the programme of asset disposals, the Council is on track to reduce temporary borrowing to £133m by 31 March 2023 (a £203m reduction from the opening balance of £336m at 1 April 2022), and fully repay all temporary borrowing by September 2023. This will virtually eliminate the Council's exposure to interest rate risk.

Table 1: Forecast reduction in borrowing



2.17 Improvements in Financial Monitoring

We have improved the openness and transparency of virements through the year in the budget monitor and made a range of other improvements as shown below:

- budget monitoring reporting and commentary is more robust and insightful than seen previously – covering more areas and with more meaningful commentary
- a clear analysis on capital budgets and slippage approval. Clarity on how each project is funded. The capital review board needs to be reconvened in 23/24 to add further to governance, review and approval processes
- a thorough exercise undertaken on fees and charges with improved analysis of all charges shared with Cabinet. An in-depth analysis to test cost recovery needs to be undertaken in 23/24
- a thorough budget assessment and rebalancing from bottom up undertaken for Place directorate so now staff budgets are robust. Other issues identified and addressed include the budget for Libraries, CCTV and a Highways income target that was unachievable.
- a recharges review needs to be undertaken in some depth but some realignment against HRA with Place and Corporate Services being undertaken to address particular risk areas

- the HRA budget on the system was found to bear no resemblance to what was agreed at Council in March 2022, presumably due to turnover of staff and no handover. Identified and rectified

- new categories of analysis inserted into Agresso to capture member portfolio at cost centre level and make analysis at this level of reporting easier to undertake

- HRA and DSG categorisation added into Agresso to make these clearer and easier to exclude from GF analysis and reporting – this had previously been very confusing and led to errors in reporting in the past and was even harder to understand with staff turnover

- old budget targets from prior years found in "Savings to be identified" account code in various service areas. These have/will be moved to the relevant codes

- all grants are being logged when received through the year along with grant letters, in a grant register. A review of the process of how grants are recorded (balance sheet or I&E first, drawdowns etc) will be undertaken to build further clarity

- ECP process has helped to capture any spend which is questionable but the spend which is challenged at a corporate level are now reducing.

- undergoing the budget review in Place and restructures in F&C and IT have helped to ensure the Council now has a detailed working paper behind staffing costs in those areas which will be expanded out across all other areas

2.18 **Accounts** have been submitted for 2018/19, the audit is being conducted in more detail than originally anticipated due to the greatly increased risk profile of the Council. The Council will receive an audit opinion commensurate with the lack of accounting records. This will be a matter for the auditors judgement and cannot be pre-judged although it is likely to be one of a serious nature for the 2018/19 accounts. The 2019/20 accounts were submitted to the auditors on 1/11/2022. 2020/21 accounts are now estimated to be completed by February 2023.

2.19 The **Dedicated Schools Grant** deficit for 2021/22 has been reduced from a forecast of £7.2m to £4.9m, and for 2022/23 is now forecast at £2.1m. The management plan has now been finalised and secures an in-year balance by 2025/26. With a potential historic deficit write off by the DfE of £27m.

2.20 The Council has been participating in the DfE's Safety Valve programme and has been engaging with the DfE on a bi-monthly basis and in doing so the DfE has been offering challenge and support to the process of recovery. The meetings have been focused on providing an effective service and achieving financial sustainability rather than simply reducing expenditure..

2.21 The Council submitted its initial proposal to the DfE on 13th January 2023 with a feedback session held on 23rd January 2023. The Council submitted a final proposal on the 3rd February 2023.

2.22 If the proposals are agreed to by the Secretary of State, they will form the basis of a published agreement in early 2023. The agreement will require the Council to implement reforms to the agreed timetable, alongside maintaining an agreed savings profile. It will also set out additional funding which the department will release to support the reduction of the cumulative deficit.

2.23 The **Finance and Commercial restructure** was approved in July 2022 following extensive consultation. Following a new Direction from DLUHC in September 2022 the recruitment of the new Executive Director, Deputy Directors and third tier posts was passed to the Commissioners. An appointment to the ED post was made in January 2023. The Deputy Director posts remain vacant after a first round of recruitment.

2.24 The wider recruitment in the department was in three phases – the first offered opportunities for existing permanent staff to be promoted into the new structure, the second offered opportunities for contractors and other Council staff to be considered for permanent roles and the third stage opened the remaining vacancies up to external candidates. Recruitment advertising took place during September, October and November and completed on 9 December 2022.

2.25 A total of 102 applications were received across all posts. 3 candidates were promoted internally, a further 8 permanent appointments were made from contractors or other council departments and a further 9 external candidates were appointed into key roles within the structure.

2.26 The original structure included 60 posts which were increased to 90 including the bringing back in-house of Internal Audit and Commercial Services. Of the original 60 posts in scope there were 36 permanent staff and 24 vacancies. Following the restructure there are 51 permanent staff in post and 39 vacancies of which 20 are currently staffed by agency staff and 19 posts are vacant. Plans are actively being considered to recruit to the remaining vacancies especially in priority areas.

2.27 **Revenues and Benefits** - Work continues in revenues and benefits on increasing collection rates back to pre-Covid levels, improving the speed of processing time for benefits, supporting vulnerable residents with payments through government schemes and various other improvement projects as shown below:

2.28 Collection rates – At the end of December 2022 improvements continue to be seen for in-year collections for both Council Tax and Business Rates. Council Tax collection is 80.46%, 0.45% ahead of target and up 0.56% on the same time last year. Business Rates collection is 82.43%, 2.48% ahead of target and up 5.07% on the same period last year. Considering the economic conditions, the Council Tax collection is very positive. It is anticipated that this improvement will continue. Arrears collection is also improving with Council tax net balances reduced by £3.247m (15.7%) so far this year and NNDR seeing a reduction in net arrears of £3.942m (44%).

2.29 Government Schemes – Energy Rebate Scheme - The payment of the core scheme and discretionary schemes have been completed. The Council made 56,141 payments totalling £7.309m to residents through the scheme.

2.30 Housing Support Fund - the Council is now over halfway through the third tranche of this scheme and paying £1.171m to vulnerable households struggling with the cost-of-living crisis, and vouchers to children receiving free school meals during school holidays.

2.31 The Government have extended the Energy Rebates Scheme for another 12-months from 1 April 2023. In addition, the Council received Energy Bills Support Scheme Alternative Funding - a new scheme the Government launched to provide a discount on energy bills of £400 for households who pay for their energy in a different way, such as those with a commercial landlord or intermediary, such as park home residents or some housing association tenants.

2.32 Council Tax Support Fund - Slough has been provided with £0.253m in funding under this new scheme to provide support to those households already receiving Council Tax Support, but still have a balance to pay. The scheme has an element of mandatory and discretionary elements.

2.33 *Projects* - Development and improvement of the service continues with a number of key projects underway which include:

- Academy Cloud Migration – This was successfully completed on 9 January 2023
- Recovery data cleansing – This has already released more than £0.7m of debt that was effectively on hold to be recovered. The first two of the Enforcement Agent caseloads have been completed and the remaining two are due for completion by June 2023
- Revenues and Benefits Automation – The kick off meetings have concluded, and work has begun on the first of 11 automation projects. Once complete the vast majority of the high-volume, low-value tasks currently processed by officers will be automated
- Single Person Discount Monitoring – This project is currently underway and reviewing over 14,000 discounts. The initial phase of the project will be complete by the end of April 2023
- Council Tax Reduction Scheme – The Council is currently consulting on the implementation of a new CTRS scheme from 1 April 2023.

2.34 It was previously reported that as the **ERP** is fundamental to the information flow in the organisation the new S151 officer assumed strategic oversight over the system and is working on how to embed the right structure, resources, and practices in the organisation to maximise the output of the system and significantly reduce the costs arising from the inefficient operation that currently subsists.

2.35 There have been a series of improvements within **Contract Management and Procurement**:

- Contracts register is being used as a business-as-usual tool in forward planning procurement activity, this includes consideration of longer-term procurement activity required for high value, high risk contracts. It is also being used to develop the forward plan/contracts over £180k report for April Cabinet
- The Council is utilising existing IT systems for the contract register and the implementation on Agresso is due to be complete by the end of the financial year. The Council is also considering in-house tools that can be used for contract management.
- Revised contract procedure rules we approved at full council in November 2022, processes and procedures have been updated to reflect the minor changes to the rules, which reflects governance in the council. The training programme also reflects the revised rules and continued throughout January and February.
- The commercial service has moved away from relying on expensive consultancy support, by initiating recruitment to a permanent in-house team, engaged a cheaper consultancy to support specialist procurement where needed and to plug short term gaps in resources.

2.36 **Internal Audit** – The recruitment of a new in-house internal audit team was a key recommendation of CIPFA and DLUHC in October 2021 and has been undertaken as part of the wider Finance and Commercial services Department restructure. Recruitment has been successful at the senior level with offers made and accepted for the Head of Financial Governance, Internal Audit, Counter Fraud, Risk and Insurance, Internal Audit Manager and Senior Auditor posts. All candidates are available to begin work in the first quarter of 2023 which will allow a structured handover with RSM and input to the 2023/24 Internal Audit Plan. Further recruitment is required to two internal auditor roles.

2.37 **Internal Audit recommendations** – A structured approach to closing down recommendations from previous years has been put in place and is beginning to show positive results and good progress continues to be made as follows:

- **Pre 2021/22 audit actions** – 8 actions from a total of 257 remain to be completed, 4 of these are medium rated and 4 are low rated.
- All internal **audit reports outstanding from 2021/22** have been finalised allowing completion of the Head of Internal Audit Annual Opinion for 2021/22.
- **2021/22 actions** – actions completed as at end of December number 130 or 49 per cent of the total due with a further 43 or 14 per cent not yet due. A concerted effort is needed by CLT and DLT's to close the

remaining 135 actions that are overdue. An analysis by Department and by priority has been shared with DLT's for actioning.

- The number of outstanding **2022/23 actions** will increase as the number of reports are finalised. Currently 8 reports are finalised and a further 8 are in the process of being responded to by management.

2.38 The Council's response to agreed internal audit actions should contribute to the achievement of the organisation's objectives and assist the Council in managing its risks. Officers have strengthened the arrangements for monitoring and verifying completion of audit actions.

2.39 The internal audit plan for 2023/24 is to be presented to the Audit and Corporate Governance Committee on 14 March 2023. It will be an agile plan in order to reflect changes in circumstances including the transition to a new In-House team during the first quarter of 2023. There are 12 audits planned for the final quarter of 2022/23 audit plan which should enable RSM to complete their Annual Head of Internal Audit Opinion for 2022-23.

2.40 **Companies Governance** - The Council had 10 companies excluding Slough Children First. All but four companies have been formally closed down during 2022. SUR, JEH, GRE5 and DISH remain operational although plans have/or are being developed which are focused on transferring activity to the Council (where appropriate), the sale of assets or a corporate transaction (sale of business inclusive of assets).

2.41 In line with previous reports provided to Cabinet, it is expected that the Council will exit GRE5 when the works to Nova House have been completed and the legal claim has concluded – this is expected to be in 2024. Cabinet will be requested to approve an exit route and a number of options are likely to be available to the Council if the works are completed satisfactorily and the legal claim is resolved. Bevan Britain have been asked to provide advice on regulatory and legal considerations to inform the most appropriate exit strategy. e.g. sale of freehold lease to a third party, leaseholder transaction.

2.42 Following an Options Review by Montague Evans, the SUR Partnership will not be undertaking any further major developments. This will significantly reduce the Council's capital commitments and financial risks over the next five years. The Partnership will be wound up following a series of land disposals over the next few years – each site disposal will be approved by the Cabinet. A site disposal strategy has been approved for NWQ and the full disposal transaction has been approved for Montem. Other sites will be considered by Cabinet in 2023.

2.43 Local Partnerships have reviewed JEH and have provided a series of options for the future operations. Cabinet will be requested to approve a preferred option(s) in March 2023 following the completion of further analysis (legal and financial) to inform the options.

2.44 The DISH company is a lower risk and will be reviewed in the first quarter of 2023/24.

2.45 Major progress has been seen in the following areas:

- **SUR**. The Council has established a Corporate Oversight Board for SUR to strengthen governance and management arrangements, including oversight of a phased reduction in SUR's activities. New Representatives (of the LLP) have also been appointed to oversee the changes and planned exit from SUR. Financial and performance reporting is regularised and now takes place on a quarterly basis. A Councillor was appointed in Autumn 2022 as the final (of three) representatives to the SUR LLP Board.
- Good progress has been made on the only ongoing SUR development project; the Old Library Site (OLS). Following the successful approval of First Homes Funding from Homes England in FY 22/23, apartment sales have accelerated and the Council's loan facility of £10m to the OLS has been fully repaid. Less than 5 apartments remain unsold/not under offer which significantly reduces the risk of loan default on the £2m of loan notes outstanding and has a positive impact on the Council's cash position.
- **GRE5**. Significant progress has been made to **GRE5's** financial planning and reporting, oversight and critical governance arrangements including the appointment of new external directors, the establishment of a new corporate oversight group and strengthened risk management. The Council's loan to GRE5 has now been fully executed following a financial review in FY 21/22 which identified that the Council's loans had not been approved in line with its Investment Strategy and was not implemented appropriately. Whilst building work is underway on Nova House, a number of additional structural issues have been identified which have had an impact on the ACM works and the resolution of the legal claim. A report is expected to be provided to Cabinet in February 2023 to provide a full update on the programme.
- **JEH**. A JEH options appraisal has recommended a phased exit including the transfer of some assets to the Council. The report identified a series of additional workstreams which are inquired to inform the Options and the development of the detailed action and exit plan. The exit plan is scheduled for agreement by 31/3/23.
- New Directors have been appointed for JEH in FY22/23 and monthly Board meetings have been reinstated from January 22. Board reporting including financial, performance and risk reporting has been redesigned to improve management and board effectiveness. A new SLA between the Council and JEH has been produced and approved in FY 22/23 and further improvements will continue to be made.
- **DISH**. DISH was established in 1988 and has a lease with the Council for 54 properties; with the majority of tenants classed as long-term tenants. DISH is considered to be a lower risk compared to other companies and an options review and exit strategy is scheduled to be complete by 30/6/23.

2.46 In October to December 2021, all Directors were replaced for JEH and GRE5. New Director role profiles were developed and standardised for both companies based upon an assessment of the specific requirements for each company. Internal appointments were made for JEH however due to the complexity and specific requirements of GRE5, external appointments were made. As an LLP, SUR has “representatives” and does not have “directors”. SUR representatives were reviewed and replaced in Autumn 2022 following a consideration of the specific requirements to implement the exit strategy and associated disposals programme.

2.47 All new directors were provided with induction training, including detailed briefing sessions on company matters, governance and other related matters. Formal contracts and terms of reference are in place for the appointments and each Director will be subject to an annual appraisal. Future training requirements will be monitored as the directors continue in role and the future direction and exit strategy evolves.

2.48 **Agresso System improvements** - The challenges regarding the way the Agresso system was originally set up have been well documented. A new cloud based Agresso hosting specialist has been engaged and a full migration off the Capita platform was successfully completed in December 2022. The system is running smoothly and single sign on will be launched in February 2023 as one of the quick gains from the transition. The Council is working to optimise the various elements of hosting the ERP with the new supplier to ensure a better all-round user experience.

2.49 Staff training was completed for line managers and Users Champions, all sessions are recorded and will be made available for new starters or anyone that requires refresher training. Bespoke training packages have been agreed for the following specialist areas and will be completed by March 2023 – HR, Payroll, Finance including Procurement & Systems Administration.

2.50 The BAU support function which has been to date managed by a firm of consultants was awarded to a Unit 4 (Agresso) Partner from January 2023, this will provide a streamlined 2nd level support function and manage all the periodic systems updates required in a systematic fashion.

2.51 Next steps include a complete update of the SBC establishment and reporting lines to match the Council’s structure, implement the contracts register module and complete some development in relation to enhancing the financial reporting experience

2.52 Detailed responses to the reports received from MHCLG/DLUHC, CIPFA, Grant Thornton and the formal Directions from DLUHC are shown in detail in Appendices 2-5. Table 2 overleaf shows a summary of the progress to date against each set of recommendations.

Table 2: Progress on implementing finance only recommendations from external reports

Report	No of Finance Recs	Complete/ Ongoing	Partially complete / On Track	Total
CIPFA (Appendix 2)	22	20	2	22
MHCLG/DLUHC (Appendix 3)	20	15	5	20
Grant Thornton (Appendix 4)	23	13	10	23
Directions (Appendix 5 - Finance Only)	9	7	2	9
Total	**74**	**55**	**19**	**74**
Total %		**74**	**26**	
Position in Nov*		**69**	**31**	
Movement since last report	**-**	**5%** ↑	**5%** ↓	

2.53 Significant progress has been made on dealing with the recommendations from the various reports issued by CIPFA, DLUHC, Grant Thornton and the Directions (Finance only) issued by Government during 2021/22. 74 per cent of all recommendations have been completed or are continuously ongoing with good progress with the remainder on track to complete during 2022/23. Since the last report the number of complete or ongoing recommendations has increased to 55. The remaining recommendations will be implemented in the medium to longer-term due to their nature although a vast majority are expected to progress during 2022/23 and 2023/24. In summary:

- **Directions** - There are 9 of the 13 Directions which are whole or part in the ownership of the finance team. Of these 7 have been classed as green and the remaining 2 is amber. Firstly, the internal audit work is largely complete but not fully. Secondly, decisions on the reviews of council companies are well progressed and will be complete in the next year.
- **CIPFA report** - The recommendations are substantially complete with 2 outstanding with both on track to be completed by 31 March 2023.
- The **DLUHC report** has 5 on-going / outstanding recommendations relating to improved service planning; responding to internal audit recommendations; continually developing member training around budgeting; implementing the CIPFA recommendations and spreading the learning from improved service planning in finance to other areas such as IT and HR. Work has commenced or is substantially complete in all these areas.

- The **Grant Thornton report** was more detailed and had 23 recommendations, some of which had multiple actions. Whilst progress has been made against all of these, they have not been deemed to be complete until all elements are finished. Many of the actions are dependent upon completion of the annual accounts, for example, the annual governance statements are complete but cannot be signed off until the accounts are audited and approved by members. Other actions are more developmental and will by their nature be on-going for some time e.g. improving financial reporting, improving financial systems and processes; recruiting an internal audit team; improving the governance around the recording of member and officers interests. Some actions have a longer delivery time due to the nature and complexity of the issues e.g. the review of companies. All these matters are on track to be substantially completed in 2023.

2.54 Clearly the above positions are best estimates at this point in time and will change continuously as the work continues to progress.

2.55 As previously reported it will take up to **5 years** to transform/stabilise the Council's finances and this will involve a further range of improvements/work to be done. Examples of future plans included in the departmental business plan are outlined in Appendix 7 and key aspects summarised below:

- **People, culture and customers** – the services has spent a lot of time recruiting to the team and will put in place cultural changes that will enable the department to meet its ambitions, ensure it meets the highest professional standards, and has a 'can-do' attitude to supporting departments and the development of the Council's plans.
- **Training and succession plans** will be developed further once the team is recruited. The development of people is at the heart of our future success and this will be reflected in our investment in this area through the recruitment of professionally qualified staff, offering opportunities to current staff and growing the Council's own talent through trainee recruitment.
- **Improving Financial Reporting and Accounts Completion** – one of the key success factors will be to ensure all outstanding sets of accounts are complete by December 2023 and that the underlying processes to deliver future statements are embedded and quality assured. Progress in this area is well advanced but needs to be embedded during 2023/24 and is subject to the outcome of external audit reviews. Plans are in place.
- **Getting the basics right** - continuing rectification of the many very significant historical challenges with poor basic financial control processes and procedures – for example, reconciliations between systems, quality control around the accounts processes, consistency in the completion of standard working papers, control and recording of assets, income recognition and debt recovery. Continuing action will be taken to improve the basic financial systems and control processes

through the upgrade and development of Agresso and related systems but these will take time to embed fully.

- **Financial Strategy and Planning** – a great deal has been done to stabilise the Council's financial position through the forensic investigations during 2021/22 of previous accounting practices. Many of these issues have been rectified but the Council will not be fully clear of these issues until the outstanding audits have been completed. Medium Term Financial Planning had to be developed in a vacuum during 2022/23 due to the lack of a corporate plan and in the crisis situation the Council found itself in. A key area for 2023 is developing greater integration between the corporate plan and medium-term financial plans.

2.56 **Improving each of the key functions** – all key services within the Department have a service plan and understand their responsibility for delivery. Each area has clear objectives, key performance indicators and key improvement actions for 2022/23 and beyond.

2.57 As noted above the strategy is evidencing progress but a financial recovery of this magnitude will take a further estimated 5 years, and inevitably matters will arise during this period that will need addressing and much remains to be done at a detailed level and to embed good practice. A list (albeit not exhaustive) of current challenges is set out below:

Transitioning to a new team and continued culture change

The new leadership team is expected to be in place by May 2023. Whilst there is a current business plan this will need reviewing and agreeing with the new team and sharing with the wider team to get buy in and support for the scale and pace of the changes required.

Delivery of future years audited financial statements

Progress has been made in many areas but this will need to continue to be embedded and developed if the good work to date is not to be lost. In particular, the completion of three years set of accounts and the quality of the working papers and newly established quality control regime will need to be built upon in future years.

Introducing zero based budgeting

The challenging savings targets facing the Council will require new techniques to be deployed including an on-going review of budgets from a zero-based perspective. This is scheduled to be introduced in 2024/25.

Restructuring the Revenues and Benefits team

The re-structure of the Revenues and Benefits Team is likely to be effective from September 2023 and will need to ensure that it takes advantage of the process and technology efficiencies envisaged when the 2022/23 budget was formulated. The project management of this process will be critical to the future success of the team.

Embedding the Agresso system changes

The challenges regarding the way the Agresso system was originally set up have been well documented. A new host contract has been established from January 2023. Whilst this relationship is important there is also key relationships and procedures to be established with HR and IT departments in order to enable the most effective use of the system going forward.

Improving the Counter Fraud function

A recent report by CIPFA has identified the need to undertake improvement in the direction and focus of the team to ensure it is achieving optimum outputs for the Council from the resources available. An improvement plan is being put in place to ensure this happens.

Developing the new In-House Internal Audit Team

A new team has been recruited to replace the outsourced contract – it will take time to bed this team in and to develop the working practices and cultural change required for management and members to obtain appropriate assurance. A new way of working is required in tandem with management. This team will be crucial to supporting the continuing changes required to embed good governance.

Responding to Recruitment Challenges

Recruitment remains challenging in a number of key areas most notably at the Finance Manager level in the main finance teams and also in the Commercial Team. In some specialist areas such as insurance interim cover remains in place. The cost of employing agency staff will continue to be a challenge to the budget going forward, despite the progress made in 2022/23.

Asset Management

Challenges still remain around the accuracy and maintenance of the asset register. Whilst progress has been made this is likely to be an area for further improvement across the Council.

Procurement and Contract Management

Implementing and consolidating some of the key changes from bringing the Contract Management and procurement functions back in house will be a key area for further development and improvement during 2023 and beyond. This will be crucial to the Council’s ability to achieve value for money.

3 IMPLICATIONS OF THE REPORT

3.1 Financial implications

3.1.1 These are set out throughout the report. Should the work being undertaken not be completed or be significantly delayed, the Council's financial position would quickly deteriorate and become untenable.

3.2 Legal implications

3.2.1 On 1 December 2021 the Secretary of State for Levelling Up, Housing and Communities made a statutory direction requiring the Council to take prescribed actions and that certain functions be exercised from this date by appointed Commissioners, acting jointly or severally. The functions to be exercised by the Commissioners include the requirement from section 151 of the Local Government Act 1972 to make arrangements for the proper administration of the Council's financial affairs, and all functions associated with the strategic financial management of the Council, including providing advice and challenge to the Council in the setting of annual budgets and a robust medium term financial plan, limiting future borrowing and capital spending. The Explanatory Memorandum to this Direction confirms that in practice most decisions are expected to the taken by the Council, however the Directions are designed to give the Commissioners the power to tackle weaknesses identified to ensure the Council is better equipped to meet the best value requirements. Cabinet and full Council should have regard to the advice and comments of the Commissioners contained in this report

3.2.2 The Council has a number of statutory duties in relation to financial management. These include the following:

- Under Part I of the Local Government Act 1999, a best value duty to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of efficiency, economy and effectiveness;
- Under section 31 of the Local Government Finance Act 1992, the requirement to set a balanced budget at the start of each financial year;
- Under section 28 of the Local Government Act 2003, a requirement to review actual expenditure against the approved budget on a regular basis throughout the year and, where it appears that there has been a deterioration in the financial position, a requirement to take such action as is necessary to deal with the situation;
- Under The Accounts and Audit Regulations 2015, a requirement to maintain adequate systems of internal control.

3.2.3 The Council's Constitution, which is based on the requirements of the Local Government Act 2003, requires that decisions in relation to financial management must be taken at specific levels within the organisation, as follows:

- Full Council is responsible for approving the policy and budget setting framework at the start of each financial year. This includes approval of Council Tax increases, revenue and capital budgets, Treasury Management Strategies and capital investment plans.
- Cabinet is then responsible for determining how and when expenditure will be incurred, and what levels of service are provided, so long as this is in accordance with the overall budget framework.
- Part 3 of the Constitution also includes a Scheme of Delegation whereby some decisions can be delegated to individual officers or to senior officers acting as a group.

3.3 Risk management implications

3.3.1 There are a range of risks associated with this work. These risks and the mitigations put in place to manage them are set out in Appendix 1. Some of these mitigating actions are already in place, others will take time to develop and embed. This risk assessment will continue to be developed and the position continuously assessed, with regular reporting to members as part of these progress reports.

3.4 Environmental implications

3.4.1 The work being undertaken will allow the Council to continue to function and thus help address its environmental aspirations

3.5 Equality implications

3.5.1 The work being undertaken will allow the Council to continue to function and thus help meets its equality requirements

3.6 Procurement implications

3.6.1 The proposed asset disposal programme, implementation of the Council’s procurement strategy and maintenance or improvements to financial systems will all require the assistance of external specialists who will provide additional skills and capacity not currently available in-house.

3.6.2 Any support obtained from external support consultants will be secured in compliance with the Public Contracts Regulations 2015, Council procurement policies, and within approved budget spending limits.

3.7 Workforce implications

3.7.1 There are workforce implications associated with the restructure of the department which are being managed with HR support. Possible future changes to the staffing structures within Finance functions referred to this report are subject to future Cabinet reports which will fully consider workforce implications.

3.8 Property implications

3.8.1 The asset disposal programme referred to in section 8 of this report will directly impact on the Council’s property holdings. Full details will be provided via six-monthly progress reports to Cabinet.

Appendix 1

Risk management

1. There are a range of risks associated with this report. Risk identified to date have been listed below, together with the mitigations put in place to manage these risks down to acceptable levels. Some of these mitigations are already in place, others will take time to implement and embed. All risks and mitigations will change and develop over time and the current position will need to be continuously assessed. The RAG rating after mitigation is not time related ie as has been previously advised this while process will take circa 5 years.

Risk	**RAG Before Mitigation**	**Mitigation**	**RAG After Mitigation**
DLUHC/CIPFA/Grant Thornton/ Commissioners may not have confidence that the Council can address all the matters to the quality and in the time needed	Red	Recruitment of new Executive Director of Finance and team now complete – remaining vacancies will be filled by experienced interims subject to budget constraints. Commissioner comments on the transitional Finance team have been very positive. Implementation of the financial strategy agreed in 2021 has shown success to date. This also requires considerable input from across the whole Council in order to continue to deliver on all matters – this is being programme and project managed in a more co-ordinated manner	Amber
Accounts not completed	Red	Employment of national experts Creation of robust project plan as developed and successfully used elsewhere Utilisation of proven whole team methodology On-gojng engagement with external audit 2018/19 and 2019/20 accounts presented for audit. Due to the lack of appropriate records and standards of work in 2018/19 etc the audit opinion will be commensurate with that situation. Thus pending the resolution of the audit this is deemed red at this stage but will be determined. Thus an overall opinion of amber	Amber
Budget may not be brought into balance	Red	On-going communication with DLUHC regarding capitalisation directions Development or more rigorous processes and timelines Continuous weekly meetings at all levels – officers and Members Asset sale process for 2022/23 has been successful and had a material impact on borrowing levels in the longer term Cleansing of all budgets has continued Reductions in the capital programme Agreement from all involved that all matters have to be considered The Council is awaiting reviews of the SCF business plan which is currently having a material impact on the 2023/24 budget proposals.	Green – pending asset sales
2022/23 Budget may not balance	Red	The Council is also currently facing the risk of a 2022/23 in year departmental revenue overspend. However this is offset by corporate matters and the overall change in the CD	Green
Weaknesses in Council's strategic use of companies, governance, management, financial reporting and	Red	Holistic reviews of all companies underway. 6 out of 10 Companies closed during 2022/23 and the remaining ones are subject to detailed scrutiny in order to determine the most	Amber

performance management continue		beneficial position for the Council. All expected to be complete during 20223/24. Some issues already being addressed through Cabinet and Council. (Others will take place over the coming 12-18 months)	
Internal Audit reviews not actioned or consider the holistic requirements of the Council	Red	Proactive management of internal audit recommendations is now taking place and chasing down of responses to and implementation of actions. Discussions have been had with Internal about the balance of their reports in the context of the council's current position and extensive change agenda. New Internal Audit team recruited ahead of agreement of the 2023/24 Internal Audit plan.	Amber
Systems continue to fall behind the latest version, development work is not taken forward and priorities are not identified or resourced	Red	Structure, resources and practices are under review and will be analysed, reviewed and assessed to address the issues ICT restructure has been completed and recruitment taking place. This will greatly impact on this when in place.	Amber
Finance Team reverts back to being under resourced and under skilled	Red	Restructure programme completed with some successes and some remaining vacancies but significantly improved capacity and capability. Much smaller interim cohort required for the future. Finance leadership team recruited. Training is developed which is underway Additional required temporary and permanent resources are identified and secured The residual risk is amber due to continuing need to secure a wholly a permanent team whilst transitioning from the interim team in place during 2021-23.	Amber
Poor financial management practises continue New practices are not embedded	Red	Range of new processes introduced on a phased basis and Officers trained in the new approaches. This depends upon officers throughout the Council fully engaging with the rigours of budget management and securing a longer term permanent team. There is a large quantity of detailed work still to complete	Amber

Appendix 2

Response to CIPFA review

No.	Recommendation	Action taken	Responsible officer	End Date
	Strengthening Financial Sustainability			
	A On future sustainability: Establish a detailed plan to close its short and long-term budget gap			
1	1. The S151 Officer present their plan for the steps that they need to take to rebalance the budget to Council in October and seek Council approval for the Plan.	Plans were taken to Council in October 2021. Plans approved. Budget for 2022-23 approved. Budget for 2023/24 in process of approval.	S Mair	***Complete*** for short term Work continues for the longer term
2	*The Council produces an outline plan to close its identified budget gap for 2022-23 (before taking account of additional Section 114 liabilities) by November 2021.*	***Complete***	***Complete***	***Complete***
3	*The Council produces a longer-term outline plan for closing the MTFP budget gap by December 2021.*	***Complete***	***Complete***	***Complete***
4	The Council produces detailed delivery plans for savings required over the MTFP by May 2022.	Costed savings action plans have been produced for the 2022-23 budget and proposals are now being prepared for the 2023-24 budget which will be refined through to January 2023. The process beyond 2023/24 will be based on a zero basing of the Council's budget	S Mair/EDs	***Complete*** for 2022/23 Budget Paper going to March Cabinet ZBB will take through to October 2023 to set

				up and implement in 2024/25
	B On future sustainability: Establish a high-level risk register			
5	*The Council reviews the existing risk register to identify the high-level risks facing the organisation and assigns a senior risk owner to each risk*	***Complete***	***Complete***	***Complete***
	C On Commercial activities and borrowing: Set limits on future borrowing and capital spending			
6	*The Council sets very tight limits for future borrowing to enable it to better manage the subsequent revenue cost of repaying such debts.*	***Complete***	***Complete***	***Complete***
7	*The Council restricts investment in its capital programme to essential schemes as identified above.*	***Complete***	***Complete***	***Complete***
	D On commercial activities and borrowing: *Gain increased assurance concerning the potential scale of past and future liabilities.*			
8	The Council further reviews the risk-based approach to identifying liabilities to enable it to improve its assurance around the size and scale of current and future liabilities before it sets the budget for 2022-23.	Since the CIPFA report was drafted work has been undertaken to improve the Council's understanding of the scale of liabilities – past, current and future. This covers not only capital finance but also provisions eg GRE 5 and others. This will continue to be developed during 2022/23 Budget set for 2022-23 including estimate of the then £307m capitalisation direction from DLUHC to support current year and previous errors, and estimated liabilities.	S Mair	***Complete*** for budget 2022/23 On-going for future years
	E On Assets: Develop an outline disposal plan			
9	*The Council considers at an early stage its approach to asset disposals and how it will secure the necessary expertise that it needs to achieve best value.*	*The Council approved sale of up to £600m of assets and the procurement of external advisors in*	*S Mair/R West*	***Complete***

		September 2021 to assist with the asset disposal programme. *Avison Young were appointed and have produced a detailed disposal strategy with estimated sale proceeds and timeframes.* *AY identified £335m of assets that could be sold in the next five years. This excludes income from a Housing Stock Transfer which after Repayment of HRA debt would provide a net capital receipt of £84m. If all these assets were disposed of then the net revenue impact due to reduction in minimum revenue provision reductions would be £21m per annum.* *A disposal programme is underway for SUR opted following the outcome of an Options Review at the end of 2021 and further market testing and preparation work in 2022. The Cabinet has approved the disposal of the Montem site (October 2022) and has approved a disposal strategy for NWQ (June 2022). Further sites are in advanced stages of development and Cabinet decisions will be required in 2023.*		🟩

		Local Partnerships Ltd were commissioned in early 2022 to consider options for disposing of JEH Ltd (corporate acquisition) and/or the full or partial sale of assets held by JEH. An indicative recommendation has been provided to officers although further information and advice is required before an options paper can be provided to Cabinet with a preferred option and action plan. This is expected in March 2023.		
	Strengthening Financial Governance and Oversight			
	F Raise Member awareness of the scale of the financial challenge and its implication			
10	*Mandatory briefings are provided to all Members on the Council's financial challenge.*	*Complete*	S Mair	Complete
11	Specific further training is provided to members of the Audit Committee to raise further awareness of their governance role and that this training is repeated as part of the induction process for all new members when they join.	Programme of member training developed in conjunction with the Monitoring Officer Induction session held for new members in July 2022. Further training scheduled around future Audit and Corporate Governance Committee meetings per the schedule agreed in Jan 2022.	S Mair/Sarah Wilson (Interim)	Complete for induction training and On-going training programme in place
	G Address immediate Financial Governance risks			
12	*The Council restores key controls within its Financial Management System as set out above.*	***Complete***	***Complete***	***Complete***
13	The Council reviews financial regulations in the medium term	***Complete***	***Complete***	***Complete***

14	The Council sets out clearly the financial responsibilities of all new staff, interim and agency staff when they commence work with the Council.	The updated Financial Procedure Rules covers the financial responsibilities of all new staff, interim and agency. Additional briefings required for interim and current staff as part of induction and the council wide training programme that will follow Full Council approval of the revised Financial Procedure Rules.	S Mair	Training will be undertaken in 2023 On Track
	H Prepare an Annual Governance Statement for 2020-21			
15	An Updated Annual Governance Statement and Action Plan should be prepared for consideration by the Audit and Governance Committee by December 2021.	Work was completed on a first draft AGS for 2020/21 in May 2022. Draft AGS completed and reviewed by CLT in May 2022. Document will need finalising and further review once the 2020-21 financial statements are completed in 2023.	S Mair	***Complete*** subject to timing of the finalisation of accounts.
	I Undertake an independent review of the Procurement Function			
16	*The Council commission a separate independent review of the procurement function, rather than including this within the annual internal audit plan.*	***Complete***	***Complete***	***Complete***
	J Review the provision of Internal Audit			
17	The Council commissions an independent review of the internal audit arrangements to ensure that they are effective and provide sufficient coverage to give it the assurance that it needs during this period of financial challenge.	***Complete***	***Complete***	***Complete***
	K Enhance Financial Capacity			
18	*The S.151 Officer reviews the level of resource required to deliver his plan for restoring sound financial management*	***Complete***	***Complete***	***Complete***

19	The organisation makes further provision to enhance the capacity within the finance team including exploring other delivery avenues e.g. shared services	Restructure and recruitment successfully completed. Remaining vacancies will be subject to further discussion with incoming Executive Director of Finance and Commercial subject to budget constraints. In the interim recruitment will continue to priority and hard to fill posts.	S Mair	March 2023 **Complete**
20	The Council commissions an independent review to demonstrate that financial procedures and processes are robust by May 2023.	O/S – not yet due This will be commissioned in March 2023		March 2023 On Track
	L Stabilise the Finance Leadership Team			
21	*The S.151 officer immediately commences the appointment process for a permanent Deputy S151 Officer.*	***Complete***	***Complete***	***Complete***
22	*The Council seeks to negotiate the contract terms for the S151 officer and his team to extend the current notice period.*	***Complete***	***Complete***	***Complete***

Response to MHCLG/DLUHC Governance Review

No.	Governance recommendations	P=Priority action M=Medium term action	Action Taken	Responsible Officer	Status / Next Steps
1	Undertake a pragmatic, rapid risk assessment of the functional capability of each service area identifying the gaps in capacity and capability. This process needs to be owned by the organisation. Junior managers and front-line colleagues should be involved in contributing to the way forward.	**P**	Business plan developed and highlighted the challenges in February 2022. Finance Action Plan has been developed during 2022 to reflect the risks facing the Finance function. This has been reviewed monthly. Service plan completed in September 2022 to tie in with new Corporate Plan.	S Mair	Continuous On Track
2	Prioritise the service areas to be addressed and determine a rigorous plan and allocate resource accordingly. Examples of service areas to be prioritised would be finance, revenue and benefits, IT and democratic services, including scrutiny.	**P**	Finance Action Plan has been developed and is being reviewed monthly this includes all areas of finance and revenues and benefits. Service plans now completed and being assessed against requirement of the new Corporate Plan.	S Mair	**Complete**

3	*With regard to recommendations 1 to 4, prioritise permanent recruitment and/or longer-term contract status of all relevant interim positions. In particular, the interim s.151 officer, DPH consultant and the Director of Children's Services. Confirming interim positions at junior manager and front-line level is as important. The CIPFA report refers to appointing a permanent Deputy section 151 officer.*	***Complete***	***Complete***	***Complete***	***Complete***
4	Identify permanent statutory post holders within the new scheme of delegation.	**P**	A revised set of Financial Procedure Rules was approved by Full Council in November 2022. Permanent appointments to statutory posts have continued but not yet completed.	S Mair	***Complete***
5	*Establish a 'management action' tracking system for internal audit actions which is fit for purpose. Emphasise to all staff the importance of internal audit and that identified actions can be used for continuous improvement within service areas.*	***Complete***	***Complete***	***Complete***	***Complete***
6	Address each unique management action from internal audit reports and use them as indicators of possible service failure. Prioritise, target and remediate each action as a matter of urgency. Include actions identified in the six draft audits completed in year to date.	**P**	Actions from finalised audit reports are incorporated into the IA Management Action Tracker. Council has recruited a specific resource to monitor implementation of IA recommendations and the corporate and departmental risk registers.	S Mair	Continuous On Track
7	*Conduct an independent review of the internal audit contract and establish an 'in house'*	***Complete***	***Complete***	***Complete***	***Complete***

	function which will enable the internal audit team to work alongside colleagues, whilst retaining their independence, as is practice in many councils.				
8	*Independently review the procurement and contract management function and develop an 'in house' team.*	***Complete***	***Complete***	***Complete***	***Complete***
9	*Continue to understand and identify risk more generally and review the council strategic risk register to make it fit for purpose*	***Complete***	***Complete***	***Complete***	***Complete***
10	Improve proper decision making at appropriate governance levels and relevant meetings. For example, the annual review of the Council Tax Reduction scheme at full council and the comprehensive list of annual contracts to Cabinet.	**P**	An improved report went to May 2022 Cabinet regarding contracts. Further iterations have been produced and taken to Cabinet during 2022 setting out the value, term and purpose of all contracts greater than £180k in value. The Annual Review of the Council Tax Reduction Scheme is now being considered in line with the required timetable.	EDs	**Complete** as part of budget process
	5. Culture and Leadership recommendations				
11	Prepare an annual governance statement for 2020/21, the current 2019/20 statement does not have an action plan	***Complete***	***Complete***	***Complete***	***Complete***
	6. Financial governance recommendations				
12	Produce an overarching corporate action plan in response to the section 114 notice which indicates the way to financial sustainability	**P**	Revised Corporate Recovery and Improvement Plan approved by Council in May 2022 and now assimilated into Service Plans including an	S Brown	**Complete**

			outline Medium Term Financial completed in May 2022. Finance Action Plan has been developed during 2022 to reflect the risks facing the Finance function. This has been reviewed monthly. Outline financial plan completed as required and detail being progressed at pace: 2018/19 accounts done, being audited 2019/20 completed by 31/10/22 2020/21 by January 2023 2021/22 by May 2023 2022/23 budget monitor and CD reviewed and revised 2023/24 likewise Initial proposals for 2024/25 commenced		
13	Ensure the recommendations in the concurrent CIPFA report are carried out.	**P**	Ongoing – see above	S. Mair	On Track
14	Develop the good awareness raising initiated by the interim s.151 officer into a mandatory financial and budget training module for all councillors and budget holders.	**M**	Included in the programme of training for Members and budget holders reviewed by Audit and Corporate Governance Committee in January 2022. Training on local	S Mair	Continuous as training programme develops

			government accounts to be delivered in advance of the Statement of Accounts being reported.		🟧
15	Ensure that the excellent work of the interim s.151 and his team (in terms of action planning around the external reports) has corporate ownership and that finance is not merely regarded as a technical activity, but as an enabling function to help council-wide continuous improvement.	**M**	Ongoing via weekly/monthly finance update briefings to Members, Commissioners and CLT and reinforced through the approach to business cases.	EDs	Complete
16	Respond corporately and systematically (not just in a financial sense) to the ongoing reviews of council owned companies to ensure immediate, effective governance of these companies.	**M**	Revised governance arrangements have been introduced across all companies (with the exception of DISH which has not been prioritised for action in FY 22/23 as it is a much smaller scale compared to the other entities, is not a trading company and has limited risk (it has a lease with the Council for 54 properties dating back to 1988 when it was established) and is lower risk rated by Internal Audit compared to other entities. DISH revised governance will be introduced in early FY 23/24 following a review). Changes include: Closure of all companies that do not provide services (6	S Mair	Complete

			companies closed in FY 22/23 which has simplified the Council's corporate structure and resource requirements to provide governance/statutory requirements. Dedicated SROs and shareholder functions across entities. Establishment of a Corporate Oversight Board for SUR which meets bi-weekly due to the changes taking place within SUR and the SUR opted assets. Joint shareholder function/Director meetings for GR5 which meet monthly to discuss and oversee developments on Nova House. Focus on addressing the comments made during reviews, especially Internal Audit, with almost 100 comments across the Companies. Less than 5 now remain open.		
17	*The interim s.151 officer has requested the current capital programme be cut by 50% and this has been accepted. It would be prudent to*	***Complete***	***Complete***	***Complete***	***Complete***

	consider a capital programme of zero except for government grant allocations and health and safety issues, for example. This would be until past liabilities have been fully understood and there is a plan for financial sustainability within the full response to the section 114 notice.				
18	Carefully manage the potential reduction from £6m to the return on investments as a significant risk. The disposal strategy should be completed. This might take some time, which could delay the amount of revenue available to the council.	***Complete***	***Complete***	***Complete***	Complete as not considered a significant risk.
	7. Services recommendations				
19	Address recommendations 1,2 and 3, which will help improve performance in other service areas, particularly revenues and benefits, IT, finance and democratic services.	**P**	See above	S Mair	On Track
	8 Capacity/capability recommendation				
20	Significantly reduce the reliance on external consultancy and external contracts which deliver ‘internal’ services. Build and use internal capacity.	**M**	Following a new Direction from DLUHC in September 2022 the recruitment of the new Executive Director and Deputy Directors was passed to the Commissioners. An appointment to the ED post was made in January 2023. The recruitment across the remainder of the finance and commercial department was in three phases – the first offered opportunities for existing permanent staff to be promoted into the new structure, the	EDs	31 Jan 2023 completion of external recruitment **Complete**

			second offered opportunities for contractors and other Council staff to be considered for permanent roles and the third stage opened the remaining vacancies up to external candidates. Recruitment advertising took place during September, October and November and completed on 9 December 2022. A total of 102 applications were received across all posts. 3 candidates were promoted internally, a further 8 appointments were made from contractors or other council departments and a further 9 external candidates were appointed into key roles within the structure. Plans are actively being considered to recruit to the remaining vacancies. Other service areas also subject to significant restructure with a view to appointing permanent staff. IT is the most advanced. Alternative options to be considered if recruitment is unsuccessful.		🟩

Appendix 4

Response to Grant Thornton's recommendations

No.	Issue and risk	Recommendation	Action taken by Council	Responsible Officer	Status / Next Steps
1	Agreed savings are not supported by robust savings plans and as such are at risk of not delivering as anticipated. Medium	The Council should:	The Council has recently undertaken a number of actions that will address this and related issues The Council amended its then officer Strategic Finance Board (SFB) chaired by the Chief Executive to ensure that the then Executive Board was fully aware of all pertinent financial matters within the Council and gained a holistic understanding of the Council's finances. This Board received papers on financial standards, the accounts, the budgets, and other matters As part of this the Council has: • Revised its revenue business case and	S Mair	Complete for 2022/23, in development for 2023/24
		• Ensure that savings are supported by robust savings plans and business cases			Agreed for council services not yet for SCF
		• Strengthen arrangements by introducing a corporate function, which could assess the likelihood of delivery, the robustness of proposed savings and their supporting plans as well as monitor delivery.			Design and implementation of the ZBB process will start from Spring 2023 but not in place until 2024/25.

No.	Issue and risk	Recommendation	Action taken by Council	Responsible Officer	Status / Next Steps
			process to ensure that the business case focuses on the case for change, value for money and affordability before moving into the technicalities of procurement etc. Thus, assisting in ensuring that the Council's base budget is as robust as it can be and hence helping to provide a more informed base from which to generate any necessary savings • Related to savings, the Council has a separate business case for savings which has been supplemented by a Saving Action Plan to assist in the verification and tracking of saving plans going forward		🟩

No.	Issue and risk	Recommendation	Action taken by Council	Responsible Officer	Status / Next Steps
			• The finance service led the process for the budget for 2022/23 and the correction of the 2021/22 budget and worked with service colleagues to review and challenge all budgeted and future savings, monitor delivery, identify pressures and seek from colleagues' mitigations as necessary. It also revised the equality impact documentation. Going forward a further revised process will be established that will bring into the assessment of savings plans colleagues from other disciplines such as legal, HR, ICT etc – all working		🟩

No.	Issue and risk	Recommendation	Action taken by Council	Responsible Officer	Status / Next Steps
			closely with service officers • Supplementing this the Council revised its officer budget process to accelerate the timeline for production of the budget to allow for full engagement and scrutiny by Members in all their roles and likewise for full consultation and communication with other stakeholders • The design of the budget process will continue to develop through such as the introduction of Zero-Based Budgeting for the financial year 2024/25. Embedding this and the new standards will take some considerable time		🟩

No.	Issue and risk	Recommendation	Action taken by Council	Responsible Officer	Status / Next Steps
2	We consider there is scope to ensure that the Annual Governance Statement (AGS) more clearly sets out the processes and procedures to enable the Council to carry out its functions effectively. Medium	The governance arrangements could be improved by developing the AGS and introducing:	A thorough review and redraft against the CIPFA Solace framework has been completed for all years 2018/19 to 2020/21. CLT have reviewed and commented on all three AGS's and these comments have been incorporated into the revised documents.	S Mair	On Track Embed processes to ensure that future versions of the AGS are completed in accordance with the CIPFA Solace Framework. A new process will be implemented during the Autumn of 2022 for completion of the 2022/23 AGS.
		• Assessment of the effectiveness of the framework, it should be more than a description of what is in place			
		• How the Council is defining outcomes in terms of sustainable economic, social, and environmental benefits			
		• An action plan, that brings together and addresses all the significant issues faced by the Council			
		• A formal mechanism that monitors and assesses the progress of the issues and recommendations			

No.	Issue and risk	Recommendation	Action taken by Council	Responsible Officer	Status / Next Steps
		raised in the AGS throughout the year.			
3	The Council consolidates a number of group entities into its financial statements; however, the accounting year ends are not all consistent with the Council, being 31 March, which adds additional complexity and consolidation adjustments for the Group financial statements.	***Complete***	***Complete***	***Complete***	***Complete***
4	Effective governance arrangements are not in place to ensure those charge with governance are able to make decisions in an open and transparent way High	Cabinet and scrutiny should be regularly updated on the performance of their key services and be able to challenge this performance and have the opportunity to make informed decisions in formal committee meetings.	We have recently begun the preparation of holistic financial briefings for Officers and Members, and these will be further developed in the future. We have also as noted above revised the budget timeline which will allow for more informed Member consideration of the budget and have introduced quality guidance for finance and other officers	S Mair	On Track Financial reporting will be further developed during 2022/23

No.	Issue and risk	Recommendation	Action taken by Council	Responsible Officer	Status / Next Steps
			on the production of budget monitoring reports and financial implications in reports. We will ensure that key service financial and performance information is included as a regular agenda item for Cabinet, Scrutiny and the Audit and Governance Committee. A training programme is in place for officers in relation to procurement and contract management processes and procedures, including the council's contract procedure rules. 30 officers have been trained since the last report was issued, 79 officers have been trained in total.		
5	Effective contract management arrangements are not in place to effectively manage statutory services that are	The Council should consider and ensure effective arrangements are in place in the following areas:	The Council has begun reviews of its management of third-party organisations and will be implementing a series of changes which will include among other	S Mair	On Track An ongoing programme of improvements for all companies will continue throughout 2022/23.

No.	Issue and risk	Recommendation	Action taken by Council	Responsible Officer	Status / Next Steps
	delivered by third parties High	- Role of elected members, including Members of the Board, as possible shareholder committees or monitoring committees such as the Commercial Sub-Committee, as well as the role of scrutiny committees	matters appointing appropriate Senior Responsible Officers to ensure that companies meet their objectives, put in place new arrangements for holding companies to account, reviewing how the companies meet the Council's objectives, a review of the work undertaken by the companies, developing a clear approach to testing value for money etc. An extensive report has also been made to the Audit and Corporate Governance Committee. Three individual oversight functions have been established for SUR, GRE5 and JEH. Each entity undertakes different activity, faces different issues and are at different stages of maturity in terms of operational and governance. A central oversight function may be		DISH will be subject to a review and series of changes in FY 23/24
		- Elected members who are Board Directors of the SCST need to understand their responsibilities and duties to SCST and ensure they effectively manage any conflicts of interest. All company directors have a duty to act in the best interests of the company rather than in the best interests of the body that has appointed the Director to the			

No.	Issue and risk	Recommendation	Action taken by Council	Responsible Officer	Status / Next Steps
		company (e.g., the Council)	considered at a later stage. They now receive regular report packs at each meeting. The Council established a Corporate Oversight Board for Slough Urban Renewal (SUR) to strengthen the Council's governance and management arrangements, including oversight of a phased reduction in SUR's activities. New Council representatives (not Directors as SUR is a LLP) have also been appointed to oversee the changes and a planned phased exit from SUR. Roles and responsibilities have been clearly communicated and are set out in the Partnershjp Agreement which is the key governance agreement for SUR.		
		• Elected members committee functions, this should include those charged with governance who would have oversight of the effectiveness of the SCST Board in line with Council's strategic objectives and statutory duties as well as scrutiny			
		• The Council would benefit from applying consistent arrangements across the Council for dealing with all its third-party companies and ensure the role of the Commercial Sub-Committee is effective and understood			

No.	Issue and risk	Recommendation	Action taken by Council	Responsible Officer	Status / Next Steps
		- Those charged with Governance should receive updates and reports on a regular basis (quarterly as a minimum) to enable informed decision making.	It is anticipated that the Council will exit the partnership in FY 24. As a result of this phased exit, services provided to SUR have reduced enabling the Council to reduce its share of operating costs. Significant progress has been made to GRE5's governance arrangements, financial planning and reporting, oversight and critical governance arrangements. New external directors have been appointed who are responsible for producing monthly and quarterly updates on activities, performance, and risks. A shareholder function has been established and meets. The Council's loan to GRE5 has now been fully executed following a financial review in FY 21/22 which identified that the Council's loans had not		

No.	Issue and risk	Recommendation	Action taken by Council	Responsible Officer	Status / Next Steps
			been approved in line with its Investment Strategy and was not approved in line with its governance requirements, This issue was addressed in 2022 and the Council's loan to GRE5 is now in compliance with its requirements. All GRE5 Directors now have new contracts which clearly state the roles and responsibilities. Directors contracts have now been standardised across the Council. New directors and governance arrangements alongside strengthened performance and financial reporting arrangements. have been introduced for JEH. In addition, a JEH strategic review has identified a number of options which the Council will consider in Match 20223 with the aim of developing an action plan		

No.	Issue and risk	Recommendation	Action taken by Council	Responsible Officer	Status / Next Steps
			for JEH Ltd and/or its assets. IA comments have been systematically worked through in FY 22/23 with the majority of comments now signed off by RSM as closed down and addressed.		
6	Effective governance arrangements are not in place to effectively manage statutory services that are delivered by third parties. High	• The Council should introduce contract management to ensure services are delivered as planned and any mitigating actions can be taken in a timely manner	The first recommendation is being dealt with as noted above and will be picked up by the new Commercial team once in post.	S Mair	On Track
		• The Council should consider using its internal audit service to gain assurance that its contract procedures are being effectively applied across all Directorates	In respect of gaining assurance this will be undertaken in two ways – through internal audit as described and through reviews by the Finance and Commercial team. The S151 officer will engage an audit of the procurement arrangements independent of the Council's current provider	S Mair	On Track Procure alternative internal audit of the procurement function – to be actioned once new team in place.

No.	Issue and risk	Recommendation	Action taken by Council	Responsible Officer	Status / Next Steps
			RSM to avoid any conflict of interest		
7	**Quality of working papers and clarity of the audit trail** As noted on page 13, the audit process was hampered by issues with the clarity of the audit trail including: • insufficient audit trail to support the movements in the cashflow statement • Lack of supporting audit trail for key notes in the accounts such as analysis of the income and expenditure by nature	***Complete*** ***Complete***	***Complete***	***Complete*** ***Complete***	***Complete***
8	**Review of financial statements**	***Complete*** ***Complete***	***Complete***	***Complete*** ***Complete***	***Complete***

No.	Issue and risk	Recommendation	Action taken by Council	Responsible Officer	Status / Next Steps
	A number of inconsistencies and disclosure omissions were identified during our review of the financial statements. This indicated a lack of internal critical review prior to the financial statements being presented for audit.				
9	**Group Accounts** The basis of preparation of the Council's Group accounts was unclear and the working papers did not provide a comprehensive group consolidation schedule setting out how the group accounts and consolidation adjustments had been determined.	***Complete***	***Complete***	***Complete***	***Complete***
10	**Bank reconciliation process**	***Complete***	***Complete***	***Complete***	***Complete***

No.	Issue and risk	Recommendation	Action taken by Council	Responsible Officer	Status / Next Steps
	As noted on page 19, our review of the bank reconciliation process identified that the process in place in 2018/19 was overly complex and made identification of reconciling items and their clearance difficult. There were also issues identified with the descriptions of reconciling balances within the balance.				
11	**Accounting treatments** The loans made to JEH had not been accounted for in line with the Code requirements resulting in amendments to the valuation and disclosure in the final accounts. This was a new transaction in 2017/18 although it was not a material balance in the prior year and the accounting treatment	***Complete***	***Complete***	***Complete***	***Complete***

No.	Issue and risk	Recommendation	Action taken by Council	Responsible Officer	Status / Next Steps
	had not been documented against Code requirements before inclusion in the financial statements				🟩
12	**Debtor and creditor reconciliations** During our testing of the debtor and creditor balance there were issues with the client producing reconciled balances which should represent the year end debtor and creditor positions excluding in year movements. Our sample testing of debtors and creditors has not identified any material balances that are not supported. We have discussed this with management and confirmed that a process has been undertaken in 2020 to review debtor and creditor codes and cleared down items	• Perform review of the debtor and creditor account codes to ensure that balances are appropriate and valid and clear those that are not.	The systems review is in progress as is the preparation of the year-end analysis.	S Mair	On Track Ensure that processes are revised and improved and monthly reconciliations are carried out once the review has been completed
		• Establish a reconciliation process for all debtors and creditor accounts to ensure the balances are fully supported and valid debtors or creditors			

No.	Issue and risk	Recommendation	Action taken by Council	Responsible Officer	Status / Next Steps
	which are no longer valid balances. High				
13	**Income and Debtors** There is no review process over invoices issued before they were sent out to clients. The Council relies on customers to identify and inform them of any errors noted. However there is risk that if the invoice is undercharged and the customers may not raise error, and the Council may suffer a loss from undercharging. High	Review the internal processes over invoice raising to ensure there is sufficient review of invoices before they are sent to clients	As above	S Mair	On Track
14	**Declarations of interest** Councillor and Senior Officer declaration forms are not dated. There is a risk that the	• Ensure that all forms are signed and dated as part of their standard procedures	The Council requires every entry to the members register of interests to be signed and dated, it is standard practice that this is always followed. In the past 12 months the Council	S Mair	On Track Check responses against list of Members in office and Officers employed by the Council during the

No.	Issue and risk	Recommendation	Action taken by Council	Responsible Officer	Status / Next Steps
	declaration record is incomplete or insufficient as a result. The most recent forms for three Councillor declaration forms were signed, but not dated. Signing / dating a declaration form should be standard practice, as it could lead to forms being misfiled, or new interests not being declared in a timely manner. Senior Officers that were working for SBC through a contracting company are not required to complete a Declaration of Interests form. Interim staff are not required to complete the Registers of Interests and Gifts and Hospitality. High		has strengthened the process and a democratic services officer must always countersign each form received from a councillor to ensure completeness. Senior officers' declaration forms are not part of this process and are in fact part of the declaration process for all staff which uses an online HR process to gather the submissions. The Council has also implemented a new process for capturing related party transactions for Members and Chief Officers. Responses will be cross-checked against the records held by Companies House to ensure completeness.		financial year in question. Cross-check against the records held by Companies House to ensure completeness.
		• Consider whether Officers, including interim staff, should complete declaration forms as they may be able to have a	The Council has implemented a process by to ensure that any interim staff or those recruited through contracting companies are required to	S Mair	Check responses against list of Members in office and Officers employed by the Council during the financial year in

No.	Issue and risk	Recommendation	Action taken by Council	Responsible Officer	Status / Next Steps
		significant influence on the council's high-level decisions.	complete a declaration of interests form and where appropriate complete their Directorate gifts and hospitality register. The Council has also implemented a new process for capturing related party transactions for Members and Chief Officers. This will be completed electronically with responses documented as evidence. Responses will be cross-checked against the records held by Companies House to ensure completeness.		question. Cross-check against the records held by Companies House to ensure completeness.
15	**Fixed asset register** The client informed us of a number of properties which had not been removed / reclassified in the fixed asset register prior to the production of the year end financial statements.	• Establish a process to perform an annual review of assets to ensure that all disposals and reclassifications are amended	Investigation into Council's asset register identified that there was a lack of in-house knowledge on how to use the Council's fixed asset register and a lack of guidance notes. Training on how to use the system has been provided to the relevant members of staff along with guidance notes	S Mair	On Track Quarterly reconciliations to be carried out going forward as part of the capital monitoring process to ensure that asset movements and reclassifications are captured appropriately
		• Establish an in-year process for capital			

No.	Issue and risk	Recommendation	Action taken by Council	Responsible Officer	Status / Next Steps
	We also identified material assets which had been fully depreciated and were held at net nil valued in the fixed asset register and accounts. High	movements to be notified on a timely basis to the finance team to ensure the fixed asset register is maintained accurately. This should be reconciled to the accounts as part of the year end closed own procedures	and video demonstrations saved in a central location to ensure resilience in the future.		🟧
16	**Capital accounting process** The purchase of Thames Valley University had been accounted for using the stage payments as additions rather than the cost and a liability. This resulted in a material error in the current and prior year.	***Complete***	***Complete***	***Complete***	***Complete***
17	**HRA valuation records** Our testing identified inconsistencies in the	***Complete***	***Complete***	***Complete***	***Complete***

No.	Issue and risk	Recommendation	Action taken by Council	Responsible Officer	Status / Next Steps
	accounting records between the categorisation of HRA properties held on the Capita Housing Rents system and the Council's fixed asset register. It is important that these two systems are reconciled on a regular basis to inform the Council's HRA valuation.				

No.	Area	Recommendation	Action taken by Council	Officer Responsible	Status / Next steps
18	Finance capacity and skills	The Council should put in place robust arrangements for the production of the 2019/20 and 2020/21 financial statements which meet statutory requirements and international financial reporting standards. To achieve this the Council should:		S Mair	Complete
		• Ensure sufficient resources and specialist skills are available to support the accounts production	Gaps in the Council's own team skills and capacity have been addressed in the short	S Mair	Recruitment campaigns completed by 31

No.	Area	Recommendation	Action taken by Council	Officer Responsible	Status / Next steps
			term by the appointment of interim staff to provide additional capacity. The Council began formal consultation on a restructure for the Finance and Commercial Services department on 28 June 2022. The restructure including recruitment to a permanent team has been completed as at 31 January 2023. The original structure included 60 posts which were increased to 90 including the bringing back in house of Internal Audit and Commercial Services. Of the original 60 posts in scope there were 36 permanent staff and 24 vacancies. Following the recruitment there are 51 permanent staff in post		January 2023 and appointments made.

No.	Area	Recommendation	Action taken by Council	Officer Responsible	Status / Next steps
			and 39 vacancies of which 20 are currently staffed by agency staff and 19 posts are vacant. Plans are actively being considered to recruit to the remaining vacancies.		
		- Ensure the finance team has the skills and capacity to enable effective financial management arrangements and support the production of technically sound financial statements,	Training programme was developed and rolled out to the whole finance team in October 2021. Individual training sessions will be arranged as and when necessary. External training will be brought in if necessary	S Mair	Complete for 2018/19 accounts The programme of training was completed by the end of November 2021. Additional training will be provided as and when necessary.
		- Ensure finance officers are provided with additional training, to ensure all staff involved in the accounts production process have the necessary technical knowledge of the CIPFA Code	As above. In addition, the CIPFA Code and other technical guidance documents have been acquired and made available to the whole finance team. The Council also has access to technical advisors from CIPFA via its	S Mair	As above

No.	Area	Recommendation	Action taken by Council	Officer Responsible	Status / Next steps
			subscription to CIPFAs Finance Advisory network.		
		- Introduce appropriate project management skills to oversee the timely production of the financial statements and supporting working papers	Weekly meetings have been arranged with the core team to ensure timely production of accounts		Weekly meetings will continue until the accounts have been prepared.
19.	Preparation of the financial statements	The Council should develop a comprehensive project plan for the preparation of the accounts which ensures that:	This is an area that the Council will seek to continuously improve. For the 2019/20 and 2020/21 accounts, the following improvements have been introduced: - Comprehensive accounts plan linked to the auditors required by client schedule. This has been communicated to all key stakeholders and includes a responsible officer for each	S Mair	Complete for 2018/19 and 2019/20 accounts Progress against the plan will be monitored on a regular basis and feedback sessions will be held with all key stakeholders once the project is completed in order identify areas that might require further improvement.
		- Entries in the accounts and supported by good quality working papers which are available at the start of the audit			
		- The financial statements and working papers have been subject to robust QA prior to approval by the s.151 officer			
		- There is clear ownership and accountability for tasks across service areas to support the timely production of the financial statements			

No.	**Area**	**Recommendation**	**Action taken by Council**	**Officer Responsible**	**Status / Next steps**
			task and separate deadlines for preparation and review • Standardised templates linked back to the Code have been prepared for all notes. The templates also include a three-stage quality assurance process covering 1) preparation, 2) technical review and 3) sign off review • Improved communication through the project plan, including regular and early communication to all stakeholders. • A whole team approach has		🟩

No.	Area	Recommendation	Action taken by Council	Officer Responsible	Status / Next steps
			been instigated through the involvement of the whole finance service to bring greater resilience and resource to this key requirement. • Comprehensive training and development for finance staff including how to prepare, and also regular reviews of, working papers that include evidence of the transactions in the ledger, an enhanced checklist of requirements, quality assurance review, links between the working papers and clear		🟩

No.	Area	Recommendation	Action taken by Council	Officer Responsible	Status / Next steps
			mapping to the ledger. All of these changes will require a number of years to embed fully as staff become used to the new ways of working and evidence requirements to support the quality review process.		🟩
20	Levels of usable reserves	The Council should take urgent action to address its low levels of unearmarked and earmarked reserves through:		S Mair	On-going
		• Developing a clear, sustainable medium-term financial plan to significantly replenish reserves to a level which enable it to respond to any significant unexpected events or manage its position effectively where its savings programme are not fully achieved	The Council has begun and agreed at officer level, a robust process for continued review of its base budgets including savings proposals, pressures, mitigations, monitoring etc. This will all lead into an improved MTFP that will contain full detailed savings proposals backed up by appropriate plans and working papers.		An additional £1m per annum is planned to continuously increase reserves

No.	Area	Recommendation	Action taken by Council	Officer Responsible	Status / Next steps
			As a consequence of this work and as part of the budget process a risk analysis will be completed to inform by how much the reserves should be built up over the coming 5 years. This will lead to an increase in the savings target to finance the necessary increase in reserves which will be formalised as noted during the budget process. £20m has been built into the Capitalisation Direction to provide the Council with a base level of reserves		
		• Reviewing its medium-term savings plans to ensure clear proposals are developed to achieve savings requirements in line with the MTFP and reserves strategy	As above		Complete
		• Ensuring agreed savings are owned across the Council by	All departments have completed savings plans		Continue to work with Departments and

No.	Area	Recommendation	Action taken by Council	Officer Responsible	Status / Next steps
		officers and lead members to ensure clear ownership and accountability for delivery	including equality impact assessments. These have been agreed by ED's, Members and other officers for 2022-23 Embedding this improved process will take some considerable time		embed the newly designed process On-going
		• Ensuring it puts in place a clear and transparent savings monitoring and reporting process, in order to ensure that council departments are held to account for delivery of required savings	This was completed to inform a fully engaged Scrutiny, stakeholder and Lead Members process during the 2022-23 budget process. The process for 2023-24 began during March 2022. Revised Budget timetable and processes have been shared with Cabinet and Finance Board for the 2023/24 budget process.		Continue to work with Departments and embed the newly designed process On-Going
21	Financial governance. Monitoring and controls relating to group entities	The Council should review and implement effective financial governance and monitoring arrangements for its group	A new Companies Finance Manager was appointed in Summer 2022. We expect continued improvements	S Mair	On Track Reports to Audit and Corporate Governance

No.	Area	Recommendation	Action taken by Council	Officer Responsible	Status / Next steps
		relationships to mitigate exposure to additional financial risk.	to financial reporting and controls to be introduced as a result. Financial information provided for governance oversight purposes has continued to be strengthened and regularised to provide more assurance around financial risk. All audits are up to date - FY 21/22 audits are almost complete and are expected to be finalised in line with statutory requirements. The planning and approval of the GRE5 loan has enabled stronger oversight and reporting of all transactions between the Council and GRE5, including the appropriate calculation of interest charges (payable to the Council) based upon loan drawdown.		Committee, as required

No.	Area	Recommendation	Action taken by Council	Officer Responsible	Status / Next steps
			SUR, JEH, GRE5 all have standardised regular financial reporting and financial risk review.		
22.	Addressing the S114 report	The Council should put in place arrangements to address the issues raised by the S151 officer as set out in his section 114 report. In our view the Council should:		S Mair	Complete as evidenced by this FAP
		• Report progress against the action plan to full Council at every meeting	This has been done, and this report forms the latest version of this, with the exception of the budget Council and exceptional meetings of Council		This is a continuous schedule of work
		• Support the S151 officer's root and branch review of all aspects of the Council's finances	This work continues to expand as the magnitude of issues are identified and is reported as above		This is a continuous schedule of work
		• Invest significant extra resource in finance capacity, internal audit and risk management to ensure robust processes are brought into place across all of the	This has been done with the Council bringing in temporary skilled staff to identify and resolve current and historic issues, preparing a fit for		The Council's permanent structure has been agreed and consulted upon and recruitment has begun.

No.	Area	Recommendation	Action taken by Council	Officer Responsible	Status / Next steps
		Council's financial and budget management arrangements to meet statutory financial obligations.	purpose finance structure to take the Council forward on a permanent basis and continuing to develop and progress its reviews of the Council's finances		🟩
23	Improving governance at the Council	***Complete***	***Complete***	***Complete***	***Complete***

PROGRESS RESPONSE AND ASSESSMENT AGAINST DIRECTIONS (FINANCE ONLY) **APPENDIX 5**

Item	Directions Action	Action Taken by Council	Officer Responsible	Status / Next Steps
1	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.	The consultation phase of the Finance and Commercial services restructure completed on 27 July. The first recruitment phase has been completed with successful appointment of an additional 15 people into permanent posts. Further recruitment will continue once the new Leadership team has been established. Finance and Commercial business plan drafted in February 2022 ahead of requirements for service plans and Improvement plan. Departmental contribution to improvement plan in place and operating as required. Finance action plan updated monthly during 2022. Longer term contract status of key finance interims resolved and senior team in place since April 2022. Commercial team being brought back in-house as part of restructure with interim arrangements in place in the meantime.	**Steven Mair**	**Ongoing** **G**
3	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).	The Council had 10 companies excluding Slough Children First (which is not covered by this Direction). All but four companies have been formally closed down this year. SUR, JEH, GRE5 and DISH remain operational although plans have/or are being developed which are focused on transferring activity to the Council (where appropriate), the sale of assets or a corporate transaction (sale of business inclusive of assets). In line with previous reports provided to Cabinet, it is expected that the Council will exit GRE5 when the works	**Steven Mair**	**Ongoing** **A** **(The amber rating reflects the progress on the corporate elements of this matter)**

		to Nova House have been completed and the legal claim has concluded – this is expected to be in 2024. Cabinet will be requested to approved an exit route and a number of options are likely to be available to the Council if the works are completed satisfactorily and the legal claim is resolved. Bevan Britain have been asked to provide advice on regulatory and legal considerations to inform the most appropriate exit strategy. e.g. sale of freehold lease to a third party, leaseholder transaction. Following an Options Review by Montague Evans, the SUR Partnership will not be undertaking any further major developments. This will significantly reduce the Council's capital commitments and financial risks over the next five years. The Partnership will be wound up following a series of land disposals over the next few years – each site disposal will be approved by the Cabinet. A site disposal strategy has been approved for NWQ and the full disposal transaction has been approved for Montem. Other sites will be considered by Cabinet in 2023. Local Partnerships have reviewed JEH and have provided a series of options for the future operations. Cabinet will be requested to approve a preferred option(s) in March 20223 following the completion of further analysis (legal and financial) to inform the options. The DISH company is a lower risk and will be reviewed in the first quarter of 2023/24 **Major progress has been seen in the following areas:** **SUR**. The Council has established a Corporate Oversight Board for **SUR** to strengthen governance and management arrangements, including oversight of a		🟨

		phased reduction in SUR’s activities. New Representatives (of the LLP) have also been appointed to oversee the changes and planned exit from SUR. Financial and performance reporting is regularised and now takes place on a quarterly basis. Cllr Matloob was appointed in Autumn 2022 as the final (of three) representatives to the SUR LLP Board. Good progress has been made on the only ongoing SUR development project; the Old Library Site (OLS). Following the successful approval of First Homes Funding from Homes England in FY 22/23, apartment sales have accelerated and the Council’s loan facility to the OLS is reducing significantly (from £9m to £2m). Less than 5 apartments remain unsold/not under offer which significantly reduces the risk of loan default and has a positive impact on the Council’s cash position. **GRE5.** Significant progress has been made to **GRE5’**s financial planning and reporting, oversight and critical governance arrangements including the appointment of new external directors, the establishment of a new corporate oversight group and strengthened risk management. The Council’s loan to GRE5 has now been fully executed following a financial review in FY 21/22 which identified that the Council’s loans had not been approved in line with its Investment Strategy and was not implemented appropriately. Whilst building work is underway on Nova House, a number of additional structural issues have been identified which have had an impact on the ACM works and the resolution of the legal claim. A report is expected to be provided to Cabinet in December 2022 to provide a full update on the programme.		🟨

		JEH. A **JEH** options appraisal has recommended a phased exit including the transfer of some assets to the Council. The report identified a series of additional workstreams which are inquired to inform the Options and the development of the detailed action and exit plan. The exit plan is scheduled for agreement by 31/3/23. New Directors have been appointed for JEH in FY22/23 and monthly Board meetings have been reinstated from January 22. Board reporting including financial, performance and risk reporting has been redesigned to improve management and board effectiveness. A new SLA between the Council and JEH has been produced and approved in FY 22/23 and further improvements will continue to be made. **DISH.** DISH was established in 1988 and has a lease with the Council for 54 properties; with the majority of tenants classed as long term tenants. DISH is considered to be a lower risk compared to other companies and an options review and exit strategy is scheduled to be complete by 30/6/23. In October to December 2021, all Directors were replaced for JEH and GRE5. New Director role profiles were developed and standardised for both companies based upon an assessment of the specific requirements for each company. Internal appointments were made for JEH however due to the complexity and specific requirements of GRE5, external appointments were made. As an LLP, SUR has “representatives” and does not have “directors”. SUR representatives were reviewed and replaced in Autumn 2022 following a consideration of the specific		🟨

		requirements to implement the exit strategy and associated disposals programme. In addition Cllr Matloob was appointed in Autumn 2022 to fill the final SUR role). All new directors were provided with induction training, including detailed briefing sessions on company matters, governance and other related matters. Formal contracts and terms of reference are in place for the appointments and each Director will ve subject to an annual appraisal. Future training requirements will be monitored as the directors continue in role and the future direction and exit strategy evolves. In FY 2023/24 work will focus on DISH and the JEH changes.		
4	In the first three months undertake an **assessment of the functional capability** of all service areas identifying the gaps in capacity and capability	Functional Capability Assessments for Finance and Commercial were completed by the target date and submitted to Commissioners at the end of Feb 2022. These were supported by a detailed Business Plan for the Department. Since the approval of the Corporate Plan in May 2022 these documents have now been replaced by the new Corporate and Service Planning process. All Finance and Commercial service plans have been submitted in line with the COO's required timetable.	Steven Mair	**Complete** **G**
5	...and within the first six months prepare and agree action plans to the satisfaction of the Commissioners.	The Finance Action Plan has been in place since late 2021. The latest template has been reported to Cabinet since May 2022 and has been subject to various refinements at the request of Commissioners.	**Steven Mair**	**Complete** **G**
6	An outline action plan to **achieve financial sustainability**	A comprehensive action plan was submitted as part of the capitalisation direction submission including options to	**Steven Mair**	**Ongoing**

	and to close the long-term budget gap identified by the Authority across the period of its Medium-Term Financial Plan (MTFP)	close the long-term budget gap over the period of the MTFP up to 2028/29. This recognised the need for significant culture change and discipline if the plans were to be achieved. This is underpinned in the first instance by the budget for 2022-23 completed, submitted and approved by Council on 10 March 2022 underpinned by a comprehensive capitalisation direction bid to DLUHC. This set out the plans for achieving financial sustainability which are reflected in the outline Finance action plan submitted to Council each meeting (except budget ones). It was always envisaged that this would take at least 4 years to begin an adequate turnaround given the extent of the financial problems uncovered. The longer-term closure of the budget gap consists of the following outline plans all of which are well progressed: ➢ agreement of a capitalisation direction with DLUHC, initially £307m for the period to 31/3/23. Also modelled through to 2027/28 and beyond - Agreed ➢ sale of between £400m and up to £600m of assets, as agreed by Council in September 2021. Report from AY received – work also being actioned outside of this through finance, companies work, accounts completion. See report for revised estimates ➢ annual recurrent additional revenue savings of £20m per annum up to and including 2027/28.		G

		This has been completed in design for 2022/23 and is largely complete for 2023/24 and is now updated and reduced as shown in the body of the report. See report for revised estimates ➢ completion of annual accounts up to 31/3/22 by the 31/3/23 and regularly thereafter. Good progress being made with 2018/19 now complete. This is seen as the basis for the following years. ➢ a complete restructure of the finance service producing a fit for purpose structure and resources set aside to finance the gaps in the corporate core of the Council. Done – currently out to internal advert ➢ a wide range of financial management improvements as reported separately in each financial action plan.		🟩
7	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...	Training programme identified for Members is developed and being rolled out. Revised Terms of Reference for Audit and Corporate Governance Committee approved at a special meeting on 19 January 2022. Training given to new Committee members in July 2022. Annual Governance Statement for 2020-21 has been drafted and discussed with CLT in May 2022. Feedback has been received and an updated version drafted to reflect comments from CLT. Once the 2020/21 accounts are completed this will then be included in those	**Steven Mair**	**Ongoing** **G**

	...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."	statements and shared with Commissioners and Members. Addenda to the 2018-19, 2019-20 and 2020/21 annual governance statements have also been drafted to reflect the position at the time they will be approved by Committee. The 2018/19 statement is included in the revised set of statements currently being audited.		
8	...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**.**	Strategic Risk Register reviewed and updated in November 2021. Refinement has taken place during 2022 in response to the CIPFA Report and an internal audit report. The latter is scheduled to be followed up in September 2022 and is expected to show significant progress. Revised structure of strategic risk register first reported to Audit and Corporate Governance Committee on 9 March 2022. New Risk Strategy developed and approved by CLT, Cabinet and Audit and Corporate Governance Committee during June and July 2022. Risk strategy paper presented alongside Risk Management strategy outlines the future developments expected during 2022/23 including improvements to risk culture, risk reporting, assurance programme, software solution and linkages with Departmental Risk Registers. Engagement with CLT on detailed risks began in July	**Steven Mair**	**Ongoing** **G**

		2022 and has defined to the tone from the top which is crucial to the development and importance of the Corporate Risk Register. Corporate Risk Register subject to regular review and departmental risk registers being updated on a regular basis. Note: changes to organisational structure has impacted the effectiveness of the process but improvements are being actioned.		🟩
9	...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.	Internal audit action plan submitted alongside functional capability assessment. Costed options report discussed and approved by Cabinet on 9 March 2022 to extend current IA contract for one year and new contract sealed in April 2022. Recruitment of an In-House team has taken place and will transition the service form RSM in the first half of 2023. All outstanding management actions are being monitored and updated on a regular basis.	**Steven Mair**	**Ongoing** **A**
10	...An action plan to achieve improvements in relation to the **proper functioning of the procurement and contract management** function, which includes an independent review.	Action plan completed. Procurement and contract management action plan submitted alongside functional capability assessment. A Commercial improvement plan has been developed to implement and monitor service developments. New contract register has been developed and is being actively used to plan procurement activity and identify opportunities for savings.	**Steven Mair**	**Ongoing** **G**

		Commercial Services permanent restructure was tied in with the Finance and Commercial Services Department plans completed in October 2022. It is expected that several rounds of recruitment will be needed to fully resource an in-house team but interim resources are in place in the meantime to provide specialist advice and expertise. Independent review carried out by an LGA Procurement specialist in February 2022. Plans on track to deliver the proper functioning of the procurement and contract management function.		🟩

Assumptions, Risks and Mitigations Appendix 6

Issue	**Assumptions**	**Risks and *Mitigations***
Improved and accelerated assets sales leading to earlier financing and hence reductions in the MRP profiling	AY advisors work to generate £384m (£206m by 23/24) £65m from the work of the Council LSVT £200m (desk exercise)	Council does not plan for the service impacts of the sale of assets, principally effective from 23/24 Newly appointed Executive Director will be able to take forward accommodation plan **Timing and value currently assumed are not achieved** **In the shorter term further budget savings will be needed**. In the longer term the value and timing to achieve reduction in the CD do not yet include any receipts from LSVT which could generate from a desk exercise £200m Provision has been made against reductions in commercial rent income arising from this action
Improvements in the collection fund	The work on the accounts has identified £18m of secure income which will be accounted for ongoing in accordance with normal accounting practise through a smoothing reserve which will last until 2028/29	Subsequent years income may reduce The assumptions going forward assume no growth in the collection fund from Business Rates. Thus a prudent approach has been taken
Council tax	The Council will be able to increase C Tax by 2.99% pa And for 2023/24 only will see a tax base increase of 2% and an increase	*The restrictions on C Tax are reduced ie to lower than 2.99%* *For 2023/24 the council has been given approval to increase CT by 9.99%*

	in the collection rate of 1%	*Future years currently assumed at 4.99% which has been confirmed for all councils for 23/24 and 24/25*
Deliverability of savings	It has been assumed that savings as forecast at P6 are still deliverable in the full year	The savings position deteriorates *In 2022/23 we provided £2.1m towards in-year non-delivery of savings. In 2023/24 we have provided a further £3.0m for ongoing non-delivery of new savings and £3.0m against delayed delivery (one-off).* *Services would need to continue to work with Finance and the PMO to develop mitigations over the remaining 6 months*
Funding settlement assumptions	It has been assumed that 2023/24 will see an increase as in 2022/23.	The Council did not experience such a settlement *The Council has been advised that it may increase council tax by 9.99% in 23/24 and other grants have been confirmed for the year at an increase of £5.6m. No further commitment to CT increases have been made by DLUHC and so later years are modelled at 4.99%.* *The Council has built in inflationary growth of c£9.7m across salaries and contracts, which equates to circa 4.8% compared to OBR projected average inflation for 2023/24 of 5.5%. Further contingency has been made for £2m increased inflation on social care contracts, the impact of TA and SCF performance. The CD model makes no assumption about further Gov monies in future years which if they transpire will alleviate the position.*
Changes as accounts are produced	No assumptions made, as accounts produced, actual figures that differ	The Council's 2018/19 accounts have been extensively restated from those submitted in May 2021. Accounts

	from original assumptions are adjusted	beyond 2018/19 have not been previously prepared despite being several years overdue which may mean there could be some movement in the baseline level of reserves arising from issues identified as part of the accounts process such as: insufficient levels of provisions incorrect accruals erroneous debtor and creditor balances incorrect accounting treatments incorrect capitalisation incorrect charges to transformation *To mitigate, high risk areas have been reviewed and the financial implications have been built into the capitalisation direction*
Pressures services may face	pay inflation, 7% over two years	Pressures may be more than assumed *Pay inflation for 22/23 has been bolstered and based on the latest offer of £1,925 per person. For 23/24 it is provided for at £2.8m. The increase in respect of 23/24 is estimated to equate to 4.8% on budget, before adjustment for 23/24 savings so is expected to equate to more than 5%. This should be sufficient.*
	contract inflation at 11% over two years	*Rather than simply accepting and trying to absorb all inflationary pressures, services will need to collaborate closely with suppliers and service providers to reduce the overall expenditure required through further efficiencies and reductions. We have provided c4.9% in 23/24 and have not had requests that demand all of the 22/23 provision yet, which will be carried forward. OBR forecast for 23/24 is an average 5.5%. An additional £2m has been provided to cover social care additional inflation and demographic growth.*

Social care reform at £7m over two years	*This has now been deferred by Government by 2 years, into the next parliament and so it is questionable, especially considering the increasing strain on LG finances, whether this will ever come to pass. The provision in the CD has been removed in order to manage all the other pressures faced. This would simply be unaffordable to SBC and so Government would need to be lobbied in the event this ever came back on the table. More funding would be needed from Government or the scale of implementation and hence costs in some way restrained.*
Other unforeseen pressures	*The Council has provided significant further contingency sums in both ongoing and one-off sums to cover issues such as TA, social care, loss of commercial rent etc. The pot is limited and so pressures will need tight scrutiny and use of the contingency will require CEO, CFO and Cabinet approval*

Finance and Commercial Services - Improvement Plan

Appendix 7

Objectives	What	By When
Objective 1: **Develop capacity, capability, improve our culture and our customer services offer**	Develop a departmental culture strategy alongside corporate initiatives.	31 March 2023
	Implement a comprehensive Training and Capability Strategy.	From February 2023
	Work with CIPFA on development centres and a development framework	March 2023 post recruitment
	Grow our own talent programme through apprenticeships	First cohort from March 2023
	Develop a productivity plan	30 June 2023
	Implement a succession plan	30 June 2023
Objective 2: **Improve Financial Reporting and Accounts closedown**	Complete all outstanding sets of accounts	31 March 2023
	Continually improve and develop the monthly reporting routines with the support of departmental management and members	31 March 2023 and on-going
	Implement a new process for completion and approval of the Annual Governance Statement for 2022/23 and future years	31 March 2023
	Revised assurance process for 2022/23 to be agreed by CLT	31 January 2023
	Rectification of the significant historical challenges with basic financial control processes and procedures – for example, reconciliations between systems, embedding quality control around the accounts processes, consistent completion of standard working papers, control and recording of assets etc.	31 March 2024

Objective 3: **Deliver Financial Sustainability and improved Medium-Term Financial Planning**	Develop a Medium-Term Financial Plan that reflects the revised corporate objectives and integrates with other key plans for HR, assets and IT. Improve budget setting and strategic financial planning. We will provide finance training for Budget Managers and Members	May 2023
	Training on revised Finance Procedure Rules for Members and Officers	May 2023 for 24/25 budget
	Improve efficiency of financial systems by continuing to reduce manual interventions.	31 March 2023
	Obtain an independent review of all financial systems and controls as required by Directions	31 March 2023
Objective 4: **Improve business case capability to support decision making**	Implement a business case review process and work with PMO to implement.	31 March 2023
	Recruit specialist support to develop and train new recruits	31 March 2023
Objective 5: **Implement an asset management and investment strategy.**	Refine the Treasury Management and revised capital strategy in light of asset sales	31 October 2023
Objective 6: **Establish a Procurement and Contract Management function**	Improve value for money through the implementation of a contract management system	31 March 2024
Objective 7: **Improve governance, counter fraud, internal audit, risk management and insurance**	Recruit and develop an in-house Internal Audit Team. Recruitment adverts completed and live.	November 2022- March 2023
	New IA team to review Plan for 2023/24 and implement revised approach.	30 July 2023 – ***Revised to 31 March 2023***
	Develop an Insurance Strategy and deliver the Insurance Renewal programme	31 March 2024

	Implement and embed an Enterprise Risk Management Framework Review the Counter Fraud and Corruption risk assessment , plans and develop regular reporting to the Audit and Corporate Governance Committee. CIPFA review of Counter Fraud arrangements	31 March 2024 31 March 2023 31 December 2022 ***Revised to 28 February 2023***
Objective 8: **Improve Revenues, Benefits and Charges service**	Recruit and develop and In-house team whose costs are comparable with statistical neighbours Implement the Revenues Benefits and Charges Improvement plan Explore and improve the use of available technology to improve value for money.	31 October 2023 31 March 2023 31 March 2023

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SLOUGH BOROUGH COUNCIL

REPORT TO:	Cabinet
DATE:	27 February 2023
SUBJECT:	Approval to write-off individual debts greater than £15,000
CHIEF OFFICER:	Steven Mair – Executive Director – Finance and Commercial (S151)
CONTACT OFFICER:	Andy Jeffs – Interim Head of Transactions – Revenues, Benefits and Charges
WARD(S):	All
PORTFOLIO:	Cabinet Member for Customer Services, Procurement and Performance – Councillor Ajaib
KEY DECISION:	Yes
EXEMPT:	No
DECISION SUBJECT TO CALL IN:	Yes
APPENDICES:	Appendix A – Adult Social Care £15,000+ Write Off Requests Appendix B – Council Tax £15,000+ Write-off Requests Appendix C – Business Rates £15,000+ Write Off Requests

1 Summary and Recommendation

1.1 This report seeks approval to write-off uncollectable debts that exceed £15,000 in relation to Adult Social Care, Council Tax and Business Rates. The aggregate total value of these debts is £1.186m covering the period 1997 to 2022.

1.2 All cases requested for write-off follow a lengthy process to attempt to recover the outstanding money, sometimes dating back many years. Only after all avenues have been exhausted will the Council consider writing off debt. Once debts have been identified as uncollectable and require Cabinet approval for write-off a request for this should be made in a timely manner. Unfortunately, this has not been the case, but this will be rectified going forward.

1.3 Given the high volume and value of invoices and bills issued by the Council there will always be a requirement to write-off an element of debt as uncollectable and that is factored into the Collection Fund calculation and the Council holds a Bad Debt Provision for uncollectable debt in its accounts.

Recommendations

Cabinet is recommended to:

(a) authorise the write-off of those debts identified in the report.

Reason

1.4 Financial Procedure rules require Cabinet to approve any individual debt write-off greater than £15,000

Commissioner Review

1.5 The commissioners note the contents of the report and given the information provided on the debts and the process to seek recovery, they are content with the proposed action.

2 Report

Introduction

2.1 The Council is responsible for the collection of Council Tax, Business Rates, Adult Social Care and Sundry Debts. This report sets out those debts over £15,000 that require write-off. Table 1 below provides a breakdown of the £1.186m by debt type and reason.

Table 1

Type of Debt	Reason for Write-off	Amount £000	No. of Accounts
Adult Social Care	Deceased no estate	165	8
Council Tax	Deceased no estate	20	1
Business Rates	Absconded	104	3
	Administration	163	4
	Bankrupt	34	1
	Dissolved	130	5
	Liquidation	570	10
Total		**1,186**	**32**

Background

2.2 In accordance with good financial management principles, the Council makes appropriate bad debt provision for the revenue streams detailed in this report. This provision recognises that a proportion of the Authority's debts will prove irrecoverable and ensures that the value of debtors within the Authority's accounts is a fair reflection of the amount that will eventually be recovered.

2.3 All debts, taxes and rates within the service's control are actively pursued, and in most instances are collected with little difficulty. In cases where payment is not received on time, a reminder will be issued promptly to the debtor. If this fails to secure payment, a final reminder and/or a summons will also be issued and if necessary, the debt passed to an appropriate collection agent such as Enforcement Agents or HB Public Law to secure payment.

2.4 Sometimes, however, if a debtor is having difficulty making the payment, special arrangements are used to effect recovery, and this may mean extending the period to collect the debt.

2.5 In some cases, pursuit of an outstanding debt is not possible for a variety of reasons, such as bankruptcy or liquidation and such cases under £1,000 can be written off by the Head of Transactions, or between £1,000 and £15,000 the Executive Director of Finance and Commercial under delegated authority. Cases where the debt exceeds £15,000 must, however, be approved by Cabinet prior to the debt being written off.

2.6 A record is kept of debts written off, together for the reason for doing so, so that if there is a realistic chance of recovery in the future a debt may be written back on and pursued again. Subject to having an enforceable order – or for Council Tax a liability order where there is no time limit for enforcement action. By writing off debt, you are not cancelling the order, so some people do come back and pay off debts if it is affecting their credit rating.

Adult Social Care Debt

2.7 There are eight debts over £15,000, totalling £165,285 that need approval from Cabinet to write-off. The debts all relate to the provision of Adult Social Care where the people receiving the care passed away and where the estates had no assets. Please see Appendix A for more details.

2.8 Each year the Council raises 20,000 invoices totalling approximately £58m.

Council Tax

2.9 There is one debt for £20,214 that needs approval from Cabinet to write-off. The debt covers the period 1997 to 2018. The debtor is deceased and at the time of their death had no assets. Please see Appendix B for more details.

2.10 Since 2009/10 the Council has previously written off a total of £1.7m, 0.22% of the collectable Council Tax billed over that period. The eventual collection rate for Council Tax is currently 97.93% over the same period. In more recent years the eventual collection is higher at 98.5%. As at the end of December 2022 net previous year arrears outstanding, 1.85% of accounts raised in the period was £17.4m. This debt is being actively pursued although the current project to analyse the collectability of this debt is identifying a requirement for further write-offs which will be actioned as per the Council's debt policy.

Business Rates

2.11 There are 23 debts totalling £1,001,162 that needs approval from Cabinet to write-off. In the bulk of the cases, 20 totalling £896,713 the businesses ceased trading with no assets. For the remaining two cases which totalled £71,305 the Business Rates payers absconded and could not be traced. Please see Appendix C for more detail.

2.12 Since 2010/11 the Council has previously written off a total of £16.2m, 1.59% of the Business Rates billed. The eventual collection rate for Business Rates is 98.03% over the same period. As with Council Tax the eventual collection in more recent years is higher at 98.7%. As at the end of December 2022 net previous year arrears outstanding, 0.38% of accounts raised in the period was £5.020m. This debt is being actively pursued.

3 Implications of the Recommendations

3.1 Financial implications

3.1.1 For Council Tax and Business Rates the amounts collected are held in the collection fund and the amount assumed for collection in the budget is credited to the Council's general fund. Any variation to the amount collected is managed through the collection fund and variances dealt with in the following financial year. Provision is made in the collection fund for bad debts which is assumed in the amount included in the council budget.

3.1.2 For Council Tax 88% of the amount collected is due to the Council and the remaining 12% is for preceptors, Police, Fire and Parish Councils. So, the impact on the Council's element of the Collection fund for the debts written off is £17,788, 88% of the £20,214.

3.1.3 For Business Rates 50% of the debt is collected on behalf of government and 1% on behalf of the Fire Authority so the impact on Council's element of the Collection Fund is £490,569, 49%.

3.2 Legal implications

The Council has a debt management policy and a specific policy for recovery of Adult Social Care debts. Both policies cover the need to write off debts when they are deemed uncollectable. Council tax collection is governed by a specific statutory framework which provides for a liability order being made and various different options for enforcement, including attachment to earnings, charge against property and bailiff action. Use of these powers is governed by a policy and procedures to ensure fair collection methods.

3.3 Risk management implications

3.3.1 There are no specific issues arising directly from this report. It is important that the Council regularly reviews its debts and make appropriate write off decisions to ensure there is clarity on the level of bad debt provision and that enforcement action and collection rates are regularly benchmarked and reviewed.

3.4 Environmental implications

3.4.1 There are no specific environmental implications arising directly from this report.

3.5 Equality implications

3.5.1 The are no equality implications arising directly from this report. The policies referred to above consider the equality implications of certain debt collection. This is particularly relevant in relation to the collection of Adult Social Care debt.

3.6 Procurement implications

3.6.1 There are no procurement implications arising directly from this report.

3.7 Workforce implications

3.7.1 There are no workforce implications arising directly from this report.

3.8 Property implications

3.8.1 There are no property implications arising directly from this report.

4 Background Papers

None

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Appendix A - Adult Social Care £15,000+ Write Off Requests

				Check- list				
Break down of Financial Years with amounts	**Total Amount of Write Off**	**Reason**		**Probate Checked**	**CTax checked**	**NAFN(National Anti Faud Network) Checked**	**Land Registry/Owner Checked**	**Legal Search**
	£							
18.8.2014 - 14.1.2019	29,082	Date of Death - 2019 - No response from person dealing with finances - checked probate online and no probate was granted after three years from the date of death. Checked on Council Tax Academy by Fraud Team - no trace of any relatives		No Estate over 5K	No Trace on council tax	Zero funds	Yes (Council Property)	N/A
3.8.2017 - 1.12.2019	26,420	Date of death - 2019 - The service user was managing his finance by himself when he was alive - Also checked the probate online and no probate was granted as of 27.11.2022. No record of son being involved in client's finances during his lifetime - attempts to contact him post client's death were unsuccessful.		No Estate over 5K	No Trace on council tax	Zero funds	No information available	N/A
01.03.2016 - 31.12.2018	23,781	Date of death - 2019 - The service user was managing his finance by himself when alive - Checked probate online and no probate was granted as of 27.11.2022 - IAS notes indicate the client was giving his money away to an unnamed friend. Checked on Council Tax Academy by Fraud Team - no trace of any relatives.		No Estate over 5K	No Trace on council tax	Zero funds	No information available	N/A
01.11.2015 - 06.01.2019	18,431	Date Of death - 2019 - Also checked probate online and no probate granted as at 16.06.2022.		No Estate over 5K	No Trace on council tax	Zero funds	No information available	N/A
01.10.2019 - 12.5.2021	19,183	Date Of death -2021 - Family and Service user always disputed the financial contribution when alive and never paid - Checked probate online and no probate granted as at 13.1.2023. Checked on Council Tax Academy by Fraud Team - no trace of any relatives.		No Estate over 5K	No Trace on council tax	Zero funds	No information available	N/A
06.02.2016 - 25.02.2018	16,903	Date of death - 2018 . 06.10.2022 - tried to contact next of kin but unable to get any response . Checked probate online and no probate granted as at 11.11.2022. Checked on Council Tax Academy by Fraud Team - no trace of son found post date of client's death.		No Estate over 5K	No Trace on council tax	Zero funds	No information available	N/A
03.4.2017 - 29.10.2020	15,725	Date of death - 2020 - Checked and as per Letter of probate administration dated 18.12.2020, the value of asset is nil. No record of daughter being involved in client's finances during his lifetime. Attempts to contact her post client's death were unsuccessful.		No Estate over 5K	No Trace on council tax	Zero funds	No information available	N/A
01.03.2016 - 15.07.2018	15,760	Date of death -2019 - Service user managed his finances alone when alive - checked probate online and no probate granted as of 06.06.2022. Checked on Council Tax Academy by Fraud Team no trace of relatives since prior to client's recorded entry into care home.		No Estate over 5K	No Trace on council tax	Zero funds	Yes	N/A
	165,284							

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Appendix B - Council Tax £15,000+ Write Off Requests

			Check- list		
Break down of Financial Years with amounts	**Total Amount of Write Off**	**Reason**	**Probate Checked**	**Land Registry/Owner Checked**	**Legal Search**
01.04.1997 - 05.05.2018	20214.91	Debtor may have signed a tenancy with Slough Borough Council, from 1.4.1997, could be earlier as this is the date our systems were updated. Has not paid any payment towards his Council Tax and the account had been served with reminders, finals, summons and liability orders. Years were sent to the enforcement agents but returned as Nulla Bona. Regular contact was made with requesitng payments and encourage Council Tax Support but did not apply. Our inspector visited the property in July 2017 and reported the debtor was mobile by using a zimmer frame, and asked them to apply for the disability reduction. There was one other person resident but they would not provide the name so they could help the debtor complete the forms. We were later informed by notification of Death and Births that the debtor had passed away in 2018. A probate date was not obtained or the death listed on the probate website, we had no contact for the debtors relatives.	Yes	N/A (Council property)	N/A
	20,214.91				

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Appendix C - Business Rates £15,000+ Write Off Requests

Reason	**Total Amount of Write Off**
Absconded	
Administration - proof of debt form sent to insolvency practitioners May 2021	33,143.80
Case went to Stanford & Green in 2019. They completed trace work (such as Experian) which was unsucessful, and they returned the case after 4 months as 'gone away, no trace'. We have no contact details on file and no trace of ever having been able to contact with Mr Adnan.	43,479.58
Case was with Stanford & Green (for over 12 months) and they returned as 'no realistic chance of recovery' and Chandlers returned to us after a few months having not established contact with the ratepayer.	27,825.54
Total	**104,448.92**
Administration	
Company in administration from 14.04.2021. proof of debt form and copy bills sent to insolvency practioners. To date, no dividend has been realised.	102,266.48
Company in administration 30.11.2020.	24,768.00
Company in administration 30.11.2020.	18,740.07
Company in administration 30.11.2020.	16,864.42
	162,638.97
Bankrupt	
declared bankrupt wef 17.08.2020 - bankruptcy order and other documents on Civica. PROOF OF DEBT FORM SENT BY EMAIL TO INSOLVENCY PRACTITONERS 07.02.2022 (part already submitted for w/o for this account reference in Feb 2022 in the amount of £1,123.22)	33,672.49
	33,672.49
Dissolved	
Company dissolved 25.06.2019 as per Companies House	34,490.22
Company dissolved 09.11.2021 as per Companies House.	22,451.70

Company dissolved 22.12.2020 as per Companies House. Treasury Solicitor disclaimed the lease - document on Civica	27,104.43
Company dissolved 01.02.2022 as per Companies House	21,809.80
Company dissolved 28.06.2022 as per Companies House	24,357.08
	130,213.23
Liquidation	
COMPANY IN LIQUIDATION 15.07.2021 - proof of debt form sent to insolvency practitioners by email 13.08.21	58,683.01
COMPANY IN LIQUIDATION 15.07.2021 - proof of debt form sent to insolvency practitioners by email 13.08.21	142,781.10
Company in liquidation w.e.f. 30.09.2021 as per Companies House. Have sent a proof of debt form by email to the insolvency practitioners Keystone Recovery on 14.10.2021 and copy bills.	58,343.01
Company in liquidation 30.09.2020. Proof of debt form sent by email and bills sent by post to the insolvency practitioners	28,224.00
Company in liquidation 25.11.2021. Proof of debt form sent by email and bills sent by post to the insolvency practitioners	106,576.28
company in liquidation wef 19.08.2020. Proof of debt forms sent to liquidators and the balance is listed on their creditors list.	28,224.00
Company in liquidation with effect from 31.03.2022. Proof of debt to be sent by email to the liquidators and copies of bills requested on Academy to their postal address.	74,727.20
COMPANY IN LIQUIDATION FROM 29.07.2022. PROOF OF DEBT FORM AND COPIES OF BILLS SENT TO INSOLVENCY PRACTITIONERS	17,876.37
COMPANY IN LIQUIDATION FROM 07.12.2021. PROOF OF DEBT FORM AND COPIES OF BILLS SENT TO INSOLVENCY PRACTITIONERS	35,389.60
COMPANY IN LIQUIDATION FROM 09.11.2021. PROOF OF DEBT FORM AND COPIES OF BILLS SENT TO INSOLVENCY PRACTITIONERS	19,363.41
	570,187.98
	1,001,161.59

SLOUGH BOROUGH COUNCIL

REPORT TO:	Cabinet
DATE:	27 February 2023
SUBJECT:	Update on Discretionary Council Tax premium on empty properties and second homes
CHIEF OFFICER:	Steven Mair – Executive Director – Finance and Commercial (S151)
CONTACT OFFICER:	Andy Jeffs – Interim Head of Transactions – Revenues, Benefits and Charges
WARD(S):	All
PORTFOLIO:	Cabinet Member for Customer Services, Procurement and Performance – Councillor Ajaib
KEY DECISION:	No
EXEMPT:	No
DECISION SUBJECT TO CALL IN:	Yes
APPENDICES:	None

1 Summary and Recommendation

1.1 As a Council Tax billing authority, Slough Borough Council must adopt policies for the application of discretionary Council Tax premiums.

1.2 In May 2022 the Government’s Levelling Up and Regeneration Bill (the Bill) put forward discretionary Council Tax premium options on long term empty properties and dwellings occupied periodically (second homes). If the Bill receives Royal Ascent before 31 March 2023, these options will become available to billing authorities with effect from 1 April 2024 at the earliest.

1.3 The Government has confirmed that billing authorities that wish to adopt premiums for second homes are required to make a determination confirming their requirements at least 12 months prior to the financial year in which the changes will come into effect, meaning that the Bill will need to obtain Royal Ascent prior to 1 April 2023 in order to adopt the changes for the year commencing 1 April 2024.

Recommendations

Cabinet is recommended to:

(a) Delegate authority to the Executive Director for Finance and Commercial, following consultation with the Cabinet Member for Customer Services, Procurement & Performance, to devise a policy for additional Council Tax premiums to be introduced for:

- 100% premium for properties which have been empty and unfurnished for a period between 1 (previously 2) and 5 years;
- 100% premium for second homes; and
- To bring the policy to full Council once the legislation is in force.

Reason

1.4 To explore opportunities for the Council to introduce changes to its discretionary Council Tax premiums at the earliest opportunity.

Commissioner Review

1.5 The Commissioners are content with this report.

2 Report

Introduction

2.1 This report sets out the recommendations for Council Tax premiums on long term empty properties and second homes if the proposals set out within the Bill achieve Royal Ascent. Early agreement to devise a policy and review the Council Tax properties impacted will allow the Council to make timely decisions if Royal Ascent is granted and the legislative powers remain as currently set out in the Bill.

Background

2.2 The Government encourages all billing authorities to adopt Council Tax premiums on empty properties with a view to incentivising property owners to bring those properties back into use at the earliest opportunity. A 100% premium can currently be charged where properties are left unoccupied and unfurnished for periods exceeding two years – this is the current approach by Slough Borough Council, as well as a 200% premium for properties which are empty for five years and over and 300% for 10 years and over.

2.3 In May 2022, the Government published the Levelling Up and Regeneration Bill (the Bill). The Bill includes proposals aimed at further addressing empty properties through the application of Council Tax premiums, in addition to measures which recognise the impact that high levels of second home ownership can have in some areas. Through the Bill it is the Government's intention to:

- Reduce the minimum period for the implementation of a Council Tax premium for empty premises from two years to one.

- Allow Councils to introduce a Council Tax premium of up to 100% in respect of second homes.

2.4 The changes outlined above are subject to the Bill receiving Royal Assent and will become effective from 1 April 2024 at the earliest. In its current form the Bill requires billing authorities to make a resolution confirming their intentions on the application of the premiums at least 12 months prior to the financial year in which the changes will come into effect. This means that the Bill will require Royal Assent to be obtained prior to 1 April 2023 for billing authorities to be given the powers to make a resolution and adopt the changes for the year commencing 1 April 2024 and an authority would need to make a determination prior to 1 April 2023.

2.5 The Bill is progressing through Parliament and is currently at committee stage in the House of Lords. This stage is expected to finish by the end of February. It is currently uncertain whether the Royal Assent will have been granted in time to allow the changes to be implemented in the 2024 year.

2.6 This report seeks delegated authority from Members to commence work on devising a policy with a view to this being brought back for a decision by Council when Royal Assent is granted.

2.7 The CTB1 completed in October 2022 showed that there were 383 second homes within Slough. It is recognised that second home ownership can have a negative impact in terms of the supply of homes available to meet local housing need. Initial, high-level analysis shows that the application of a 100% premium on second homes within Slough could generate around £0.4m in additional Council Tax revenue, excluding allowance for non-collection. However, this will be subject to consider whether the second homes meet the statutory definition and that changes are not made to reflect the up-to-date occupancy arrangement.

2.8 Empty homes are a much more fluid position. Current CTB1 data shows 150 properties being charged a 100% premium as they have been empty for greater than two years. The additional charge for this is £0.2m. It cannot be assumed that a change in timescales for empty home premiums will result in this additional income.

2.9 Income generated from the premium would be shared across the main preceptors (including the Thames Valley Police & Crime Commissioner), although the majority of revenue, circa 88% would benefit Slough Borough Council.

2.10 Introducing the premiums would increase the Council Tax base. The impact on Parish Councils, who set their precept based on the tax base, would be that they could potentially generate more revenue through the precept but with it having less of an impact on the direct charge to residents due to the larger tax base.

2.11 Some properties that are currently assumed to be second homes may be changed to reflect the reality of the occupancy arrangement. This includes properties that are available to let for the prescribed period.

2.12 Currently, only properties that are available to let for more than 20 weeks (140 days) in a calendar year should be rated as business rates by the Valuation Office Agency (VOA). From April 2023, this criteria will still apply but additionally it must be evidenced by the owner to the VOA that the property was also actually let for short periods totalling at least 70 days in the previous year. This change should help to ensure that any properties transferring from Council Tax to Business Rates relate to genuine circumstances where the property is being utilised for business purposes in accordance with the government's legislation and might also mean that some properties currently categorised for Business Rates will need to be transferred to Council Tax.

2.13 Even though the Council currently asks people to declare if their property is being used as a second home, given that the Council Tax charge for second homes currently mirrors that of main residences, there may also be a risk that the current classification of properties within the Council Tax system is not wholly accurate. Consideration will be given to how to mitigate against inaccurate classification as part of devising a policy.

2.14 It is hoped that the amended timescales and additional premiums will further incentivise the occupation of empty properties as well as generate additional Council Tax income (estimated at up to £0.6m) for precepting bodies; facilitating the delivery of essential front-line services within Slough.

3 Implications of the Recommendations

3.1 Financial implications

3.1.1 If adopted these changes will generate additional Council Tax income estimated up to £0.6m pa 88% of which would go to Slough Council. Any additional processing costs can be absorbed within the current revenue budget.

3.2 Legal implications

3.2.1 The recommendations set out within this report are subject to the Levelling Up and Regeneration Bill receiving Royal Ascent and relevant sections being brought into force. The Bill provides that regulations can be made and guidance must be taken into account. It is not yet known whether regulations will be made listing classes of properties which will be exempted or whether guidance will be issued.

3.3 Risk management implications

3.3.1 There are no specific issues arising directly from this report.

3.4 Environmental implications

3.4.1 There are no specific environmental implications arising directly from this report.

3.5 Equality implications

3.5.1 The are no equality implications arising directly from this report.

4 Background Papers

None

SLOUGH BOROUGH COUNCIL

REPORT TO:	Cabinet
DATE:	27 February 2023
SUBJECT:	Procure a provider of e-vouchers for Housing Support Fund awards
CHIEF OFFICER:	Steven Mair – Executive Director – Finance and Commercial (S151)
CONTACT OFFICER:	Andy Jeffs – Interim Head of Transactions – Revenues, Benefits and Charges
WARD(S):	All
PORTFOLIO:	Cabinet Member for Customer Services, Procurement and Performance – Councillor Ajaib
KEY DECISION:	Yes
EXEMPT:	No
DECISION SUBJECT TO CALL IN:	Yes
APPENDICES:	None

1 Summary and Recommendation

1.1 To seek authority from Cabinet for commencement to procure a 5-year (1yr+1yr+1yr+1yr+1yr) contract to provide e-vouchers. Having this contract in place will provide an additional facility to support vulnerable residents who apply for help through the Housing Support Fund. The total potential cost of the contract is £1m, but that is dependent of the funding being made available by central government. The Household Support Fund has been extended by 12-months to 31 March 2024 so, the minimum contract spend will be £0.2m.

Recommendations

Cabinet is recommended to:

(a) authorise commencement of procurement for the provision of an e-voucher provider

(b) delegate authority to the Executive Director for Finance and Commercial following consultation with the Cabinet Member for Customer Services, Procurement & Performance to award a contract.

Reason

1.2 To ensure that Cabinet has proper oversight of planned procurement activity and delegated authority is allowed where timescales are insufficient and to increase the methods of support available to the Council to help vulnerable residents through the Housing Support Fund.

Commissioner Review

1.3 The Commissioners are content with this report.

2 Report

Introduction

2.1 On 30 September 2021, the government announced that vulnerable households across the country would be able to access a new £500 million support fund to help them with essentials over the winter. This funding covered the period 6 October 2021 to 31 March 2022.

2.2 The Household Support Fund was distributed by councils in England to directly help those who needed it most. The grant was distributed through small payments to support vulnerable households meet daily needs such as food, clothing, and utilities.

2.3 The Household Support fund has been extended twice since the initial tranche of funding covering the periods April 2022 to September 2022, and October 2022 to March 2023. Slough's current allocation covering the period to March 2023 is £1.177m.

2.4 The government announced in the Autumn Statement that the Household Support Fund would be extended for a further year, to the end of March 2024.

Background

2.5 The Household Support Fund requires the Council to support vulnerable residents in need of cost-of-living assistance. Support through the fund is currently given in the form of vouchers to support those children receiving free school meals during the school holidays. This provides additional support to care leavers and other vulnerable families known to relevant Council teams, and to individuals and families through a discretionary application process.

2.6 The Council currently provides support to vulnerable residents via Paypoint and through vouchers to purchase food through the Sainsburys gifting platform, with white goods supplied through Argos. The Debt and Welfare service also works closely with the Slough Foodbank.

2.7 By contracting with a new provider to implement an e-voucher scheme that has wider access to other supermarket outlets around the borough it would offer residents a choice to shop closer to where they live or to shop around to allow the vouchers to stretch further.

Framework

2.8 The key objectives a new provider would need to satisfy are:

- The offer a choice of multiple supermarket outlets.
- Vouchers are issued digitally via email without any need to print so we know the person allocated the voucher uses it.
- Option for officers to edit and reissue vouchers.
- Able to add a message to recipient when a voucher is issued.
- Reporting on spend, redemptions and expired vouchers.
- Set-up is free of charge.
- The only cost is the face value of vouchers.
- Offers discounts/savings.
- It operates a float system so people just pay for what is used.
- The return of Housing Support Fund float at the end of the scheme.
- Closed loop grocery merchant.
- Have experience of working with local authorities.
- The recipient of an e-voucher can choose and select more than one outlet.
- Option for redemption can be click and collect, spend on-line or in store.

2.9 Officers have identified that The Crown Commercial Framework RM6255 as one that satisfies the required objectives and would be the best way to decide whether we need to look at a mini competition or a direct award.

2.10 The contract duration will be for five-years (1yr+1yr+1yr+1yr+1yr) however, the actual duration would depend on the period of funding available. Although the service could be considered to be used to make other discretionary awards.

2.11 The minimum contract spend would be £0.2m, the value of the fund in 2023/24 that has been confirmed by government.

3 Implications of the Recommendations

3.1 Financial implications

3.1.1 There are no direct financial costs to the Council as these are all funded through the Household Support Fund, including the administrative cost of the scheme.

3.2 Legal implications

3.2.1 This contract will be procured in line with the Council's Contract Procedure Rules.

3.3 Risk management implications

3.3.1 There are no specific issues arising directly from this report.

3.4 Environmental implications

3.4.1 There are no specific environmental implications arising directly from this report.

3.5 Equality implications

3.5.1 The are no equality implications arising directly from this report.

3.6 Procurement implications

3.6.1 Procurement have reviewed the business case and confirmed that the Council will seek to obtain value for money by sourcing this procurement via the CCS framework No. RM6255 which offers e-vouchers via 10 appointed suppliers. This framework offers implementation and management of retail voucher schemes with multiple merchants, including a platform to provide and distribute those vouchers to end recipients. A detailed analysis of what is offered by each of the 10 qualified suppliers has been conducted. It is permissible to direct award via this framework provided a detailed analysis is conducted to evidence value for money and justification of direct award.

3.7 Workforce implications

3.7.1 There are no workforce implications arising directly from this report.

3.8 Property implications

3.8.1 There are no property implications arising directly from this report.

4 Background Papers

None

Slough Borough Council

REPORT TO:	**Cabinet**
DATE:	**27 February 2023**
SUBJECT:	**Approval of contract sum and update on business plan for Slough Children First Limited (SCF)**
CHIEF OFFICER:	**Stephen Brown – Chief Executive**
CONTACT OFFICER:	**Sarah Wilson – Principal Lawyer** **Peter Robinson –Council Finance Representative**
WARD(S):	**All**
PORTFOLIO:	**Councillor Swindlehurst – Leader of the Council** **Councillor Hulme – Lead Member Children's Services**
KEY DECISION:	**YES**
EXEMPT:	**NO, except Appendix A due to it containing confidential information about SCF**
DECISION SUBJECT TO CALL IN:	**YES**
APPENDICES:	**Confidential Appendix A SCF Draft Business Plan 2023/24 2027/28** **Appendix B Mutual Ventures Review of SCF Business Plan**

1 Summary and Recommendations

1.1 This report seeks agreement for a delay in approval of Slough Children First's (SCF) business plan for 2023 to 2028 and agreement of a Contract Sum for 2023/24. The Contract Sum reflects an increase in funding in recognition of the agreed in-year funding requests for 2022/23 and increasing pressures. It is accepted that SCF may have to submit in-year funding requests during the year to meet invest to save and demand pressures and the Council has retained a central contingency that may cover elements of this and other Directorate pressures, however the Council will need to prioritise the demands on it and thus it will be incumbent on all departments/companies to manage additional costs within their existing budgets as far as they are able. SCF's board is not in a position to approve the 2023/24 to 2027/28 business plan due to a number of changes in circumstances. These include an Ofsted inspection in January 2023 and a new Chief Executive (statutory Director of Children's Services) and Director of Operations. The Council is also not in a position to fund the financial uplift in the draft business plan.

1.2 In addition, the Council is in the process of agreeing a new Corporate Plan and the SCF Business Plan should align with this. SCF is wholly owned by the Council and approval of the annual business plan is a reserved matter under SCF's Articles of Association. Appendix A is the draft business plan, which demonstrates the work that has been undertaken on service planning and invest to save proposals. It is anticipated that a new business plan will be submitted by the end of June 2023.

1.3 There is a proposal to increase the range and scale of support services offered by the Council to SCF and approval is sought for officers to agree the scale of services, including in-sourcing any staff connected with these services.

Recommendations:

Cabinet is recommended to:

- Note the draft SCF's business plan for 2023/24 to 2027/28 at Appendix A and agree that this should not be approved as the annual business plan.

- Approve a Contract Sum for 2023/24 of £36.067m, an increase of £4.632m on the 2022/23 base budget.

- Delegate authority to the Executive Director of Strategy and Improvement and the Executive Director of Finance and Commercial, in consultation with the Lead Member of Customer Services, Procurement & Performance, to offer an enhanced level of support services with a charging mechanism to reflect cost recovery.

- Note that a report will be brought back to Cabinet in Quarter 2 of 2023/24 with a new business plan for SCF, following consultation with key stakeholders and alignment with the Council's Corporate Plan and budget.

- Note and accept the recommendations from the People Scrutiny Panel Task and Finish Group and delegate authority to the Chief Executive, in consultation with the Lead Member for Children's Services, to appoint lead officers to progress each recommendation and to request that the SCF Board of Directors ensure that these recommendations are considered and reflected in a new business plan.

Reason:

SCF requires a high quality, long-term business plan setting out its strategic priorities and financial strategy. The previous year's plan was only approved on an interim basis and the re-submitted plan was subject to a review by Mutual Ventures. Submission of this year's business plan has been delayed due to this and other factors. The draft business plan sets out a level of investment in the short term which is unaffordable to the Council in its current financial circumstances. The SCF Board of Directors met on 8 February 2023 and took the difficult decision not to approve the business plan for submission to the Council, instead requesting that more time is given to re-draft the plan under the leadership of the new SCF Chief Executive.

The Council, as a minimum, must set a Contract Sum for SCF for 2023/24. This should be set taking account of the submitted business plan. The draft business plan and Mutual Ventures report have been taken into account in recommending a Contract Sum. The Contract Sum is a significant increase from the previous year reflecting agreed in-year funding requests and Mutual Ventures identifying areas missing from the financial assumptions. A new chief executive has been appointed and a key priority must be ensuring that SCF can evidence value for money and can demonstrate the ability to become a financially sustainable entity. This will require a different set of strategic priorities and consideration of the findings of the Ofsted inspection in relation to quality of practice. One consideration is for the Council to offer a revised level of support services to avoid duplication and reduce costs. Delegation is sought to progress this work.

Commissioner Review

Children’s Services, provided through Slough Children’s First, has been the subject of Department of Education (DfE) intervention since February 2014. This is one of the biggest issues facing the Council today.

This report outlines some significant concerns with the current draft 2023/24 – 2027/28 business plan and recommends that given these issues, the Ofsted review, the recommendations of the People Scrutiny Panel task and finish group report, and with the presence of the new DfE Commissioner, and the new Executive Director for People (Children’s) who is also the Chief Executive of SCF, a new business plan should be developed and submitted for approval by June 2023.

The commissioners fully support this approach.

It is imperative that the new Business Plan not only includes a clear indication of how services will be developed and improved, but also the financial implications of this, the performance to be delivered and the impact on the children and families. The Commissioners would expect progress against this new Plan to be reported regularly to the Council.

The report also proposes a Contract Sum for 2023/24 of £36.062m which reflects an increase in funding in recognition of the agreed in-year 2022/23 funding, and funding pressures. No further sums should be considered without the development and approval of a new Business Plan

2 Report

2.1. SCF became wholly owned by the Council on 1 April 2021, with new articles of association setting out its governance arrangements. The Articles of Association set out a list of reserved matters, which must be approved by the Council, as the sole owner of the Company.

2.2. SCF delivers statutory children’s social care functions under a direction of the Secretary of State and in accordance with a service delivery contract between SCF and the Council. Improvement activity to support this across children’s services are a critical part of the Council’s improvement journey and the Council and SCF need to work together to ensure that the services can be delivered in a cost-effective way, contributing to the delivery of required financial savings to enable the Council to become financially sustainable within the medium term.

2.3. A new Chief Executive for SCF, who is also the Executive Director of People – Children and the statutory director of children's services, commenced in role in January 2023. Within a week of her arrival, Ofsted commenced its inspection of children's services. This is a major three-yearly inspection and its findings should rightly have a significant impact on the strategic direction of SCF. In addition, the Council's governance review of SCF's business plan has shown that it does not align well with the Council's Corporate Plan or priorities. The People Scrutiny Panel task and finish report recommended an enhanced focus on partnership working, alongside other recommendations for SCF that also need to be incorporated in the new plan. Whilst it is disappointing that for the second year in a row, the Council has been unable to agree a longer-term business plan for SCF, the decision by the Board of Directors not to recommend the existing draft business case for approval demonstrates an increased level of understanding of the need for strategic alignment and a recognition of the Council's financial situation when setting its own strategic priorities.

Options Considered

2.4. The following options were considered:

Option	Pros	Cons	Recommended
Option 1: Approval of business plan	• Ensures compliance with Articles of Association • Ensures SCF has a longer-term business strategy to manage its services	• This does not address the Council's concerns about the adequacy of the plan and the deliverability of proposals within it. • This does not take account of the Ofsted inspection findings. • The new SCF Chief Executive (Director of Children's Services) has not been able to influence and set the direction in the business plan. • The business plan does not take account of the new SBC Corporate Plan. • The SCF Board have not approved the draft business plan for submission to the Council	**Not Recommended**
Option 2: *Approval of business plan on an interim basis, with further requirements.*	• Ensures compliance with Articles of Association • Allows time for the plan to be properly scrutinised and feedback given	• SCF will have to invest more officer and board time in preparing update reports and a refreshed plan • This approach was adopted last year, however it did not lead to an improvement in	**Not recommended**

	- Avoids the previous business plan being rolled over	monitoring and reporting at a member level and led to considerable officer time and resource which could have been utilised to better effect.	
Option 3: Do not approve the business plan	- The Council does not approve the business plan and requires an updated version to be prepared in a new timetable, taking account of the views of the recent Ofsted inspection and the appointment of a new Chief Executive. - The business plan can set out a more realistic and affordable medium term financial strategy. - The business plan can be subject to engagement with key stakeholders and take account of the Council's new Corporate Plan. - The new plan will have the ownership of the new Chief Executive and Board of SCF - The contract sum proposed will provide sufficient resources for SCF to remain solvent in 2023/24 as advised by the company.	- The previous interim business plan will apply, which does not address how SCF will seek to deliver financial savings in the current context. - The Council will still have to set a Contract Sum for 2023/24. - SCF is not able to demonstrate improvement in its business planning processes, an issue that was flagged in the governance review.	**Recommended**

Background

2.5. SCF's objects are set out in its Articles of Association. These are to provide social care, youth offending and other related services and support to children, young people and their families for the advancement of the community, and in particular:

(a) to keep children and young people safe from harm;

(b) to provide high quality and coordinated services in connection with children, young people and their families, including in relation to children's safeguarding, children in care and at the edge of care, children leaving care and adoption and fostering services;

(c) to innovate and to secure improvements in the quality and effectiveness of the services provided to children, young people and their families in respect of social care, family support and youth offending services and demonstrate value for money in doing so;

(d) to advance and promote social care, family support and youth offending services available to children, young people and their families;

(e) to work collaboratively with other agencies to identify the individual social care needs of children and young people and to establish suitable arrangements to prepare for and meet such needs;

(f) to make a positive and effective contribution to multi-agency early intervention support for children, young people and their families to avoid the need for more intensive social care support;

(g) to ensure that effective care planning and appropriate intervention is in place which protects children from harm, reduces the need for children to be in care unless absolutely necessary, and supports those in care;

(h) to establish and operate arrangements based on best practice and innovation and to work in partnership with all agencies involved with children, young people and their families to encourage and support children and young people to achieve positive outcomes; and

(i) to establish, promote and encourage the development of collaborative working arrangements between individuals and organisations in the field of information, advice, guidance and support to deliver high standards of social care, family support and youth offending services to children and young people.

2.6. There is no reference to these objectives in the draft Business Plan. Instead SCF set out a vision and values, strategic objectives and priorities and a road map for a model of intervention. There is no detail on how these objectives or priorities were set or to what extent these were subject to consultation with stakeholders, including the Council as owner of SCF. In the new business plan, it would be appropriate for SCF to link its business plan to the objects set out in the Articles and to the requirements set out in the service delivery plan, as this is what SCF is set up to deliver, as well as the wider Council and partnership priorities.

2.7. As part of ensuring appropriate scrutiny and challenge on the plan, an earlier draft was reviewed by Mutual Ventures, who were commissioned by the Department for Education and the plan was reviewed by a task and finish group of members from the People Scrutiny Panel. Key findings from these reviews are set out below:

Affordability of services

2.8. Mutual Ventures made it clear that both the Council and SCF need to be clear about the affordability of services and have full confidence in the proposed plans, given the Council's tightening financial envelope.

2.9. There is limited evidence that SCF has taken account of the Council's financial position. The draft business plan requested a net increase in revenue funding of £10.295m or 33% on the 2022/23 contract sum and assuming savings of £1.139m. This is clearly not a tenable position and SCF needs to demonstrate that it has undertaken an options appraisal of different funding models and appropriately considered the risks associated with each model.

2.10. The People Scrutiny Panel Task and Finish Group report concluded that proposals in relation to retention payments were not evidence based and that in general SCF was offering commensurate salaries to neighbouring areas and needed to focus more on practice development and career development opportunities.

Proactive demand management

2.11. Mutual Ventures state that the financial outlook for SCF could be improved through a dedicated drive to focus on throughput of work, with a review of existing cases being closed where they are low risk.

2.12. The Task and Finish Group heard that managing risk and closing cases requires stable leadership and management to ensure social workers felt confident and safe in their decision-making.

Workforce

2.13. Mutual Ventures have stated that the current invest to save proposals do not address the main reason that staff are leaving, namely caseloads. Mutual Ventures also commented on the intention to keep the Innovate Teams until March 2025 as concerning, as these teams are expensive and should only be used to fill short term gaps. With stable, skilled and confident leadership it was proposed that a more ambitious target could be set.

2.14. The Task and Finish Group heard from frontline managers about the strong morale and the positive impact that programmes such as Step Up to Social Work and employing overseas qualified social workers were having on recruitment and retention. The latest figures indicate that the current workforce strategies are working, although more focus should be given to career development pathways and practice development and support.

Early Help

2.15. It is important to note that SCF has always been expected to positively and effectively contribution to multi-agency early intervention support for children, young people and their families to avoid the need for more intensive social care support. On occasion there is commentary that early help is the responsibility of the Council, with SCF responsible for targeted early help. This is an unhelpful separation of functions and responsibilities.

2.16. The Mutual Ventures report noted that all the proposals will strengthen the service offer and there should not be a pick and mix approach.

2.17. The Task and Finish Group noted the national evidence of the need to focus on the wider children’s workforce and ensuring that the wider partnership worked effectively to support children and young people.

2.18. An in-year funding request to support increasing the size of the targeted early help service was agreed and there is evidence that this will have a significant impact on reducing reliance on statutory intervention for families. This service may require social workers embedded within it, but should also have a focus on multi-agency working and encouraging other agencies to take the lead on specific aspects of early help support.

2.19. The community assessment team business case is not supported on the evidence at present, due to a need for a more detailed analysis of the court cases to identify whether these cases required court intervention, what missed opportunities there were to support families under child protection procedures or pre-proceedings and the effectiveness of court liaison arrangements. This requires close working with the Joint Legal Team run by Reading Council.

Edge of Care

2.20. The Edge of Care team is intended to focus on preventing family breakdown and contextual safeguarding (safeguarding children from risks outside the home including criminal or sexual exploitation and youth violence).

2.21. The Task and Finish Group also heard from practitioners who had seen the success of a previous Innovate Team which consisted of multi-disciplinary practitioners who supported young people and families in crisis.

2.22. Funding for an edge of care team is supported on the basis it will improve outcomes for children and young people and be a more cost effective way of supporting families.

Deliverability and leadership capability

2.23. Mutual Ventures raise concerns about delivery capacity and capability and that SCF needs to strengthen its governance arrangements, business plan monitoring processes and benefits management discipline. This requires strengthening the finance function, developing a structured approach to demonstrate value for money, having in place robust governance and board oversight arrangements and comprehensive risk assessment processes.

2.24. Some of these issues have also been identified as part of the Council’s governance review of SCF. SCF has appointed a new Chief Executive who will also be the statutory Director of Children’s Services as part of her role as Executive Director – People (Children). This permanent appointment will help to instil a stable leadership team. However SCF also needs to consider how to improve its programme management capability to ensure improved governance and delivery of projects. In addition the board need to ensure that they are receiving the right information at the right time and are appropriately focused on the strategic delivery of the business plan.

2.25. The Council already supplied a number of support services to SCF, including customer services, finance, HR, insurance, IT and digital and property management. There is an existing support services agreement and individual service level agreements. It is proposed that the level of services is reviewed to identify whether offering an enhanced level of services at cost recovery could provide a more cost effective option and assist SCF with deliverability capacity and capability. The workforce implications of this are set out below.

Partnerships

2.26. Both Mutual Ventures and the Task and Finish Group refer to the critical importance of the wider partnerships. Areas that have made sustained progress are good at engaging and collaborating at a strategic and operational level.

2.27. Whilst there is information on the partnership arrangements, this is list of arrangements, with limited information on how they are evaluated. There is a risk of significant duplication across the different partnership board and the business plan contains no detail on which board has responsibility for areas such as gang violence, knife crime, children’s mental health or substance misuse and domestic abuse.

There is also little reference to partnership arrangements with schools and early years providers who are known to be the "eyes and ears" of the safeguarding system.

Governance and contractual requirements for approval of the business plan

2.28. Article 7 sets out the requirements for an annual business plan. This requires that for each year, no later than 30 September in the preceding year, the board of directors should prepare and submit a draft business plan for approval by the Council covering the next 3 years. The content of each business plan shall include relevant information under each of the following headings:

(a) introduction;
(b) strategic framework;
(c) working with partners;
(d) priorities and objectives;
(e) financial strategy and plans;
(f) profit and loss account;
(g) cash flow statement;
(h) revenue budget and working capital requirements; and
(i) capital expenditure requirements.

2.29. The business plan can be varied each year, but that will also require prior written approval of the Council. If, prior to the state of the year, the board of directors has not sought the approval of the Council then for as long as approval has not been secured, the business plan for the previous year shall continue to apply.

2.30. Since February 2014 the Slough Children's Services have been subject to intervention from the Department for Education. Although there have been improvements the Business Plan does not set out clearly with actions and a timeline of how SCF in collaboration with partners will improve its services to enable the intervention to be removed.

2.31. Slough Children's Services Trust, the predecessor to SCF has been unable to spend within its budget from its creation in October 2015 despite significant financial support from the Council and DfE. At 31.03.21 it had an accumulated deficit of £5.4m, Cabinet agreed to write off £2.4 million of this amount and the DfE provided a one-off grant of £3m to clear the balance. Since this point, SCF has started to use the in-year change request process to request additional funding. However, these have often been submitted late and with insufficient information to allow officers to make a recommendation to Cabinet on approval.

3. Implications of the Recommendation

3.1. <u>Financial implications</u>

3.1.1. The increase in the contract fee by £4.632m to £36.067m has been included in the Council's budget proposals for 2023/24. If the company spend at the rate proposed in their business plan, attached as appendix 1, excluding the spend on investment which will be pending a future proposal, they will overspend by £4.937m for the year against this budget. They will however have a positive cashflow balance at the year end, albeit a marginal one.

3.1.2. This assumes that they will submit an in-year change request for their current financial year overspend and are awarded an increase in their contract sum for

2022/23 of £2.760m. This amount has been assumed in the Council forecast outturn for 2022/23 and should be achievable as their overspend, net of previously agreed in-year change requests, is currently forecast at £4.590m.

3.1.3. The Council have calculated the increase in the contract for 2023/24 as follows:

	£000
Inflation	2,025
Agreed inflation/growth in 2022/23	1,267
Loss of DfE Grant	1,340
Total	**4,632**

3.1.4. The company is also assuming other income of £7.131m in 2023/24, including £5.075m in government grants, mostly from the DfE and the Home Office.

3.1.5. Included in the budget is £2.2m of recharges from the council for support services, including accommodation and IT. These costs are fixed in 2023/24 and any savings the company delivers will be from the remaining areas in its budget.

3.1.6. If an enhanced level of support services is provided to SCF the increased charges will at least cover the reduction in staffing costs from SCF and will not impact their budget,

3.1.7. The Company has no reserves and relies on the £5m loan from the Council for cash-flow. However, because of its projected overspend in 2022/23 it is utilising most of this facility. It will continue to use the loan facility in 2023/24 until it either reduces its costs or the Council increases its contract sum in the year, or a combination of both.

3.2_ Legal implications

3.2.1 The Secretary of State for Education has powers to issue a direction in relation to specified social services functions relating to children under s.497A of the Education Act 1996. Various directions have been issued in relation to statutory functions in Slough since 2014. The sixth statutory direction was issued in April 2021. This requires that the Council secures that prescribed children's services functions are performed by SCF and the Council jointly and other prescribed children's services functions are performed by SCF on behalf of the Council. The Council was also directed to enter into a new service agreement to implement the discharge of these functions and continue to comply with any instructions of the Secretary of State, his representatives and the Children's Services Commissioner in relation to ensuring that the Council's children's social care functions are performed to the required standard.

3.1.8. 3.2.2 The service delivery contract sets out the mechanism for agreeing the business plan and the annual Contract Sum. In relation to the latter by no later than 30 September in each Contract Year, the Strategic Commissioning Group shall meet to discuss in good faith and agree the proposed Contract Sum for the immediately following Contract Year (the "Provisional Contract Sum"), which shall take into account the following factors (without limitation):

- the Company's Business Plan, which shall take into account the strategic priorities and outcomes proposed by the Strategic Commissioning Group as part of the Annual

Review to be relevant to the commissioning of the Services in the immediately following Contract Year;

- the Council's overall funding (including any ring-fenced funding) directed to, or otherwise made available for, the Services in the relevant Contract Year;
- the cost of the Services in the current and preceding Contract Year(s) (including any Changes to the Initial Contract Sum and/or Contract Sum (as applicable) agreed during the current and preceding Contract Year(s)), this shall include the estimated cost of the Services for the current Contract Year based on activity to the end of August in the current Contract Year;
- the demand for the Services in the current Contract Year (including any expected demand following August of the current Contract Year) and the expected demand for the Services in the immediately following Contract Year, including cost estimates for placements, to include the assumptions made on placement numbers, type and unit cost, external residential, remand, external fostering, internal placement, adoption, special guardianship and average unit cost for each type. Social worker numbers shall be based on case load numbers reported separately per contract, assessments, children in need and child protection and Looked After Children;
- the costs associated with any Changes in Law, including any Relevant Changes in Law or New Burdens Changes in Law that are relevant from previous Contract Years and/or which are anticipated in the immediately following Contract Year;
- the cost of Support Services;
- the cost of all third party contracts (including any Subcontracts) used by the Company in connection with performance of its obligations under this Agreement (including the provision of the Services);
- the costs associated with the Company's occupation and/or use of the Properties;
- the costs of the Relevant Insurances, Directors and Officers Insurance and any other insurances that the Company may be required to take out from time to time in connection with the performance of its obligations under this Agreement (including the provision of the Services), including the cost of any applicable excess or deductible;
- any costs associated with the Company's compliance with its Emergency Planning and Business Continuity obligations pursuant to Clause 38 (Emergency Planning and Business Continuity);
- the cost of the Company's workforce including the Company Personnel, any Transferring Employees and any agency staff, this shall include the agreed estimated allowance the Council proposes to pay by way of pay awards in the immediately following Contract Year to be adjusted on the agreement of the pay award and any agreed changes with regard to terms and conditions of employment;
- the contribution rates set out in the rates and adjustments certificate from time to time determined by the LGPS Pension Fund Actuary pursuant to Schedule 10 (Pensions);
- the contribution rates relating to the TPS Eligible Employees or New Joiners who are enrolled in the TPS from time to time pursuant to Schedule 10 (Pensions);
- inflation, including general and sector-specific inflation and any indexation being applied pursuant to Paragraphs 2.17 to 2.20 (inclusive);
- any applicable taxation;
- any reserves to be retained by the Company pursuant to its reserves policy and the agreed finance mechanism;
- any social, demographic or other relevant factors that may affect the Services in the immediately following Contract Year and/or which affected the Services in the preceding Contract Year;
- any sums payable by way of grant funding pursuant to Paragraph 13 (Grant Funding) of Schedule 5 (Financial Mechanism)

- any sums payable by way of Partner Contributions pursuant to Paragraph 14 (Partner Contributions) of Schedule 5 (Financial Mechanism);
- any change to the Initial Contract Sum and/or Contract Sum (as applicable) agreed in the previous Contract Year as the result of an In Year Change Request (including any shortfall in relation to any New Burden Change in Law that may be agreed pursuant to Clause 15 (Change in Law);
- any applicable savings and/or efficiency requirements;
- the interest payable in connection with the repayment of the Working Capital Loan;
- any Surplus retained by the Company pursuant to Paragraph 10 (Management of Surplus and Deficit);
- such other matters that the Parties consider relevant (acting reasonably) from time to time; and
- the timing of any transfer of responsibility and confirmation of the consequential transfer of financial responsibilities, in respect of service users from the Company to the adult services department of the Council during the relevant Contract Year.

3.2.3 If the Parties cannot agree the Provisional Contract Sum, there is a resolution process set out the contract. Whilst the absence of an agreed business plan has made the process of setting the Contract Sum more challenging this year, the Council has been able to take account of the information in the draft business plan, the Mutual Ventures review and the approved in-year requests for funding in 2021/22 and 2022/23. With a new executive leadership team in SCF, Council officers will work closely with this team and the Board to improve the governance processes to ensure the business plan and contract sums for future years are set in accordance with the timescales and expected processes set out in the service delivery contract.

3.3 Risk management implications

3.3.1 There are risks that the company will not achieve its agreed budget as highlighted in the report. The Council is mitigating this risk through regular financial and performance monitoring meeting and reports to Cabinet on a quarterly basis against the plan. The risks to children and families as a result of risks arising from the lack of a business plan and effective leadership within SCF are covered in the Council's corporate risk register and in the governance review, which are regularly monitored by the Audit and Corporate Governance Committee.

3.4 Environmental implications

3.4.1 None

3.5 Equality implications

3.5.1 The Council has a duty contained in section 149 of the Equality Act to have due regard to the need to:

a) eliminate discrimination, harassment, victimisation and other conduct that is prohibited by or under this Act;

b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;

c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

3.5.2 The broad purpose of this duty is to integrate considerations of equality into day-today business and to keep them under review in decision making, the design of policies and the delivery of services. As a body delivering public functions, SCF is expected to comply with this duty.

3.5.3 High quality and cost effective children's services are critical to supporting both the Council and SCF to meet their equality duties, particularly in relation to advancing equality of opportunity by way of reducing inequalities that exist between certain groups of vulnerable children and their families and the wider population. As part of the update reports, it is expected that information will be presented on how SCF is meeting its equality duties and how this is supporting the Council to meet its own duties.

3.6 Procurement implications

3.6.4 There are no procurement implications from this proposal. SCF operates within the "Teckal Exemption" meaning that the Council does not have to undertake a procurement process to commission services from it. This exemption is on the basis that the Council has adequate control over SCF and that at least 80% of SCF's services are provided to the Council.

3.7 Workforce implications

3.7.1 The proposal to offer enhanced or additional support services may result in some staff being insourced to the Council from SCF as part of the TUPE Regulations. It is not possible to identify the exact number of staff impacted at this stage, however the Council's Constitution requires that reorganisations of services involving a change from direct to indirect provision or vice-versa is a matter reserved to Cabinet. The services potentially impacted are finance, HR, commissioning and performance and could involve the transfer of up to 30 staff.

3.7.2 The TUPE Regulations apply to a "relevant transfer", which means a transfer or a business, undertaking or part of a business or undertaking where there is a transfer of an economic entity that retains its identity (a business transfer) or a client engaging a contractor to do work on its behalf, reassigning such a contract or bringing the work in-house (a service provision change). Some transfers will be both a business transfer and service provision change. If the TUPE Regulations apply, both the transferor and the transferee must inform and (if appropriate) consult with recognised trade unions in relation to any of their own employees who may be affected by the transfer or any measures taken in connection with it.

3.8 Property implications

3.8.1 SCF will need to consider its future building requirements as part of the Council's wider asset disposal programme. At present SCF operates from 3 separate buildings, including leasing office space in Observatory House, operating a contact centre in Cippenham and operating a respite centre in Priors Close.

4. Background Papers

None.

Slough Children First Business Plan Review

Final Report

16 December 2022

Mutual Ventures

To note:

- While commissioned by the Department for Education, this is an independent report produced by Mutual Ventures. There is no presumption of Government activity in relation to any of its findings.

- Sensitive information relating to privately held discussions with Local Authorities, and the names of these Local Authorities, have been exempted from this report.

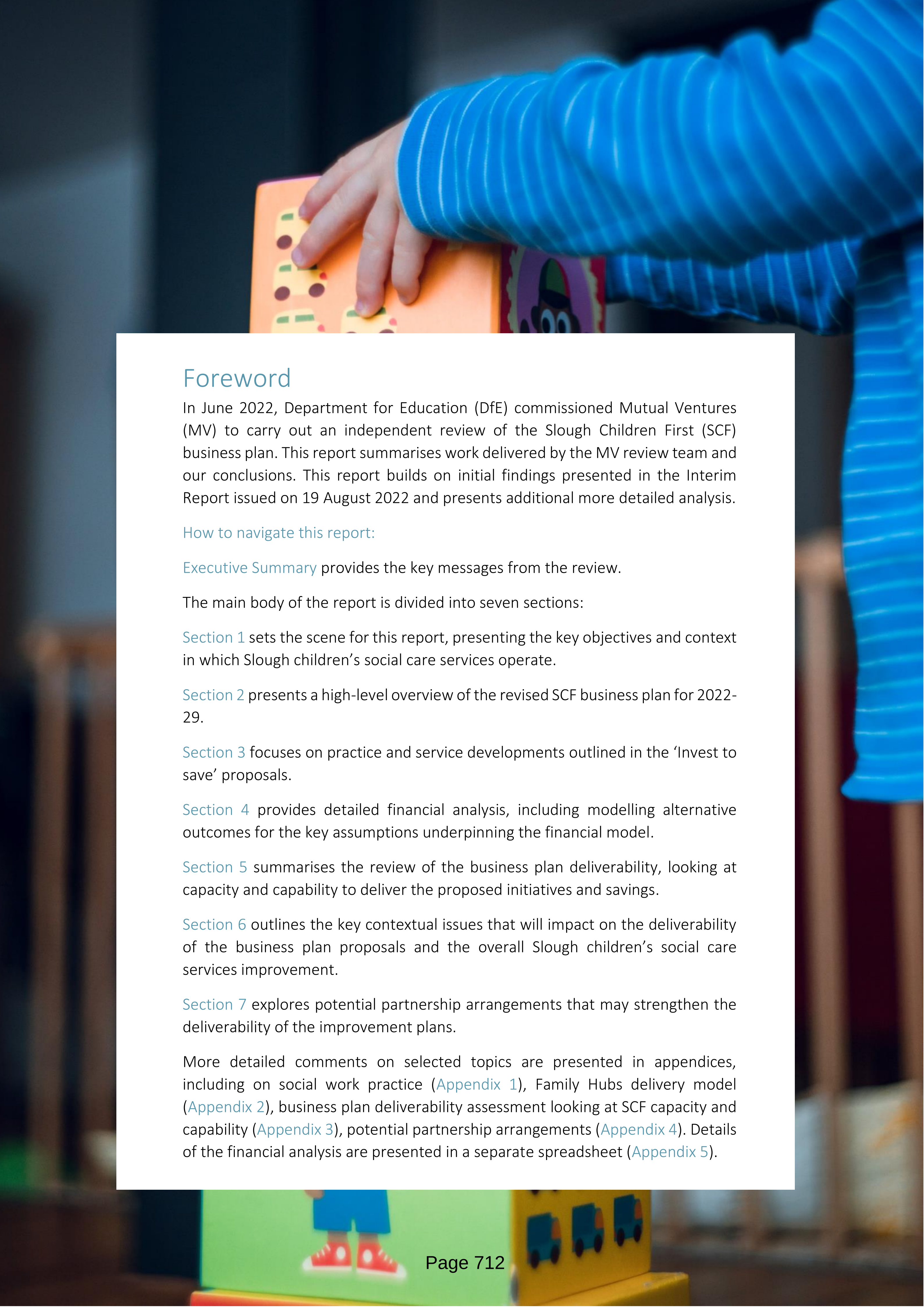
Contents

Acknowledgements:

Many people were engaged and contributed to this report. The MV review team would like to extend our thanks to colleagues from Slough Children First for their transparency and willingness to share information with us. We would also like to thank stakeholders from Slough Borough Council, DLUHC Commissioners and the DfE Commissioner who talked to us on multiple occasions throughout our work.

List of those interviewed (in alphabetical order):
Max Caller, DLUHC Commissioner
Trevor Doughty, DfE Commissioner
Carol Douch, SCF Director of Operations
Andrew Fraser, SCF CEO and SBC DCS
Lesley Hagger, SCF Non-Executive Director
Cllr Christine Hulme, Lead member responsible for children's services
Tony Hunter, SCF Board Chair
Gavin Jones, DLUHC Commissioner and SBC Chief Executive
Margaret Lee, DLUHC Commissioner
Steven Mair, SBC S151 officer
Matt Marsden, SCF Director of Finance
Peter Robinson, SBC Finance Department (Interim)
Jane Senior, SBC Associate Director – People Strategy & Commissioning
Sarah Wilson – SBC Principal Lawyer

The above list does not include representatives of local authorities we spoke with about a potential partnership with Slough. In total, we held five meetings with shortlisted local authorities to sound potential partnership opportunities and further two meetings with representatives of local authorities engaged in partnerships to identify factors contributing to successful partnership arrangements.



Foreword

In June 2022, Department for Education (DfE) commissioned Mutual Ventures (MV) to carry out an independent review of the Slough Children First (SCF) business plan. This report summarises work delivered by the MV review team and our conclusions. This report builds on initial findings presented in the Interim Report issued on 19 August 2022 and presents additional more detailed analysis.

How to navigate this report:

Executive Summary provides the key messages from the review.

The main body of the report is divided into seven sections:

Section 1 sets the scene for this report, presenting the key objectives and context in which Slough children's social care services operate.

Section 2 presents a high-level overview of the revised SCF business plan for 2022-29.

Section 3 focuses on practice and service developments outlined in the 'Invest to save' proposals.

Section 4 provides detailed financial analysis, including modelling alternative outcomes for the key assumptions underpinning the financial model.

Section 5 summarises the review of the business plan deliverability, looking at capacity and capability to deliver the proposed initiatives and savings.

Section 6 outlines the key contextual issues that will impact on the deliverability of the business plan proposals and the overall Slough children's social care services improvement.

Section 7 explores potential partnership arrangements that may strengthen the deliverability of the improvement plans.

More detailed comments on selected topics are presented in appendices, including on social work practice (Appendix 1), Family Hubs delivery model (Appendix 2), business plan deliverability assessment looking at SCF capacity and capability (Appendix 3), potential partnership arrangements (Appendix 4). Details of the financial analysis are presented in a separate spreadsheet (Appendix 5).

Executive Summary

What was done:

1. The review of Slough Children First's (SCF) business plan 2022-29 was undertaken by Mutual Ventures (MV) in two stages. An initial discovery phase was undertaken between 25 July and 19 August 2022, the findings of which were summarised in an Interim Report issued on 19 August 2022.

2. A more detailed review of the business plan, including financial data analysis, was carried out in the second phase of the project undertaken between 19 August and 26 September 2022. That phase of the project also included a review of business cases underpinning the business plan and other supporting documentation.

3. Work at the second stage of the project was organised in four workstreams:
    - **Practice and services** – review of the proposed 'Invest to save' proposals and the Slough practice approach;
    - **Financial analysis** – development of a 'shadow financial model', quality assurance and sensitivity analysis of core assumptions;
    - **Business plan deliverability** – high-level review of SCF's capacity and capability to deliver business plan proposals;
    - **Partnership arrangements** – exploration of the potential option of partnering with another local authority for the provision of children's social care services.

4. This Final Report provides an updated version of the Interim Report. It builds on the initial discovery work enriched with new insights and more in-depts analytics, and addresses comments received from SCF, Slough Borough Council (SBC), DfE and Department of Levelling Up, Housing and Communities (DLUHC) Commissioners, and provides final findings and recommendations.

Key messages:

Slough statistical and financial context

5. SCF leadership and staff have shown resilience and continued efforts to improve the quality of the service, working against a very difficult backdrop of demand pressures, national shortages of social workers and the financial challenges of the Council.

6. SCF's business plan needs to be considered against a backdrop of contextual data, including demographic and socioeconomic characteristics of Slough's residents. Slough is one of the youngest local authorities in the country. It is also one of the most ethnically diverse local authorities in England with 54% of the population coming from a Black, Asian, and Minority Ethnic (BAME) background. The 2019 school census recorded around 150 languages and dialects spoken in Slough schools. This has a significant impact on reach and engagement with children's services.

7. Benchmarking analysis confirmed that **SCF unit spending on looked after children, residential care and fostering is lower compared to its statistical neighbours** and other local authorities in the South East region.

Business plan overview

8. SCF's Business Plan 2022-29 sets out their strategic priorities for the next seven years. The overall plans are supported by three business cases that set out the detail for the proposed 'Invest to save' proposals (Edge of care, Early help and Workforce).

9. SCF's financial forecasts have shifted significantly since an interim business plan was approved by SBC's Cabinet in February 2022. Savings identified in the interim business plan were set to meet the demands being made by SBC for a balanced budget and were overly optimistic.

10. The baseline position in the revised business plan shows a **cumulative deterioration in SCF's bottom-line of £21m** over the four years from 2022/23 to 2025/26 in comparison to the interim business plan. SCF's 'Invest to save' scenario within the revised business plan shows a modest improvement in this position but still shows a £18.3m deterioration in their bottom line over the same period. The majority of this cumulative impact results from increasing demand pressures. While the revised business plan presents the pressures as something that was difficult to foresee, the issues around inflationary pressures and demand should have been considered and assumptions tested appropriately.

11. The revised business plan provides what SCF believed to be a more realistic baseline position than the interim business plan. Changes in SCF personnel and the introduction of the DLUHC Commissioners allowed for a fresh look at the business plan with the opportunity for an 'invest to save' approach. However, as we set out in this report, in our opinion the revised business plan remains over optimistic about the potential level of savings.

12. A significant amount of work has gone into the revised business plan, and it deals with a huge variety of issues and complexities. Compared with business plans typically produced by other children's services alternative delivery models (trusts or companies), SCF's business plan is more comprehensive. According to SCF, this was required to meet the additional level of scrutiny due to SBC's challenging financial situation. SBC argues that in the past the Council had not been managing its arm's length companies as diligently as it could, and the new assurance regime is correcting that. We do consider it **good practice to provide a greater level of detail to support the assumptions and rationale for the 'Invest to save' proposals**. Given the tightening financial envelope, it is important that both SCF and SBC are clear about the affordability of services and have full confidence in the proposed plans.

13. Our report includes a number of comments that aim at strengthening the business plan or its next iteration in terms of its clarity of purpose and vision, financial modelling, proposed governance and monitoring arrangements. They are aimed at supporting SCF in its continuing efforts to improve commercial capabilities and embed a culture of strong operational management needed to underpin an effective service. Throughout the review the SCF leadership were receptive to our comments and welcomed feedback on how the business plan could be strengthened, showing unwavering commitment to continued service improvement.

'Invest to save' proposals

14. In our opinion, **Slough's children's social care services are at a crunch point**. For the first time in years, none of the children's social care services delivered by SCF are rated 'inadequate'. However, the **situation remains fragile**, which has been noted by Ofsted in the report from the latest focused visit to SCF in January 2022. There is a **significant risk that** without additional well-targeted funding and well-thought-out improvement plans **the service may slip back into 'inadequate'**.

15. Despite steady service improvements made over the last few years, Slough children's social care services have been significantly impacted by a **lack of stable leadership and staff shortages**. As a result, resources have been focused on supporting those who are in most need of help. The recent changes to the scope of SCF children's services and the 'Invest to save' proposals seek to redress this balance.

16. The 'Invest to save' proposals are designed to address the well-recognised issues that impede Slough children's social care services improvement across three areas:

    - ▼ **Workforce** (cost of £74k in the first year, with full year costs expected to be £277k from 2023/24 onwards):
        i. The business plan rightly identifies **stability of the workforce** as the **key challenge** for the service. It is also the key prerequisite for improving both the financial and operational effectiveness of the service, and ultimately the quality of outcomes for children and young people.
        ii. The 'Invest to save' proposal focuses on an enhanced retention package. This would be implemented alongside other workforce strategies, including career development pathways, a review of non-financial benefits, on-going management support and supervision.
        iii. Benchmarking undertaken by SCF shows that the **proposed retention package** is in line with what other local authorities offer and therefore needed to maintain competitiveness of SCF's remuneration package. However, it **does not address the main reason for staff leaving** identified by SCF through exit interviews, i.e. high caseloads. If prioritisation of the 'Invest to save' proposals is required, this is the element of the business plan that we therefore recommend be marked as lowest priority; though we appreciate the concerns of SCF that without this package it may be harder to attract new staff and retain existing social workers, potentially impacting the improvement that is able to happen upstream. We do agree that there is some risk that if SCF's renumeration package is not at par with the neighbouring areas, recruitment and retention could be affected, which would need to be closely monitored by the company.
        iv. It is important to note that the national context is currently extremely challenging with most local authorities, even those with a long history of low vacancy rates, experiencing difficulties in recruiting and retaining qualified social workers. Given the national shortage of social workers, SCF may not achieve its workforce targets despite its best efforts.
        v. The proposal includes developing a family support workforce (non-social work qualified) to support social workers. This could be very helpful given the difficulty in recruiting and retaining social workers. We believe the **attention to skill mix** is a **good direction**.
        vi. It is **concerning** that SCF see the **continued use of Innovate teams** until March 2025. Such teams are expensive and were originally designed to fill in very short-term gaps. The senior leaders are acutely aware of the negative impact of using Innovate teams, but feel they have no alternative in order to limit the caseloads.
        vii. We note that it is **SCF's intention to reduce the size and cost of the Innovate teams over time**. However, we recommended that SCF undertakes concerted efforts to reduce the numbers of children in the system through a dedicated drive to focus on throughput of work. This would allow SCF to decommission the Innovate teams faster than currently planned. This is contingent on stable, skilled and confident leadership.

- **Early help**: SCF is looking to rationalise its continuum of care through investment in prevention and early help services, including the family information service, family hubs, targeted early help and community-based assessments.
    i. **Family Information Service** (cost of £114k per annum) – this is likely to deal with very low-level needs of families. This is a helpful service that will have a beneficial effect of relieving pressures at the front door, enabling other 'Invest to save' service developments. However, it will **probably not have much of an impact on caseloads in the safeguarding and Looked After Children teams**, which has been identified as the key issue in the business plan, or make significant direct financial savings.
    ii. **Development of Family Hubs** (cost of £424k per annum) **–** this may have **some impact on high caseloads** but as with the Family Information Service is **leaning towards universal services**. Whilst the development of Family Hubs will undoubtedly improve the services to families and help SCF in their ambition of 'getting to good', it will have a moderate financial impact.
    iii. **Developing Targeted Early Help** (cost between £99k and £255k per annum over the next four years) **–** this is a useful development that should have a **significant impact on the Children In Need numbers**. We see an opportunity to strengthen the focus on multi-agency work. The service may also need social workers to oversee the higher risk cases, which are not included in the design of the team.
    iv. **Establishing Community Assessment Teams** (cost of £395k per annum) **–** reducing costs requires a more holistic approach (including close cooperation with the courts). Increasing community-based assessment capacity – while a helpful initiative – is unlikely to solve care proceedings cost pressures on its own.

a. There is a strong case to **implement all the above early help service developments at the same time**. As noted above, taken in isolation, the developments will have a varying impact on children in need caseloads, e.g.:
    - the family information service would have <u>little</u> financial impact,
    - the family hubs would <u>some</u> financial impact, and
    - the targeted early help development – <u>significant</u> financial impact.

However, **all developments together might strengthen each element** (the whole is greater than the sum of each part). Implementation of the early help service developments should not be seen as a "pick and mix" approach.

- **Edge of care** (cost of £360k per annum): The proposals focus on the Family Breakdown Prevention Team and the Adolescent Contextual Safeguarding Team.
    i. The aim of both these teams is to safeguard children at risk, or involved in, criminal or sexual exploitation and serious youth violence, and prevent family breakdown.
    ii. We agree that **an edge of care team would have an impact on reducing the need for children to come into care**. Such teams have a proven record of helping families in crisis and enabling children to remain at home or with extended family members.

17. In our opinion, SCF **is looking to invest in the right areas of the service** and generally proposes well-tested solutions that are widely considered as good practice. We see the **potential to strengthen some of the proposals.** However, we believe the **broad direction and focus of the proposed initiatives are appropriate**.

18. While we agree that the 'Invest to save' proposals are appropriate and required by SCF to continue their 'Journey to Good', they may have a less significant financial impact than modelled in the

business plan. Some benefits look overly optimistic or there is a risk of double-counting the impact. However, the net financial impact of the 'Invest to save' proposals is positive – they reduce the total SCF funding requirement year on year. Detail on what the potential impact of the 'Invest to save' proposals is presented in Section 4. Financial analysis.

19. We understand that in view of the scale of the financial difficulties of SBC, it may be difficult for SCF or SBC to find resources to provide funding for 'Invest to save' proposals. If this is the case, we **cannot exclude the possibility that exceptional financial support from central government may be required** to stabilise the situation in Slough children's services.

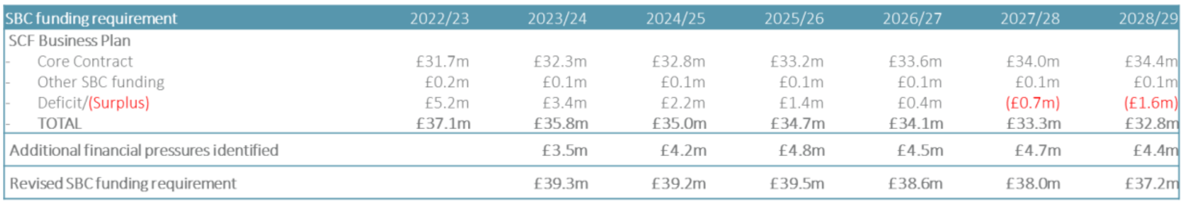
Financial analysis

20. We developed a 'shadow financial model' to provide technical quality assurance of the financial modelling underpinning SCF's revised business plan and stress test the core assumptions.

21. We reviewed all assumptions underpinning the business plan and modelled alternative outcomes for a number of high impact assumptions or where we assessed the assumptions used were at high risk of not being achieved. We acknowledge the inherent difficulty of forecasting demand and activity of children's services. The future position of the service will depend on a number of factors that are not possible to determine at the time of developing the business plan.

22. Our review of SCF's financial model found that the assumptions underpinning the model show systematic optimism bias. This relates not only to the 'Invest to save' proposals but also to assumptions on some areas of the core services and 'business as usual' activity (such as assumptions on placement rates). Further, the assumed level of inflation in the business plan may have been reasonable when it was first conceived but does not reflect recent inflationary pressures on the UK economy.

23. The total net impact of the above factors is to create additional financial pressures on the business plan of £3.5m in 2023/24 increasing to c.£4.5m in subsequent years. This is on top of the deficit forecasted in SCF's business plan (£5.2m in 2022/23, £3.4m in 2023/24 and gradually decreasing year on year).



SBC funding requirement	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
SCF Business Plan							
- Core Contract	£31.7m	£32.3m	£32.8m	£33.2m	£33.6m	£34.0m	£34.4m
- Other SBC funding	£0.2m	£0.1m	£0.1m	£0.1m	£0.1m	£0.1m	£0.1m
- Deficit/(Surplus)	£5.2m	£3.4m	£2.2m	£1.4m	£0.4m	(£0.7m)	(£1.6m)
- TOTAL	£37.1m	£35.8m	£35.0m	£34.7m	£34.1m	£33.3m	£32.8m
Additional financial pressures identified		£3.5m	£4.2m	£4.8m	£4.5m	£4.7m	£4.4m
Revised SBC funding requirement		£39.3m	£39.2m	£39.5m	£38.6m	£38.0m	£37.2m

24. Our financial analysis concludes that the SCF business plan underestimates the investment required over the period of the plan and accordingly under the proposed plan SCF would not be sustainable on current levels of funding.

25. However, even based on our revised assumptions that account for optimism bias in SCF's assumptions, we conclude that the 'Invest to save' proposals have a positive net impact on SCF's baseline (i.e. the financial benefits outweigh the additional costs). In year seven of the business plan, 'Invest to save' proposals result in a combined net decrease in expenditure of £3.83m (pre inflation), with Edge of Care having the biggest impact (£2.17m), followed by Family Assessment (£1.35m) and Family Hubs (£0.51m). The workforce 'Invest to save' proposals (retention package)

contribute to increasing costs (£0.2m) but the impact of other 'Invest to save' proposals will depend on SCF's ability to recruit and retain high quality social workers.

26. In our view the financial outlook for SCF could potentially be improved but that would be critically dependent on strong, confident, capable leadership and the appointment of a permanent DCS for the medium to long term. This would require reducing the numbers of children in the system through a dedicated drive to focus on throughput of work and efforts to create additional capacity within the existing service establishment rather than increasing its capacity. The following steps would be required to drive this practice and culture shift:
    - a review of the target operating model for the intervention work to ensure it is delivered at the right stage to have an impact on children and families, and ensure risks and needs do not escalate;
    - a further monitoring and review of thresholds to assess if there is a potential to raise them in a measured and managed way, building on work already done through the Safeguarding Partnership[1];
    - a root and branch review of open cases, prioritising families where there is risk of significant harm and supporting staff to close cases where the risk is lower;
    - a focus on growing confidence in decision making at all levels of the organisation to be consistent in demand management.

    This could bring forward some of the benefits within the business plan, particularly linked to suspending the use of Innovate teams sooner than planned. This could result in up to £742k additional savings per annum. Other potential actions aimed at improving the financial impact are also possible and explored in the report.

Business plan deliverability

27. Realisation of the savings identified in SCF's business plan will require: strong, capable, confident leadership; clear and robust governance; well-defined programme architecture and experienced programme management with disciplined monitoring, reporting and benefits management.

28. Our assessment of SCF's existing delivery capacity and capability found that SCF will need to strengthen its governance arrangements, business plan monitoring processes and benefits management discipline or further risk the delivery of proposed savings.

29. We identified a number of specific shortfalls that need to be addressed to **mitigate the business plan deliverability risks**:
    - Strengthening the Company's **finance function** to ensure the Finance Director can have a more strategic role;
    - Developing a structured approach that would allow the Company to demonstrate that services provide **value for money;**
    - Developing an explicit list of all the **core assumptions** that can be stress tested and monitored;
    - Developing robust **governance and board oversight arrangements** for the business plan delivery;
    - Developing a robust business plan **monitoring process**, with effective and insightful in-year forecasting;
    - Developing SMART output and outcomes measures / **benefits realisation plan;**
    - Developing a comprehensive **risk assessment** process and monitoring risks on regular basis as part of ongoing programme management.

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[1] We note that during the recent (January 2022) focused visit Ofsted found that there is a good understanding of thresholds for early help.

Contextual issues

30. We have identified the **key contextual issues** that will impact on the deliverability of the business plan proposals and the overall children's services improvement. While these issues are largely outside the scope of the business plan, in our opinion they **are mission critical**. These are:

- **Leadership stability** – There is a significant challenge with the stability of leadership within SCF. Delivery of the business plan and service improvements is dependent on strong, confident, capable leadership. It is critical that the next DCS appointee is full-time and committed to a longer term of office;
- **Transformation capacity** – Given the ambition of the service improvement plans, it may be necessary to consider strengthening the leadership capacity of SCF once the new DCS is in place. This could include a single post focused on delivering quality improvements and service transformation;
- **Relationships with SBC** – Continued improvement of the relationship between SCF and SBC is vital, including ensuring effective and proportionate oversight mechanisms as well building a strong culture of partnership and trust;
- **Scale and scope of children's services managed by SCF** – The business plan mentions an ambition for a new target operating model for children's services underpinned by "a joint aspiration for all of children's services to be within one organisation". Once SCF is in a more stable position, SBC and SCF should consider carrying out an options appraisal to identify the optimal scope of services that should be discharged to SCF vs those retained by SBC. However, this becomes less relevant if the Council is determined to bring services back in-house when the service is rated 'Good';
- **Partnerships across the wider system** – Areas that have made sustained progress in the quality of services for children are good at engagement and collaboration at both strategic and operational levels with other agencies across their geographic footprint. There is an opportunity to review and streamline partnership governance arrangements across Slough and further strengthen the multi-agency collaboration.

31. These matters will need to be addressed to ensure the proposed service improvements can take place. The report proposes some practical approaches that may be helpful to address these issues.

Partnership arrangements

32. Given the systemic challenges that impact the effectiveness of children's social care services in Slough and the scale and depth of SBC's financial challenges, we believe that **alternative options may need to be considered to achieve a more radical, sustainable service improvement** and support the deliverability of the SCF plans.

33. Notwithstanding the steady service improvements that have been made over the past years, the service remains in a fragile position, and SBC's financial difficulties make a sustained trajectory of improvement for children's services even more challenging. It is also **not unreasonable for SBC to have concerns about the deliverability of the business plan**, given the history of overspending, even if it is not atypical for children's services to overspend on their budget.

34. Accordingly, **partnering** with another organisation that has achieved and sustained 'good' or 'outstanding' children's services could help **mitigate the key risks around the deliverability** of the plan. Such a partnering arrangement may help mitigate the reputational barrier to attracting appropriately skilled and experienced recruits to SCF and improve resilience of the service, ensuring more stable leadership and quality assurance is in place. Further, **routing funding to improve the**

service via a partner organisation could mitigate concerns relating to lack of financial control and delivery capability expressed by the Council.

35. We considered some potential alternative options that may offer a vehicle to achievement of long-term stability and security for Slough's children's social care services. We have focused on options with sector-led improvement at their heart that have been tested across the country. These can broadly be categorised as:

- A franchising model – a risk-sharing arrangement where another local authority provides capacity and best-practice approaches to drive service improvement;
- A partnership model – a closer arrangement under which another local authority takes on the management and delivery of Slough's children's social care services;
- A combined authority model – where local authorities come together to operate some or all children's social care services across a larger geographical area.

36. We would expect that a partner organisation or authority may require additional funding as incentive to support Slough. Financial support from central government may be required to cover such partnership costs.

37. Non-prejudicial, exploratory conversations with potential partner local authorities confirmed that the option of **engaging with a partner** to support the improvement journey could be a **feasible way forward for SCF**. We identified one local authority that expressed interest in exploring a more substantial partnership arrangement with Slough. They have stable, resilient leadership, have consistently achieved Ofsted rating of Outstanding and have strength in depth through their leadership and mid-management levels. They have also received strong assessment of their SEND service, so could potentially assist SBC beyond the services delivered directly by SCF.

38. Addressing the current challenges around performance improvement, financial position and SBC / SCF relationships is the key prerequisite for any alternative delivery model. A partner would also require assurances that the service will be appropriately funded to deliver the improvement plan.

Overall recommendations and next steps

39. **Financial sustainability:** Our analysis indicates that the proposals presented in the business plan, including the 'Invest to save' initiatives, are necessary to continue service improvement. Without them, the service risks slipping back into inadequacy. However, under the proposed plan SCF would not be sustainable on current levels of funding. In 2023/23, the total financial pressure amounts to £6.9m. This includes an estimated £3.4m deficit forecasted in the SCF business plan plus an additional £3.5m of financial pressures identified through our analysis. Given the tightening financial envelope, we recommend that the Council and central Government Departments discuss whether and how this is funded.

40. **Proactive demand management to reduce the number of children in the system:** In our view the financial outlook for SCF could potentially be improved through a dedicated drive to focus on throughput of work. We recommend a review of existing cases with a view to closing low risk cases and ultimately reducing reliance on the Innovate teams faster than currently assumed in the business plan. Ideally, this should be done in addition to the proposed 'Invest to save' initiatives to allow the Company to realise savings faster. This would be contingent on stable, confident leadership, including the appointment of a permanent DCS for the medium to long term.

41. **Addressing deliverability risks:** This review identified a number of shortcomings that affect the deliverability of the plan. They relate to SCF finance function, the business plan programme architecture (governance arrangements, monitoring, benefits realisation plan, risk assessment) as well as the overall ability of SCF to demonstrate the service achieves maximum value for every pound spent. Our recommendations on how to mitigate the business plan deliverability risks should be implemented by SCF as a matter of urgency.

42. **Addressing contextual issues:** Our analysis identified the key contextual issues that will impact on the deliverability of the business plan proposals and the overall children's services improvement:

    - leadership stability;
    - transformation capacity;
    - relationship with SBC;
    - scale and scope of children's services managed by SCF;
    - partnerships across the wider system.

    The report is proposing some approaches that may be helpful to address these issues. We recommend they are considered by both SCF and SBC.

43. **Exploring partnership opportunities:** Exploratory soundings with potential partner local authorities confirmed that the option of engaging with a partner to support the improvement journey in Slough could be a feasible way forward for SCF. We recommend that DfE continue engagement with potential partners identified through this review (and potentially others) to explore this opportunity in more detail.

Section 1. Introduction

This section of the report sets out the project's objectives, background, and notes on the methodology. We also explore statistical context of children's social care services in Slough.

Objectives

Project aims

In June 2022, the Department for Education (DfE) commissioned Mutual Ventures (MV) to carry out an independent review of the SCF business plan. The key aims of the review are outlined below:

- Review of the revised SCF business plan for 2022/23, future proposals for 2023/24 and beyond, to assess the appropriateness of these proposals to deliver service improvement that will in turn lead to an Ofsted rating of Good
- Review of the SCF company's immediate and longer-term financial plans, to provide an independent assessment of whether the company is sustainable as a going concern and providing value for money.
- Assessment of the assumptions included in the SCF business case for reasonableness given current levels of service, demography of Slough, statistical benchmarks (where available), risk assessment and the impact of the proposals on future service need and any other relevant factors.
- Assessment of the SCF company's ability to deliver the identified savings within the specified timescale, including an assessment of the capacity, capability and availability of resources.
- Assessment of the risks identified in the SCF business case, and the extent of the mitigations identified.
- Review of processes to maximise the chances of successful delivery of change and ensure that the Board and management have appropriate oversight
- Input into proposals for the future organisation of children's social care services in Slough, such as the development of 'a child centred operating model', providing support and identifying considerations in terms of quality, deliverability and cost.

Scope of the report

This report summarises steps taken to deliver the above aims, our findings, and conclusions. This Final Report builds on the Interim Report issued on 19 August 2022. It addresses comments received from SCF, SCB, DfE and DLUHC Commissioners and provides more in-depth analysis.

Project approach

Where possible, the analysis involved a triangulation of data from a range of sources. Data collection involved the following methods:

- **Stakeholder engagement:** Semi-structured interviews conducted with the key stakeholders, including the Department of Levelling Up, Housing and Communities (DLUHC) and the Department for Education (DfE) Commissioners, representatives of SCF and SBC to confirm the basis of the analysis and understand the wider context.
- **Document and data review:** Documents provided by SCF and those in the public domain were collected and analysed. The includes the business plan, business cases associated with the business plan, underlying financial models, business plan project plan (work in progress), the 'Getting to Good' plan, performance information, contract between SCF and SCB, Ofsted reports, Cabinet

reports and several other documents and information sources that provided useful context for the review.

- **Benchmarking:** A comparison of the key indicators between Slough children's social care services and other children's social care services (including those delivered by other alternative delivery models or statistical neighbour councils). We also looked at business plans developed by all the other trusts / companies delivering children's social care services on behalf of local authorities, with an objective to identify common challenges, approaches, and good practice that SCF could learn from.

Context

Slough Borough Council financial sustainability

- Following SBC's initial request to the Department of Levelling Up, Housing and Communities (DLUHC) for a capitalisation direction of £15.2m in 2021/22 to enable them to balance their books, corporate governance and finance reviews were commissioned, resulting in the Directions regime being imposed. Best Value Commissioners were appointed by DLUHC to address the serious financial and management failures at SBC, and to scrutinise the use and management of funds by SBC.
- In July 2021, the Council paused all non-essential spending following the Section 114 notice.
- On 9 June 2022, the DLUHC Commissioners submitted their first report to the Secretary of State detailing their findings from their initial period at SBC. The report revealed Slough will require an 'unprecedented' level of financial assistance for at least six to eight years, including at least £670m in capitalisation support.
- Significant cost reductions and disposal of a large proportion of assets will be required to enable SBC to return to a financially sustainable position. All services provided by SBC, either directly or indirectly, will be required to contribute.

Slough children's social care services service improvement context

- In response to a direction from the Secretary of State for Education, SBC established Slough Children's Services Trust in October 2015 to deliver its children's social care services. In April 2021, the Trust's articles were changed to make it a wholly-owned local authority company and its name was changed to Slough Children First (SCF).
- SCF is a not-for-profit company providing children's social care and some early help services under contract from SBC. The key objective for SCF is to improve the service to the point where intervention is no longer needed, marked by an Ofsted inspection rating of at least 'Good'. SCF leadership and staff have shown resilience and continued efforts to improve the quality of the service, working against a very difficult backdrop of demand pressures, national shortages of social workers and the financial challenges of the Council.
- SCF's business plan for 2022-25 was approved by the Cabinet in February 2022 on an interim basis, pending further work on the plan and the finalisation of SBC's Improvement and Recovery Plan.
- DfE and DLUHC commissioners as well as Council officers and members have raised concerns about the deliverability of the savings in the business plan. SCF subsequently revised the business plan. The revised version of the plan which covers seven years is the subject of this review.

Key statistical landscape – socioeconomic profile of the Borough

The SCF business plan includes an overview and key data on children's landscape in Slough, which presents a very complex and diverse picture. It is not the intention of this report to repeat this information. We note that Slough has a multicultural population with diverse needs and experiences, some of which may be more difficult to reach and engage.

Demographic profile: 30% of Slough's residents are aged 18 or below. This makes Slough one of the youngest local authorities in the country (Barking and Dagenham is the only local authority where this proportion is higher, 31%). This is significantly higher than the average proportion of residents aged 18 or below in England, 22%. Although fertility rates are decreasing both nationally and locally, Slough currently has the joint second highest total fertility rate in England (Luton is top with 2.23, while Pendle, Bedford, Slough, and Elmbridge are second with 2.09)[2]. The average number of children per household is higher than nationally (0.79 children per household, vs 0.56 in the UK)[3].

Ethnic profile: Slough is one of the most ethnically diverse Boroughs in England with 54% of the population coming from a Black, Asian, and Minority Ethnic (BAME) background. A further 11% of the population are from a White non-British background. In comparison, 15% of England's population are from a BAME background and 5% from a White non-British group. The 2019 school census recorded around 150 languages and dialects spoken in Slough schools. After English, the most popular languages spoken are Urdu, Punjabi and Polish. 15.5% of households do not include anyone for whom English is the main language[4].

Economic profile: 19.5% of Slough's under 16s lived in relative low-income families in 2019/20. This is over 7,700 children and continues to increase. Due to close proximity to the Heathrow airport, crisis in aviation industry caused by the pandemic badly hit Slough residents.

Financial and workforce benchmarking

Children's social care services finance and value for money: Existing research on children's social care services costs confirms that assessments of quality and value in children's social care services are problematic. For instance, without a case-level analysis of needs and circumstances, and whether placements meet needs and achieve the best possible outcomes for children, it is not possible to make assessments of placement costs value for money[5]. Such detailed analysis was beyond the scope of this review.

However, a top-down approach based on benchmarking does go some way to understanding some of the broader issues related to local authority spend level and trends.

Benchmarking analysis carried out for the purpose of this report confirmed that SCF spending in the key service areas is lower compared to statistical neighbours and other local authorities in the South-East region (refer to Figure 1). This indicates that Slough's children's social care services are not an expensive service.

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[2] Office for National Statistics 2021 Births in England and Wales: summary tables - Office for National Statistics (ons.gov.uk)

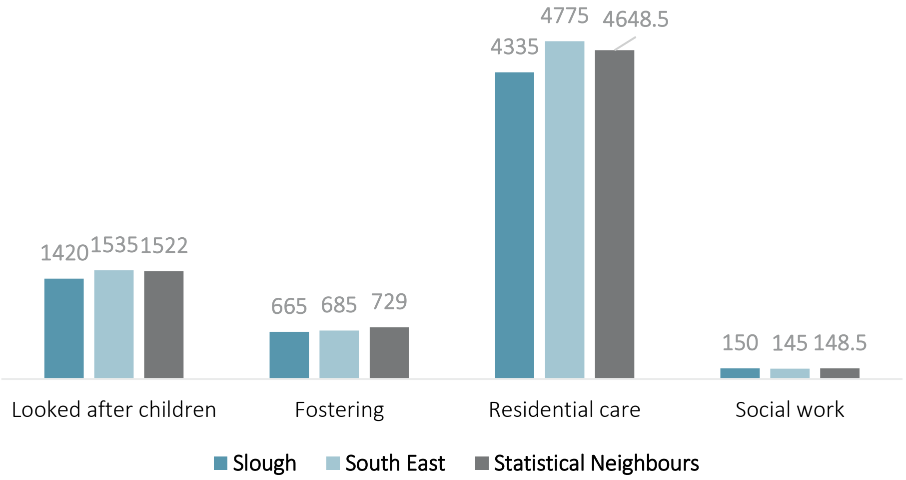
[3] Estimates of the population for the UK, England and Wales, Scotland and Northern Ireland - Office for National Statistics (ons.gov.uk); Families and households - Office for National Statistics

[4] Slough Borough Council, Annual Equality & Diversity Report, 2020

[5] DfE, Children's social care cost pressures and variations in unit costs, Research report, January 2021 https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/951146/Children_s_social_care_cost_pressures_and_variations_in_unit_costs_Jan_2021.pdf [accessed: 25th September 2022]

In 2020-21, the average weekly cost of a looked after child was £1420. This was £102 lower than the average cost in statistical neighbours and £115 lower than the average cost in the region. Fostering and residential care costs were also lower than average in the comparator group. Weekly unit social work cost (£150, calculated as social work cost per child in need) was the only area in which Slough's costs were higher than in the region (£5 per week per child difference) and in the statistical neighbours group (£1.50 difference). This may reflect the issues with workforce stability, high turnover, and reliance on agency staff.[6]

Figure 1. Weekly unit cost per key service areas (outturn 2020-21).



Source: DfE, Local Authority Interactive Tool (LAIT).

To put these benchmarks into context, we also compared volumes data for Slough, its statistical neighbours and the South East region. This aimed at confirming if the low unit costs of looked after children, fostering and residential care are not distorted by high volumes of cases, which would indicate ineffective service and would also drive the average unit cost down.

Slough has a lower rate of looked after children (51 per 10,000 children) than both its statistical neighbours (56) and regionally (53). Therefore, there is no evidence to suggest that the unit costs are distorted due to volumes.

MV comments

The above benchmarking analysis may support the views expressed by the Company during our initial stakeholder engagement that the service has been historically underfunded and the value of the contract between SBC and SCF did not match the true level of need when it was agreed initially.

These views were disputed by the Council on the basis that contract values have been agreed by the Board (initially of the Trust and then SCF) without challenge. The Council also provided an additional £10m for transformation over the period the Trust operated that was used to subsidise operational

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[6] Please note that the Slough Children's Services Trust has historically not been charged for the full cost of support services via a service level agreement (SLA) with the Council (circa £1.7m). This was corrected in 2021/22 when the new SLA was introduced. We cannot exclude that this may distort social work spending figures in 2020/21. To verify this, benchmarking analysis should be repeated when 2021/22 outturn data is published by the DfE.

matters. It also agreed jointly with the DfE to write-off the Trusts accumulated losses of £5.4m incurred to 31 March 2021.

The recent 'Review of governance arrangements for SCF' carried out by the SBC Principal Lawyer sheds light on dynamics underpinning the contract sum negotiations, which might suggest that children's social care services in Slough failed to re-negotiate the contract sum to match the level of need: *There is evidence of SCF passively accepting savings targets without properly engaging with the process and assessing the deliverability of such targets. This has resulted in a culture of overspends, as opposed to use of the contractual mechanisms to have sensible, robust conversations about the need to re-negotiate the contract sum either in-year or annually.*

Our qualitative assessment of the business plan (see Section 3. 'Invest to save' proposals) has confirmed that the proposed business plan addresses existing shortfalls in service capability found in good services. Specifically, the 'Invest to save' service development proposals take the service to where it should be in terms of the offer to families and service configuration expected from a good service. On top of this, our analysis (see Section 4. Financial analysis) identified a significant financial gap in every year of the business plan. In 2023/24 it amounts to £7m (consisting of £3.4m deficit predicted in the SCF's business plan and £3.6m of further financial pressures identified by MV). This may indicate underfunding against the core contract. Please note that MV's work does not extend to revisiting the contract sum for accuracy. A separate bottom-up budget sufficiency analysis would be required to deliver this work.

Size and efficiency: Based on the ONS mid-2020 population estimates data, Slough's population is 149,577[7]. This makes Slough the 12th smallest unitary authority in England, following Isles of Scilly, Rutland, Hartlepool, Darlington, Bracknell Forest, Halton, Torbay, Redcar and Cleveland, Blackpool, Middlesbrough, and Isle of Wight.

The small size of the authority may make it more difficult to achieve economies of scale in service delivery. It is worth mentioning that in the above group of small unitary authorities, Bracknell Forest is a neighbouring Berkshire local authority with children's social care services rated as 'Outstanding'. In terms of the spending profile, Bracknell Forest's average weekly unit cost per looked after child is higher than Slough's (£1565 vs £1420). On the other hand, weekly unit residential cost is significantly lower than in Slough (£4000 vs £4335)[8]. However, these differences may not only reflect efficiency of spending, but also different socio-economic contexts. Bracknell Forest is in the least deprived quintile nationally, which will likely reflect on complexity of needs. As of 2021, 10.7% of children under 16 in Bracknell Forest lived in low-income families, as opposed to over 20% in Slough.

Children's social care services workforce: SCF's business plan and accompanying documents include extensive workforce benchmarking. As part of this review, we have looked at the key workforce statistics in Slough in comparison to other alternative delivery models. This is because one of the reasons for setting up an independent organisation is often to empower and stabilise the workforce, even where in the short term still being reliant on agency staffing, through creating a stronger sense of

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[7] As explained in more detail further in the report, the first published data from the 2021 census shows that the previously published ONS mid-year dataset was underestimating the size of population in Slough, which is 158,500. However, this is the latest available population dataset with full data on residents age breakdown.

[8] Data based on 2020-21 section 251 outturn data, published by DfE, Local Authority Interactive Tool.

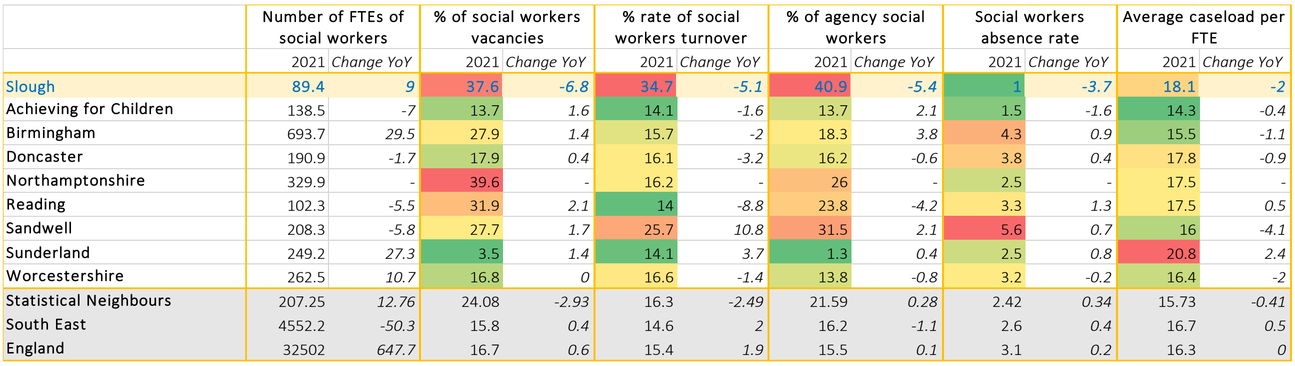
a single service with shared purpose. Over time, this should be reflected in improved workforce statistics.

Figure 2 presents a comparison of the key children's social care services workforce statistics for all children's trusts and other alternative delivery models, based on data published by the DfE. Data for Slough's statistical neighbours, South-East region and England is also presented for context.

- Slough has **the smallest number of FTEs** (89.4) of social workers among the analysed group. In fact, it has the 10th smallest number of FTEs nationally (followed by Wokingham (87.1), North Somerset (85.1), West Berkshire (80.7), Isle of Wight (76.1), Halton (74.8), Bracknell Forest (63.9), Windsor & Maidenhead (54.2), Rutland (21.7) and City of London (10)).
- Slough has **the highest rate of social worker turnover** (34.7%) and **rate of agency social workers** (40.9%) – over twice as high as the average for all other local authorities.
- Slough has the second highest average caseload per FTE (18.1). Among the analysed group, only Sunderland has a higher average caseload (20.8)[9].

We understand that the most recent figures for the average caseloads per FTE in Slough are now higher than this, at an average of 21 to 24 children per worker with some workers on more than 30 (Caseloads Report 9 May 2022, as seen in the Business Plan July 2022). We have used the most recently available national figures available from the DfE (2021 data) to enable comparison with other children's trusts/companies.

Figure 2. Benchmarking of Children's Social Care Services Workforce statistics.



	Number of FTEs of social workers		% of social workers vacancies		% rate of social workers turnover		% of agency social workers		Social workers absence rate		Average caseload per FTE	
	2021	*Change YoY*	2021	*Change YoY*	2021	*Change YoY*	2021	*Change YoY*	2021	*Change YoY*	2021	*Change YoY*
Slough	89.4	*9*	37.6	*-6.8*	34.7	*-5.1*	40.9	*-5.4*	1	*-3.7*	18.1	*-2*
Achieving for Children	138.5	*-7*	13.7	*1.6*	14.1	*-1.6*	13.7	*2.1*	1.5	*-1.6*	14.3	*-0.4*
Birmingham	693.7	*29.5*	27.9	*1.4*	15.7	*-2*	18.3	*3.8*	4.3	*0.9*	15.5	*-1.1*
Doncaster	190.9	*-1.7*	17.9	*0.4*	16.1	*-3.2*	16.2	*-0.6*	3.8	*0.4*	17.8	*-0.9*
Northamptonshire	329.9	-	39.6	-	16.2	-	26	-	2.5	-	17.5	-
Reading	102.3	*-5.5*	31.9	*2.1*	14	*-8.8*	23.8	*-4.2*	3.3	*1.3*	17.5	*0.5*
Sandwell	208.3	*-5.8*	27.7	*1.7*	25.7	*10.8*	31.5	*2.1*	5.6	*0.7*	16	*-4.1*
Sunderland	249.2	*27.3*	3.5	*1.4*	14.1	*3.7*	1.3	*0.4*	2.5	*0.8*	20.8	*2.4*
Worcestershire	262.5	*10.7*	16.8	*0*	16.6	*-1.4*	13.8	*-0.8*	3.2	*-0.2*	16.4	*-2*
Statistical Neighbours	207.25	*12.76*	24.08	*-2.93*	16.3	*-2.49*	21.59	*0.28*	2.42	*0.34*	15.73	*-0.41*
South East	4552.2	*-50.3*	15.8	*0.4*	14.6	*2*	16.2	*-1.1*	2.6	*0.4*	16.7	*0.5*
England	32502	*647.7*	16.7	*0.6*	15.4	*1.9*	15.5	*0.1*	3.1	*0.2*	16.3	*0*

Source: DfE, Local Authority Interactive Tool (LAIT).

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[9] Children's services in Sunderland are rated outstanding and delivered by a wholly-owned company on behalf of the council.

Section 2. High level business plan overview

This section presents an initial review of the revised SCF business plan for 2022-29. It includes a high-level overview of the movements from the previous version of the plan approved by the Cabinet in February 2022. It also includes recommendations for strengthening the plan.

Background on the business plan development process

SCF is a company wholly-owned by SBC and approval of the annual plan is an SBC reserved matter under SCF's Articles of Association. The development of the current business plan has been an extremely long process, with changes to SCF's leadership, vision and proposed financial strategy taking place during that time.

The business plan was due to be presented to SBC in September 2021 but has been delayed due to a number of factors, including a change of personnel at SCF (the new chief executive of SCF and DCS commenced in role in January 2022).

SCF's business plan for 2022-25 was approved by Cabinet in February 2022 on an interim basis, pending further work on the plan and the finalisation of SBC's Improvement and Recovery Plan. The business plan looked to deliver a balanced budget in 2022/23, against a net reduction in core contract funding of £2.7m. To achieve this SCF was to deliver an estimated £4.7m of savings against the pressures of increasing demand. The business plan recognised that achieving the savings target would be a challenge and highlighted several major risks.

The DfE and DLUHC Commissioners, as well as Council officers and members, have raised concerns about the deliverability of the savings. SCF was tasked with revising the business plan. The key focus has been on ensuring the business plan is realistic, based on robust assumptions and evidence, whilst also being deliverable in Slough's challenging financial context. The revised version of the business plan is the subject of this review.

It is expected that the final business plan will be submitted to the Cabinet for approval later in 2022. Based on draft Cabinet Paper for 17 October 2022, we understand that the People Scrutiny Panel is receiving a report recommending that it set up a task and finish group to review the business plan to make recommendations to cabinet on its approval as part of the budget setting process.

MV comments

The requirement for a business plan and its development process is set out in SCF's articles and service delivery contract. In 2021/22 the company has not been compliant with these requirements, partly contributed by change in senior personnel in company. The subsequent delay was due to the DLUHC commissioners suggesting a longer term "invest to save" model, which required more time to develop. The SCF Board recognised that the business plan development journey has improved the quality of the work presented and there are multiple lessons learnt for the company to ensure the next business plan is produced on time and to a high quality.

While there seem to be valid reasons for the delay in the business plan development and approval process, the business plan development process is still an area of concern. The situation when the business plan takes nearly a year to develop is potentially destabilising both for SCF and SBC. Thought needs to be given on what processes need to be in place going forward to streamline the development of the business plan without compromising its quality. The assurance provided by the SCF Board, its understanding of requirements set out in the contract and the scrutiny it has on the plan is critical to ensure a more robust process in the future. SCF need to establish a robust governance process that ensures that business plans are developed, reviewed and submitted to the Council in timely manner, in accordance with the process set out in service delivery contract (more detail on this – see Section 5. Business plan deliverability).

Overview of the business plan structure and key proposals

SCF's Business Plan 2022-2029 sets out SCF's strategic priorities for the next seven years.

The business plan includes two scenarios:

- A 'do nothing' scenario, based on 2022/23 contract values with SBC throughout the 7-year term, allowing for pay and contract inflation increments on the contract value;
- An 'Invest to save' scenario, aimed at mitigating rising demand through an improved continuum of care to reduce escalating needs into more costly statutory services. The total investment required over a 7-year term in this scenario is £13.4m, against the savings of £30.6m.

The business plan is supported by three business cases that provide a greater level of detail on the key investment areas:

- Early Help Business Case;
- Edge of Care Business Case;
- Workforce Business Case.

SCF is working on development of the programme plan that will guide the implementation and monitoring of the initiatives included in the business plan. We have seen a work in progress version of this plan, which will be detailing the key activity and milestones for each of the proposals. In addition to this, the 'Getting to Good' Delivery Plan is also being finalised with input from managers across the Company. This plan aims to demonstrate how improvements will be made to achieve better outcomes for children, young people and families, and to capture progress.

MV comments

- Level of detail and scrutiny: It is clear that a considerable amount of time and effort has gone into developing the business plan and the accompanying business cases. We understand that following the corporate governance and finance reviews that were commissioned in 2021 and resulted in the Directions regime being imposed, the Council's finance team tightened up financial oversight over wholly-owned companies and began managing contracts with suppliers more proactively. This resulted in an additional level of scrutiny during the SCF's business plan development process. However, it is not unreasonable for SBC and DLUHC Commissioners to have concerns about the robustness of assumptions and deliverability of the proposals given the history of overspending against the agreed budget of the former Trust and then SCF. We consider the level of detail presented to be a good practice, given the significant financial ask in the 'Invest to save' scenario. However, we believe the length of the document has impacted negatively on the clarity of the document and its vision – there should be a clearer 'golden thread' between the company's strategic priorities, improvement plan, performance framework and 'Invest to save' proposals.

- Timeframe: The business plan covers the seven-year term. A rationale for this has been presented by SCF as the need to embed change over a longer period to demonstrate full impact of 'Invest to save' proposals, as suggested by DLUHC Commissioners. However, long term projections are likely to be more prone to error. Given the historic volatility of children's social care services budgets and consistent overspend (not only in Slough, but also nationally), we consider the forecast of a surplus to be generated by year six in the 'Invest to save' scenario as 'speculative'. This is further supported by our financial modelling – an alternative scenario based on stress testing the key assumptions underpinning the financial model shows that when we correct assumptions for technical errors and consistent optimism bias, SCF remains in deficit through 2028/29 – see Section 4. Financial analysis for more detail. We also note that the business plan timeframe is not aligned with the service improvement plans (ambition to get to 'Good' in four years) or the existing contractual arrangements (SBC entered into a five year service delivery contract with SCF that began on the 1st April 2021, with an option to extend by two years, which means there are four remaining years in the contract, or six years including the potential extension).

- Arrangements to manage programme of change: The business plan together with business cases supporting the 'Invest to save' proposal present a significant programme of change for SCF. We would expect more detail on the programme architecture, governance and assurance. This is covered in in more detail in Section 5. Business plan deliverability, including specific recommendations on how to address the key deliverability risks.

- Journey to 'Good': The business plan includes little detail on SCF's journey to 'good'. However, we understand that the business plan is positioned as a higher-level strategic tool, and a detailed delivery plan will present clear actions aimed at getting Slough children's social care services to 'good' over the next four years.

Comparison of medium-term financial position between the interim and revised business plans

As mentioned above, the financial projections of SCF have shifted significantly between the interim and revised business plans. Below we compare the financial headlines of the two plans for the period of four years (the interim plan included financial projections till 2025/26). Please note that this analysis looks at the financial impact from SCF's profit and loss account perspective, which is not equal to the potential impact on SBC's financial position.

Changes to Slough Children First's bottom-line

Figure 3 shows the comparison of the forecasts of the end of year bottom-line SCF position in the medium term (over the next four years) based on:

- The interim business plan approved in February 2022;
- Revised business plan – 'do nothing' scenario;
- Revised business plan – 'Invest to save' scenario.

Figure 3. Comparison of the bottom-line forecasts between the interim and revised business plan: deficit / (surplus), in £'000.

	Forecast outturn 2021/22	Plan 2022/23	Plan 2023/24	Plan 2024/25	Plan 2025/26	Cumulative Plan 2022/23 - 2025/26
Interim business plan	1,318	0	(1,960)	(2,264)	(1,886)	**(6,110)**
Revised business plan - 'do nothing'	1,332	3,890	3,313	3,505	4,172	**14,880**
Difference between interim and revised business plan – 'do nothing'	*14*	*3,890*	*5,273*	*5,769*	*6,058*	***20,990***
Revised business plan - 'Invest to save'	1,332	5,175	3,388	2,158	1,433	**12,154**
Difference between interim and revised business plan – 'Invest to save''	*14*	*5,175*	*5,348*	*4,422*	*3,319*	***18,264***

The interim business plan assumed a balanced budget in the 2022/23 financial year. The following three years showed a surplus, generating a positive contribution to SBC's financial position of over £6m by the end of 2025/26.

The revised business plan 'do nothing' scenario forecasts nearly £3.9m of deficit in this financial year, followed by a similar position over the next three years. In this scenario, the cumulative deficit of SCF over four years amounts to nearly £14.9m. In the 'Invest to save' scenario the forecasted deficit in the year 2022/23 is higher, £5.2m, but reduces to £1.4m in 2025/26. The total deficit accrued over four years is £12.2m.

The revised baseline business plan shows a **cumulative deterioration in the bottom-line** of SCF **of £21m** over the four years from 2022/23 to 2025/26. SCF's 'Invest to save' scenario shows a modest improvement but still shows a £18.3m deterioration in the Company's bottom line over the same period.

Reasons for movements

Figure 4 highlights the key reasons for financial differences between the interim and revised business plan, looking at movements on annual basis over the next four years and their cumulative impact.

Figure 4. Summary of movements between the interim and the revised business plan, in £'000.

	2022/23	2022/23	2023/24	2023/24	2024/25	2024/25	2025/26	2025/26	Total	Total
Summary of movements	**£000's**	**£000's**	**£000's**	**£000's**	**£000's**	**£000's**	**£000's**	**£000's**	**£000's**	**£000's**
Impact of pay & contract inflation	266		481		473		448		1,667	
Increase in SBC funding to meet impact of inflation	(266)		(481)		(473)		(448)		(1,667)	
Project office funding	(96)								(96)	
Growth from demands (impacting on ability to deliver savings)	3,570		4,136		4,367		4,494		16,568	
Other grant income	(492)		(311)		(361)		514		(650)	
Additional savings	(414)		(544)		(508)		(481)		(1,948)	
Other growth in costs	362		341		405		348		1,456	
Impact from reduced DFE funding	558		1,289		1,524		849		4,219	
Reduced income savings targets	402		363		342		335		1,442	
Total movement - 'do nothing'		**3,890**		**5,273**		**5,769**		**6,058**		**20,991**
Invest to save requirements	1,839		2,102		1,973		2,000		7,914	
Savings from invest to save	(555)		(2,027)		(3,319)		(4,739)		(10,640)	
Total movement - 'invest to save'		**5,175**		**5,349**		**4,422**		**3,319**		**18,265**

The majority of this impact results from increasing demand pressures (£16.6m). This is largely driven by revised caseload projections, resulting in a reduction of savings originally planned in workforce costs (e.g. faster release of the Innovate teams) and additional resources required to meet the demands.

£4.2m of movement relates to DfE transformation funding, which has been provided to Slough in the past on an exceptional basis. However, this funding has not been guaranteed, as it comes from a limited pot split across national priorities. As such, the projected figures relating to DfE funding that are currently included in SCF's revised business plan are subject to agreement with DfE and may not be reflective of how much DfE funding is actually provided in future years.

Revision to inflation rates has had a worsening impact of £1.7m.

The business plan narrative provides several reasons behind this change in SCF's projected financial position, including:

- increase in inflation rates and the escalating cost of living, which might increase the number of families living in poverty and result in more risks to children;
- growing population;
- increased numbers in UASC;
- increased demand and complexity as a long-term impact of Covid becomes more visible to the system.

However, we were also told by SCF's leadership that the interim business plan included unrealistic savings targets, which were agreed with the intention of meeting the Council's wider needs for all services (whether delivered directly or indirectly by the Council) to make savings).

MV comments

These are all known and increasingly well-evidenced pressures on children's social care services nationally. It's arguable that these pressures should have been largely known to SCF when the interim business plan was being developed. New events (such as inflationary pressures due to war in Ukraine) have had a further negative impact, however, the difference of £18.3m between the bottom line of the interim and the revised business plan's 'do nothing scenario' cannot be explained by these new events. Even though the revised business plan presents the pressures as something that was difficult to foresee, the issues around inflationary pressures and demand should have been considered and assumptions tested appropriately.

Building a clear picture of the current state of play and understanding the likely future demand is key for ensuring the financial sustainability of SCF and SBC. The additional more in-depth analysis of the current and future demand pressures included in the revised business plan is therefore welcome. We understand this was produced with the aim of making the financial plans more realistic, particularly starting with a more realistic (rather than optimistic) baseline position. However, as explored in more detail in Section 4. Financial analysis, our modelling indicates that some assumptions underpinning the revised business plan are still over optimistic. We also proposed a revised approach to forecasting demand due to demographic changes in the local population.

Overview of the vision and strategic objectives

Vision

SCF's vision is to enable all children, young people, and their families to be 'Safe, Secure and Successful'. A one-page summary of the business plan provides a helpful framework setting out how SCF plans to deliver against this vision, including its strategic aims, values, priorities, delivery vehicles and expected outcomes.

Strategic aims

The four strategic aims of SCF are:

1. Quality improvement throughout a child's journey;
2. Stability of workforce;
3. Being sustainable; and
4. Development of child focused partnerships.

These aims respond to the key challenges that the service faces and are reflected in the initiatives proposed in the business plan.

MV comments

Please note: The comments below should be read as suggestions aimed at strengthening the business plan as the key strategic document of SCF going forward. They do not address the deliverability of the plan or the financial position of SCF. In our experience, absolute clarity and focus on long-term strategy that is shared with staff and partners plays a critical role in guiding children's social care services improvement.

- Differing priorities are stated in different places across the revised business plan, which makes it more difficult to identify a consistent 'golden thread' that underpins the business plan. For example:
    - The strategic aims and priorities framework does not mention the development of prevention and early help to divert children from statutory services, which (rightly) seems to be one of the key objectives for SCF.

  - The strategic aims and priorities framework does not mention caseloads, yet in a different place the business plan mentions that *'key to the strategy is getting caseloads to manageable levels'*.

- There are several 'big ticket ideas' mentioned in the narrative of the business plan that have the potential to be transformative for the service, and yet they have not been included in the strategic framework or incorporated into the actual plans:
  - Section 1.9.1. on the principles underpinning the strategic objectives mentions that SCF *'will seek to partner with other children's social care providers'*: Given the difficult situation in Slough (both SBC and children's social care services) we agree this idea is worth exploring. We have included an overview of potential partnership arrangements in Section 7 of this report.
  - Section 1.10 'How we will address the children's services issues' mentions a new target operating model underpinned by "a joint aspiration for all of children's services to be within one organisation". Again, this seems to be a major strategic objective, yet it has not been included in the key priorities framework. The business plan does not include any specific proposals or modelling to support this, but it rightly mentions that this shift will require a period of transformation and extensive consultation. We believe it is critical to get the scope of the services delivered through SCF right and have provided further comments on the potential scope of services in Section 6 of this report.

- In our opinion, proposals focused on the fourth strategic objective of SCF: 'Development of child focused partnerships' could be strengthened. In our experience, the multifaceted nature of children's social care services means that local authorities cannot succeed in delivering a high-quality service on their own; they need good strategic and operational arrangements with partners across the system. We have provided more comments and examples on how the partnership arrangements could be strengthened in Section 6 of this report.

The Slough Children First System – The Slough Approach

The business plan includes an overview of the new practice approach implemented earlier in 2022. The 'Slough Approach' is an eclectic framework based on a relationship-based approach underpinned by four key strands: attachment theory, restorative practice, strengths based, and trauma informed.

MV comments

- In our opinion the decision to modify the previous practice model because its elements were structurally weak is reasonable. We welcome the launch of a single practice approach as an important step to improve the quality of outcomes for children, young people and families. More detailed comments on social work practice and how it could be further improved are included in Appendix 1.
- The Slough Approach draws on practice frameworks which the DfE have positively evaluated as associated with effective practice and the SCF model is similar to other approaches utilised in a number of successful children's social care services departments.
- It is not possible within our brief to make a detailed judgement about current social work practice, but SCF are aware and focused on the areas of weakness which need to be addressed.
- We note that SCF is not the only organisation delivering children's social care services to have developed its own approach to practice to support the service improvement journey and there is good practice to draw on in terms of how the other approaches have been rolled out (see case study below).

Demand assumptions

Demand assumptions built into the financial model have a high impact on the profit and loss account (P&L). The model identifies four key areas of demand pressures: demographics, cost of living impacts, increasing numbers of care leavers and increasing numbers of unaccompanied asylum-seeking children (UASCs). We have looked at demand assumptions in detail as part of the financial modelling exercise outlined in Section 4. Financial Analysis and proposed alternative scenarios for some demand assumptions. Below we include some high-level comments on applying demand assumptions.

MV comments

- Level of flexibility: We are in uncertain times and nationally the children's social care sector is facing demand and workforce pressure. Other things being equal, it is not unreasonable for children's social care services to expect a level of leniency on the accuracy of long-term assumptions of demand. However, we appreciate that SBC is not in a position to be able to afford such flexibility.

- Demographics: The business plan is using the data on the planned housing developments to estimate the future demand for children's social care services, and assumes that the average number of children per household remains constant. The assumption is not likely to hold true in a rapidly ageing population. In Section 4 of the report we proposed an alternative method of forecasting the number of children, which is based on 2021 Census figures and ONS population projections.

- Impact of cost-of-living crisis: Given the importance of deprivation as a driver of demand for children's social care, SCF is right to assume that financial circumstances of families in Slough should be a key concern. However, there is no single well-established modelling approach to do it and the scale of impact is highly uncertain. In the absence of data on how many children are known to Slough Children First who live in low-income families, the business plan makes an assumption that it is 75%. However, research done by Policy in Practice with Kingston University, based on linking children's social care services and benefits datasets for 5,000 households, revealed that about half (48%) of children referred to children's social care lived in households receiving means-tested benefits administered by local authority (council tax support or housing benefit) - a proxy for low-income household. This is much lower than the assumed 75% in the business plan (but still much higher than the proportion of households receiving benefits in the general population, given that around 1 in 3 people in the UK claim benefits).

Income generation

The key source of the SCF income is the core contract with SBC. In addition to this, SCF receives central government grant contributions (e.g. Pupil Premium Plus, DA duties, Public Health, Remand, Staying Put and Personal Advisor, Asylum seekers). SCF has historically received funding from DfE relating to company costs, above what is typically provided to other Trust models, and which is expected to taper off.

Other income sources amount to £1.4m in 2022/23 (3.8% of the total income). This goes down to less than £1m in year 7 (2.5% of the total income).

MV comments

- No focus on additional income generation: One of the key principles of the business plan is to 'seek seed funding from a range of potential funders'. However, almost no detail is provided on how this will be achieved. Given the partnership working is one of the strategic objectives set out in the business plan, we would expect there could be some tangible benefits from partnership working included e.g. through increased income generation opportunities. Other children's social care services companies include more focus on pursuing income from a variety of sources in their business plans.

Case study: Achieving for Children (AfC) Business Development Strategy

AfC developed a Business Development Strategy that underpins all its income generation activity. AfC will seek to develop under three overarching themes:

- Sufficiency Strategy: AfC will develop more local provision (education, social care, health) and maximise use of this provision. Where there is surplus capacity / a mismatch of short term need to provision, vacancy rates will be managed by selling to other boroughs using a cost-plus profit margin model.
- Best practice approaches: Development of internal best practice that can be scaled up and used to generate income. These projects provide an opportunity to improve local services, generate income as well as contribute to a wider social good.
- Grants: Bidding for funding and research grants.

While not all the above income generation strategies would be relevant for Slough, it provides an example of a structured approach in this area.

Source: AfC Business Development Strategy

Placements

Cost of placements is the second largest cost item in the P&L account, following the pay and agency staff cost. In 2022/23, it was expected to reach £14.6m (37% of the total expenditure). This is forecasted to go up to £16.3m in the 'do nothing' scenario or decrease to £12.3m in the 'Invest to save' scenario.

MV comments

- This is a demand-led budget which causes challenges in forecasting expenditure. A small number of high-cost emergency placements can have a significant impact on the budget. The full longer-term impact of the pandemic is not yet known but there is anecdotal evidence suggesting that more children with complex needs are entering the social care system (due to poverty, anxiety, non-school attendance, and poor child and adult mental health).
- In Section 4. Financial analysis we proposed a number of adjustments to assumptions on placements rates and volumes.
- Given how volatile this spending can be, we recommend that tight budget monitoring and forecasting processes should be in place to enable real-time monitoring of placement expenditure. This should include predictive financial modelling and early warning on demand increases.

Corporate costs

The business plan states that £0.8m represents the true costs of being a stand-alone corporate entity. This includes Board costs and specific support costs required to manage activity of being a separate legal entity, such as separate statutory accounts, contract monitoring, data returns, support to the Board and committees, along with legal, insurance and audit fees.

MV comments

- Benchmarking: Benchmarking of corporate costs against other children's social care services alternative delivery models is difficult, as they are rarely reported in business plans or financial documents as standalone cost items. In addition, these costs will depend on the size and scope of services, which differ significantly among children's trusts. Northamptonshire Children's Trust (NCT) Business Plan lists additional trust management costs in 2021/22 at £0.99m and insurance cost at £0.45m (based on our work with NCT, we understand that the actual insurance cost was much higher than assumed in the business plan). This is significantly higher than SCF's estimate of corporate costs. However, NCT's total costs are also much higher (£138m). In other local authorities, children's trusts' corporate costs are primarily met by the councils, not by DfE.

- Impact of the potential service transfer to SBC: We have been made aware that SBC's current inclination is to move the service back to the authority once the services are rated 'Good' and the DfE removes the direction. This would generate savings in SCF's overheads. However, our financial modelling (see Section 4. Financial analysis) indicates that the additional financial pressures on SCF are much higher than the SCF's corporate costs. Therefore, bringing the service in-house does not solve the issue of the funding shortfall. Additional funding would be required regardless of a delivery model to deliver necessary improvements and ensure adequate services. In our opinion, a potential decision about service transfer to SBC should be made after confirming that transferring the services back in-house will ensure a sustained trajectory of improvement for children's social care services. It should be based on robust options appraisal. The process would also require consultation with staff and trade unions, and would incur additional transformation costs.

- Previous cases show that various options are possible. Doncaster children's services (delivered by an arm's length trust) are currently being brought back in-house. On the other hand, examples of Worcestershire and Sunderland show that even when the DfE removes power to direct children's services, local authorities may decide to keep an alternative delivery model in place if they believe this is the best choice for their children.

- For the next iteration of the business plan, we would suggest modelling an additional scenario which shows the financial impact of the transfer of services to SBC in line with the 'Getting to Good' plan, including how the realignment of the services would deliver lower overheads and what the impact would be if these savings were directed to front line delivery. One-off transformation costs should also be considered in this scenario.

Section 3. Overview of the 'Invest to save' proposals

This section focuses on the 'Invest to save' proposals. It provides an assessment of the appropriateness of these proposals to address the key issues identified by the service (stability of workforce and high caseloads). We argue that the proposals aimed at service development (continuum of care / early help and edge of care proposals) will improve the services to families and help SCF in their ambition of 'getting to good'. Without these service developments the service is at risk of slipping back to 'Inadequate'. However, they may have a less significant financial impact than modelled in the business plan. On the other hand, the potential impact of the retention package is less certain. If prioritisation of the 'Invest to save' proposals is required, this is the element of the business plan that we therefore recommend be marked as lowest priority .

To mitigate against increasing demand pressures, SCF has developed 'Invest to save' proposals. The proposals focus on the development of a demand management process through a continuum of care, including investment in the family information service, family hubs, targeted early help, edge of care and community-based assessments. In addition to this, SCF has also developed a recruitment and retention offer that is aimed at stabilising the workforce.

Our comments in this section focus on qualitative aspects of the proposals, looking at whether they are fit for purpose to address the key challenges identified by the service and based on established good practice approaches. See Section 4. Financial analysis for our review of the key assumptions and the more likely financial projection modelled. It presents more detailed information on financial impact of the individual 'Invest to save' proposals.

MV comments

- Rationale for proposals: The 'Invest to save' proposals are designed to address the well-recognised issues that impede Slough children's social care services improvement. We believe that SCF is looking to invest in the right areas. The following sections of the report present some thoughts on how the proposal could be strengthened based on best practice solutions implemented elsewhere. However, we do not question the need for change. There is significant risk that without additional well-targeted investment and well-thought-out improvement plans the **service may slip back into 'inadequate'.**

- Best practice service developments: The proposed 'Invest to save' service developments (continuum of care / early help, edge of care) are widely accepted as good practice and SCF's proposals stack up against what other local authorities are doing. They will improve the services to families and help SCF in their ambition of 'getting to good'. However, some potential financial benefits outlined in the business plan are overly optimistic.

- Synergies between various service development proposals: There is a strong case to implement all the proposed service developments at the same time. As noted in more detail below, taken in isolation, the developments will have a varying impact on children in need caseloads, e.g.:
    - the family information service would have <u>little</u> financial impact,
    - the family hubs would <u>some</u> financial impact, and
    - the targeted early help development - the <u>most</u> financial impact.

  However, **all developments together might strengthen each element** (the whole is greater than the sum of each part).

Continuum of care proposals (early help)

SCF is looking to rationalise its continuum of care through investment in prevention and early help services, including:

- a Family Information Service to be developed as part of the wider universal services;
- children's centres to be developed into four Family Hubs;
- targeted early help services;
- community-based assessments.

MV comments

- Value for money: The focus on addressing the complexity of needs through a well-designed continuum of care, ensuring that children and families receive the right support at the right time and preventing escalation of needs, is the appropriate approach. There is evidence that investing in prevention and early help for vulnerable young children and their families can be the right approach for cash-strapped local services. However, whether the proposals offer value for money will depend on the local context, scope of proposals and the effectiveness of implementation. Historically, Slough's children's social care services have struggled with delivering value for money for some of its early help initiatives. For instance, evidence from the cost-benefit analysis commissioned by the DfE suggests that 'Slough Children's Services Trust Innovation Programme' which focused on some early help services (the Domestic Abuse, Assessment, Response and Recovery workstream and the multi-agency Innovation Hub) did not achieve a net financial benefit[10]. To ensure that the early help 'Invest to save' proposals provide value for money, there should be a strong programme architecture in place which will allow to monitor financial impact and performance quality on regular basis. This ties back to our recommendations on value for money based on the business plan deliverability analysis in Section 5.

- Alignment between the key issues and proposed solutions: The business plan identifies the key issues as:
  - Workforce – fragile and high number of agency staff plus Innovate teams;
  - Caseloads – too high and identified by staff as a key reason for leaving;
  - Bottleneck of transferring work from front door service to safeguarding services where longer term work can be undertaken.

We have looked at how the proposed service developments will address these key difficulties:

- **Family Information Service** – Numbers of initial contacts to the service are high, and include families seeking information, but not likely to need a service from SCF. By enhancing the Family Information Service, SCF is likely to fulfil the intention to reduce the volume of contacts. This will have a beneficial effect of relieving pressure of work at the front door. However, the service will deal with very low level needs of families and we don't expect it will have much of an impact on caseloads in the safeguarding and looked after children teams, or make any financial savings.
- **Development of Family Hubs –** This may have some impact on high caseloads but as with the Family Information Service is still much more leaning towards universal services. The SCF's intention is to provide a very localised service which can be sensitive and helpful to the diverse communities within the area. Whilst the development of Family Hubs will undoubtedly improve the services to families and help SCF in their ambition of 'getting to good', it may have a less significant financial impact than assumed in the business plan. We would support the plan to provide four small Family Hubs rather than one central one – such services work best when they are very local, within walking distance. Additional analysis on the number of locations, including benchmarking against other Family Hubs delivery models, is presented in Appendix 2.
- **Developing Targeted Early Help –** this is a useful development that should have a significant impact on the children in need numbers. The service may need social workers to oversee the higher risk cases (which would have to be included if there are fewer families being stepped up to safeguarding teams), but such posts are not included in the design of the team. The proposal also does not relate to the recently launched practice model.
- **Establishing Community Assessment Teams –** This is a useful development. MV's recent study on the financial impact of delays in care proceedings showed that reducing costs requires a more holistic approach (including close cooperation with the courts). Increasing community-based assessment capacity – while a helpful initiative – is unlikely to solve care

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[10] Cordis Bright, Slough Children's Services Trust Innovation Programme Evaluation report, March 2020 https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/932779/Slough.pdf [accessed 10th August 2022]

proceedings cost pressures on its own. Slough's added ambition to reduce average proceedings duration from 37 weeks (as of May 2022) to 26 weeks or less by March 2028/29 feels stretching in the context of current proceedings durations across the country. Slough is currently performing better than local authorities nationally (based on Cafcass data, the average duration of care proceedings is 44 weeks, and only six LAs had the average length at 26 weeks or less).

- **Focus on multi-agency collaboration**: Given that partnership working is one of the key priorities set out in the business plan, we were surprised to see that Early Help proposals do not put more stress on multi-agency collaboration. Some of the successful Early Help models (e.g. in Sunderland and Northamptonshire presented below) rely on a very close partnership work.

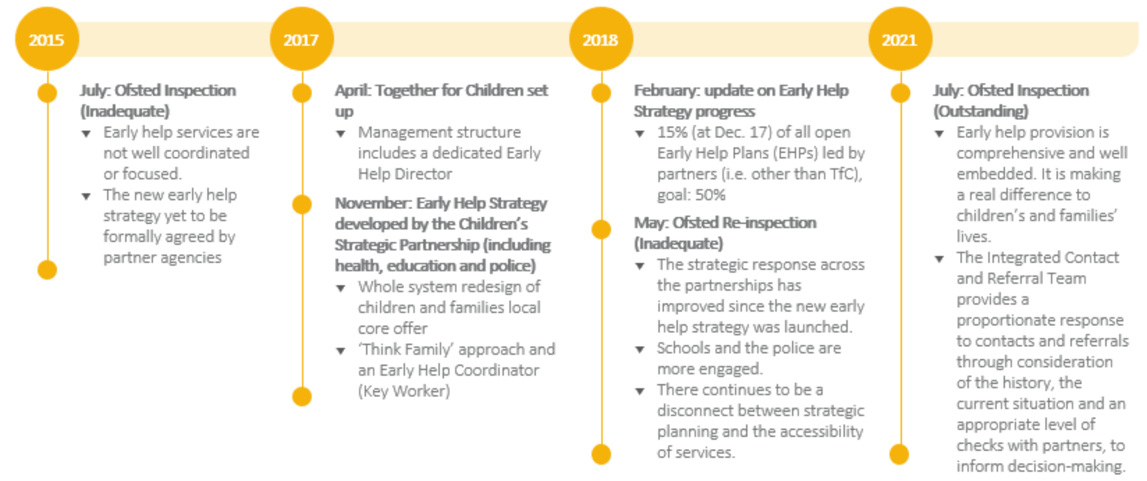
Case study: Sunderland's innovative multi-agency early help service

Children's services in Sunderland are delivered on behalf of the council by a local authority company (Together for Children). Sunderland is one of the local areas that managed to significantly improve its early help approach over the past few years. Ofsted inspection of children's social care services in 2021 found that **early help has developed into an innovative multi-agency service able to meet an increasingly complex level of need to prevent the escalation of cases to statutory services**. The Early Help Strategy was approved in 2017. However, the improvement process took several years.

How it was achieved:

- Development of multi-agency early help toolkit: Implementing a multi-agency Early Help assessment, planning and review toolkit.
- Development of a comprehensive performance framework to measure and monitor the impact of the early help offer: built into Early Help Module of Liquid Logic.
- Focus on ensuring strategic buy-in and ongoing training: Briefings held with multi-agency partners. Rolling programme of training on assessment and family support meetings in place.
- Focus on consistent strategic oversight: Dedicated Director of Early Help in place since 2017 till now.

Figure 5. Sunderland early help improvement journey.



July: Ofsted Inspection (Inadequate)
- Early help services are not well coordinated or focused.
- The new early help strategy yet to be formally agreed by partner agencies

April: Together for Children set up
- Management structure includes a dedicated Early Help Director

November: Early Help Strategy developed by the Children's Strategic Partnership (including health, education and police)
- Whole system redesign of children and families local core offer
- 'Think Family' approach and an Early Help Coordinator (Key Worker)

February: update on Early Help Strategy progress
- 15% (at Dec. 17) of all open Early Help Plans (EHPs) led by partners (i.e. other than TfC), goal: 50%

May: Ofsted Re-inspection (Inadequate)
- The strategic response across the partnerships has improved since the new early help strategy was launched.
- Schools and the police are more engaged.
- There continues to be a disconnect between strategic planning and the accessibility of services.

July: Ofsted Inspection (Outstanding)
- Early help provision is comprehensive and well embedded. It is making a real difference to children's and families' lives.
- The Integrated Contact and Referral Team provides a proportionate response to contacts and referrals through consideration of the history, the current situation and an appropriate level of checks with partners, to inform decision-making.

Lessons for Slough:

- Opportunities to embed a holistic partnership approach to early help, building on the Slough Multi-Agency Early Help Strategy for Children, Young People and their Families (2019-21). This would also help to address capacity issues in early help, identified in the latest Ofsted report from February 2022.

- This would require strengthening both the strategic and operational relationships with partner agencies (joint processes, templates, resources, better understanding of thresholds, etc.).
- Given the importance of early help for SCF's performance and outcomes of children, strong strategic oversight is required.

Source: MV based on Ofsted reports and Sunderland Early Help Strategy.

Edge of care proposals

Edge of care proposals focus on the Family Breakdown Prevention Team and the Adolescent Contextual Safeguarding Team. The aim of both these teams is to safeguard children at risk of, or involved in, criminal or sexual exploitation and serious youth violence, and prevent family breakdown. The services would be adopting a well-tested North Yorkshire's 'No Wrong Door' approach.

MV comments

Whilst the proposals have many generalisations and assumptions, we do believe that an edge of care team would have an impact on reducing the need for children to come into care. Such teams have a proven record of helping families in crisis and enabling children to remain at home or with extended family members.

Workforce proposals

The business plan rightly identifies the stability of the workforce as the key challenge for the service and also the key prerequisite for improving both the financial and operational effectiveness of the service. The business plan proposes to invest in the enhanced retention package required to attract and retain social workers in an increasingly competitive market. This would be introduced alongside other strategies already in place to support workforce stability, including career development pathways, a review of non-financial benefits, ongoing management support and supervision.

MV comments

- Retention package: The proposed retention package is well researched and in line with what other local authorities offer. However, it does not address the main reason for staff leaving identified by SCF, i.e. caseloads. The analysis of the feedback received from exit interviews presented in the workforce business case provides evidence for this: *"In the last 12 months, 65 exit interviews have been with social work qualified staff. 32% of these individuals stated that caseloads/work life balance as a significant reason for leaving the organisation. This is the single most significant factor which is mentioned in exit interviews as to the reason for departure."* In our opinion the focus on pay will not solve the problem of recruiting and retaining staff if the key issue for staff is in fact workload, not pay. In addition to this, the proposal risks creating a 'wage war' with neighbouring local authorities. If prioritisation of the 'Invest to save' proposals is required, this is the element of the business plan that we therefore recommend be marked as lowest priority. We do agree that there is some risk that if SCF's renumeration package is not at par with the neighbouring areas, recruitment and retention could be affected, which would need to be closely monitored by the company.

- Skill mix: The proposal includes developing a family support workforce (non-social work qualified) to support social workers. This could be very helpful given the difficulty in recruiting and retaining social workers. We believe the attention to skill mix is a good direction.

- Comprehensive workforce strategy: In our opinion, the retention package on its own will not solve the workforce issue. This is also recognised by SCF. That is why the business plan is underpinned by a comprehensive workforce strategy, a cornerstone of all activities in this area. We would strongly encourage SCF to continue implementation of other non-pay workforce strategies to make the company a more attractive employer. We note that for the proposals to be successful in attracting new and retaining existing staff, the workforce proposals need to be presented in a clear, appealing way and there needs to be an assurance that they will be followed through. There is some good practice in this area from previous initiatives implemented by Children's Trusts that were able to present their workforce proposals in a more structured and appealing way (see "the 12 reasons to work for Sandwell Children's Trust" case study below).

- National context: It is important to note that the national context is currently extremely challenging with most local authorities, even those with a long history of low vacancy rates, experiencing difficulties in recruiting and retaining qualified social workers. SCF is taking a number of measures to support the workforce. However, given the national shortage of social workers, despite the efforts, in the current climate it may not achieve its targets.

- Use of Innovate Teams: One of the key areas of concern in terms of the workforce is the dependence on Innovate Teams. This issue is recognised by SCF. Such teams are expensive and were originally designed to fill in very short-term gaps. Using them over a sustained period may cause conflict within the permanent workforce and might lead to a reduction in permanent staff. SCF argue that Innovate Teams are needed to provide additional capacity in the system, yet they are expensive, do not guarantee high quality and can be detrimental to wider staff morale. As noted in the Director of Operations report to the People Scrutiny Panel from December 2021, 'additional capacity from Innovate Teams continue to experience significant vacancies so they can't help absorb pressures from Safeguarding and Family Support despite increase in pay rates'. The senior leaders are acutely aware of the potential impact of using Innovate Teams, but feel they have no alternative in order to limit the caseloads to the levels they have achieved over the last 12 months. Reducing caseloads demands a determined effort and support from senior leaders with close attention to throughput of work. Morale of frontline staff is reported to be good, and the key to holding on to staff is to reduce their workload which will in turn, lead to more effective work being undertaken.

- Alternative approach to reducing caseloads: The underlying approach taken by SCF to reducing caseloads rests on shifting the work towards earlier intervention in order to reduce the overall numbers of children and families being worked with at a child protection or child in need level. The assumption is that as the overall numbers reduce, the need for Innovate Teams will reduce and the permanent workforce will be left with manageable caseloads. An alternative approach would be to reduce the numbers of children in the system through a dedicated drive to focus on throughput of work – prioritising families where there is risk of significant harm and supporting staff to close cases where the risk is lower. In this approach, rather than increase capacity in the workforce to meet demand, the leadership take a robust view on the prioritisation of work that can be done by the current workforce. This is only possible with stable leadership and confident middle and team managers. There is evidence of a risk averse approach in SCF (see Appendix 1 with comments on practice), which is not unusual for children's social care services who have received consistently low Ofsted ratings. With an incoming DCS who will be committed to stay longer term, and who will back staff to make difficult decisions, confidence can grow. A focus on decision-making at all levels of the organisation can assist in enabling the service to be consistent in demand management.

Case study: Workforce Strategy "the 12 reasons to work for Sandwell Children's Trust"

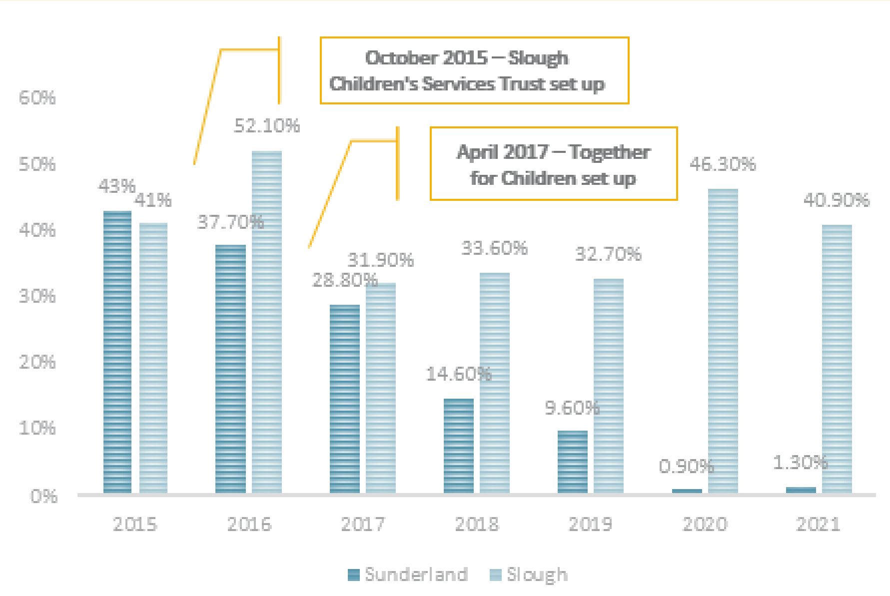
The creation of workforce strategy "the 12 reasons to work for Sandwell Children's Trust" has been a pivotal initiative for Sandwell to achieve its goals of attracting and retaining a stable, experienced workforce. It is a flagship document which combines all workforce-related initiatives in one strategic framework. It also is a comprehensive promise to all staff, developed by listening to their needs, that sets out a commitment to support, develop and most importantly care about the Trust's workforce. It includes initiatives that drive improvement in pay, accommodation, ICT, practice, culture and professional development. A Task and Finish Groups have been used to deliver the strategy.

Source: Business Plan 2020-23 [accessed 3rd August 2022]

Case study: Rapid decrease in agency staff workers in Sunderland (Together for Children)

One of the key aims of SCF is to increase the levels of permanent staff, with an ambitious plan to increase the percentage of permanent frontline workers from 53% to 72% by March 2028/29. This is not without precedence. Sunderland managed to decrease its rate of agency social workers from 43% in 2015 to 0.9% in 2020. However, over the same period Slough maintained a high level of reliance on agency staff. While we appreciate that the context in which Slough operates (including proximity to London) makes recruitment of permanent staff more difficult, there are some important lessons learnt from Sunderland's approach.

Figure 6. Sunderland and Slough rate of agency social workers 2015-2021.



Source: DfE, Local Authority Interactive Tool (LAIT)

Sunderland journey:

During the first year of operations of Together for Children (2017/18), the organisation had 167 agency staff at a cost of £6.14m – estimated to be £2.05m more than if they had been employed as full time staff. There were teams with nearly 100% agency staff in social work positions. This went down to one agency social worker in 2020.

How it was achieved:

- Designing a supportive structure for the social care workforce;
- Introducing a new management layer, comprising of two heads of service to support service managers and ensure appropriate management grip;
- Carrying out a skills review of staff and managers, which led to identification of a cohort of staff who were provided with extra support and coaching. Where this was not effective, staff were

supported to move to areas of work within their skill base, and where this was not possible, they were supported to move into roles external to Together for Children;

- Introducing leadership training for managers;
- Introducing a quality assurance team and practice standards for managers, social workers and other staff;
- Developing a culture of openness and collaboration;
- Recruiting additional managers and social workers – with recruitment campaign that relied heavily on word of mouth (after the changes described above were introduced).

Source: Martin Birch, Director of Children's Social Care, 'How we went from inadequate to outstanding in three years', LGC

***Senior managers** have focused on the right things. They have been **decisive in recruiting a permanent and excellent set of social workers to replace the short-term and agency staff that were previously in post**. Highly skilled managers have also been recruited and then supported with well-focused training and mentoring opportunities. In addition to recruiting experienced and good practitioners, TfC has continued to support the training of caring and skilled staff to become social workers.*

Source: Ofsted, Sunderland City Council, Inspection of children's social care services, 2021

Lessons for Slough:

- Rapid decrease in agency staff rates is possible, but it requires focus on 'getting your house in order' before intensified recruitment campaigns can bring positive results.
- Competent and committed senior managers are critical to ensure increase in permanent staff and retention.

Section 4. Financial analysis

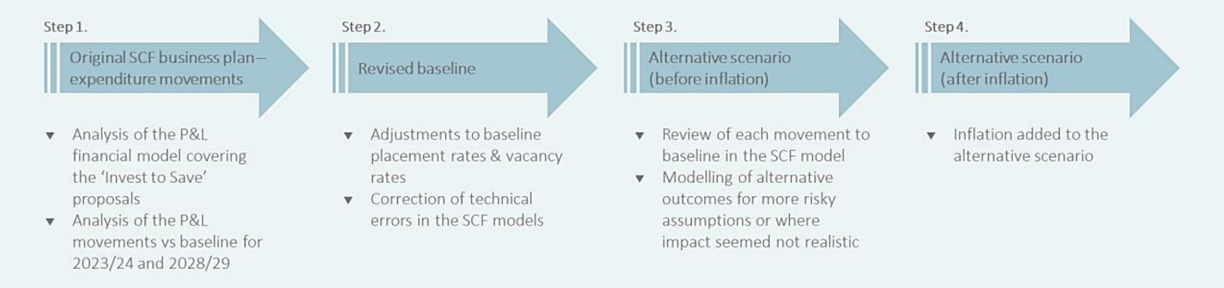
This section of the report provides detailed financial analysis, including modelling alternative outcomes for the key assumptions underpinning the financial model. Our financial analysis concludes that the SCF business plan underestimates the investment required and accordingly under the proposed plan SCF would not be sustainable on current levels of funding. We identified additional financial pressures of £3.5m in 2023/24. This is on top of the deficit forecasted in SCF’s business plan (£3.4m in 2023/24 and gradually decreasing year on year).

Approach to financial analysis

We developed a 'shadow financial model' to provide quality assurance of the financial modelling underpinning the business plan and stress test the core assumptions. The shadow model collates all key data inputs and cost drivers in one spreadsheet (e.g. workforce, placements, caseloads), creating a single comprehensive picture of the P&L account. This allows for a streamlined sensitivity analysis of all the assumptions, as any change to cost drivers and other assumptions underpinning the business plan feeds through the model.

Figure 7 outlines the key steps undertaken as part of the financial analysis. It started with the analysis of expenditure movements in the original SCF business plan (step 1). We then reviewed the baseline (step 2) and assessed all assumptions, proposing an alternative more likely scenario for assumptions that in our opinion were over optimistic (step 3). This analysis excluded inflation in order to focus on the changes in the core business and operations not distorted by inflationary pressures. In step 4 we add back inflation to the alternative scenario. This results in what we believe to be a more likely financial projection.".

Figure 7. Approach to financial analysis.



The following paragraphs provide detail on the outputs of each step.

Step 1: Original SCF Business Plan

This section looks at the forecasts of movements in expenditure resulting from SCF's business plan. Figure 8 outlines a summary of net changes in expenditure between year one and year two of the business plan. It indicates that even though the overall level of expenditure before inflation remains similar, there are significant up and down cost movements expected in a number of areas.

These movements are due to both the 'Invest to save' proposals (as shown on the right hand side of the figure below) and changes to assumed business as usual costs (left hand side of the figure below). Materially, the latter include:

- Care leaver cost changes – assumed impact of £0.91m;
- Placement rate movements – assumed impact of £0.59m.

Some of the business-as-usual changes are implicit or only briefly mentioned in the business plan narrative. Given that their aggregated impact on the SCF's financial position is significant, we recommend that these activities are closely monitored and receive the same level of scrutiny as the 'Invest to save' proposals. They will have a significant impact on whether SCF will be able to deliver services within the agreed contract quantum.

Figure 8. Movement in expenditure between year one and year two of the business plan.

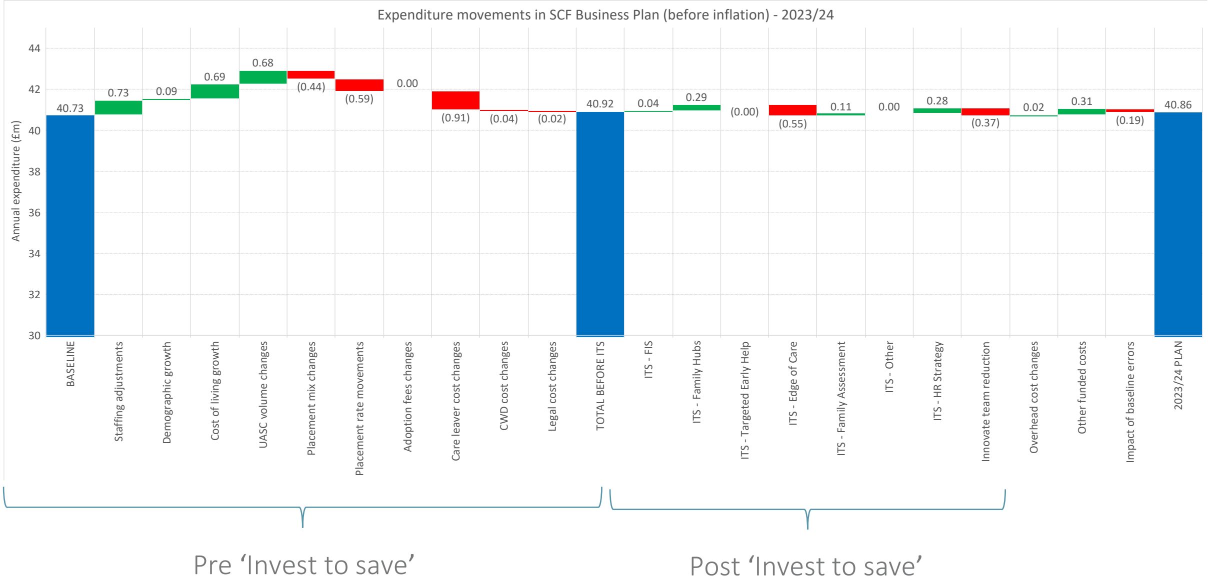
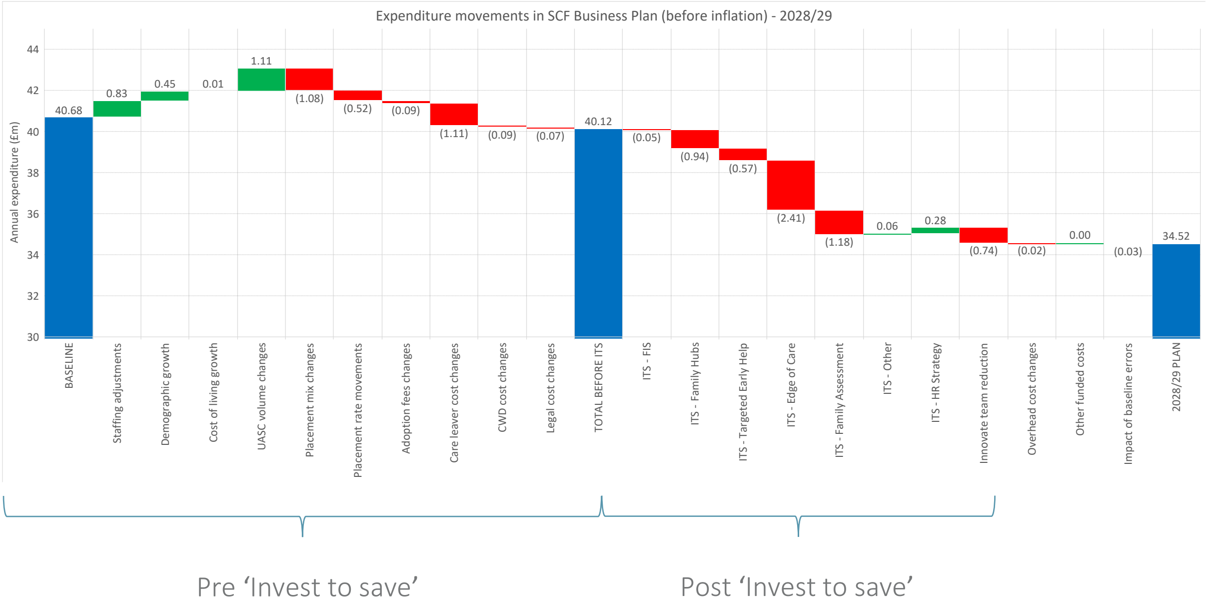


Figure 8 outlines the movement in expenditure of different areas of SCF operations between year one and year seven of the business plan and the impact of 'Invest to save' measures.

SCF's P&L forecast for the seven-year horizon of the business plan shows that pre-inflation the total expenditure would reduce from £40.68m to £34.52m. This is largely driven by the combined impact of the 'Invest to save' proposals, with Edge of Care having the biggest net impact (£2.41m), followed by Family Hubs (£1.68m). The workforce 'Invest to save' proposal focused on retention package contributes to increasing costs by £0.28m. However, it should be noted that the impact of other 'Invest to save' proposals will depend on SCF's ability to recruit and retain high quality social workers.

Figure 9 outlines the movement in expenditure of different areas of the business for SCF between year one and year seven of the business plan and the impact of 'Invest to save' measures.

Figure 9. Movement in expenditure between year one and year seven of the business plan.



Step 2: Revised Baseline

In our analysis we developed an updated baseline for SCF's business plan with adjustments to the placement rates and vacancy rates, as outlined in the figure below. We also included corrections to any technical errors found in SCF models.

Figure 10. Revised business plan baseline assumptions.

Assumption	Assumption in model that underpins the Business Plan	Assumption used for alternative projection
Baseline placement rates	▼ Residential rate (£4189 pw) based on average of Nov 21- Apr 22, including an outlier value in Dec 21. ▼ Secure rate (£2513 pw) based on low volumes between Apr 2020-Aug 2021 during which time rates appear much lower than in earlier years. Other rates based on average of May 21-Apr 22.	▼ Residential rate (£4433 pw) based on May 21-Apr 22 (consistent with method used for other placement types). ▼ Secure rate (£3433 pw) based on average since Apr 2019.
Vacancy factor	▼ Fixed at 3 SW posts + current permanent non-caseholder vacancies (equivalent to approx. 6% of baseline permanent staffing costs)	▼ 10% of costs of permanent staff for all years

This step ensures that we are modelling against what we believe is a more realistic baseline.

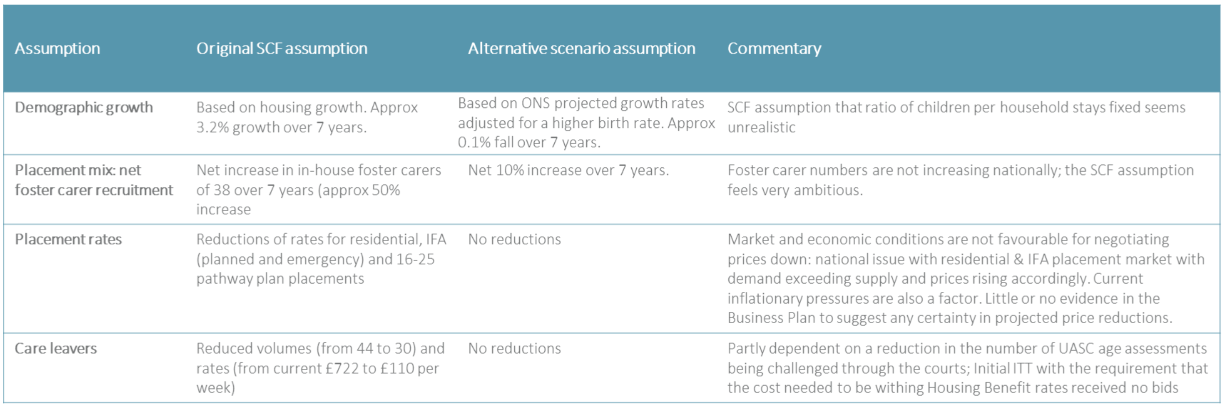
Step 3: Alternative Scenario – before inflation

Using our 'shadow model' we were able to conduct sensitivity analysis of the different assumptions and identify their impact on the P&L. We reviewed all assumptions underpinning the business plan and modelled alternative outcomes for a number of high impact assumptions or where we assessed the assumptions used were at high risk of not being achieved.

We acknowledge the inherent difficulty of forecasting demand and activity of children's social care services. The future position of the service will depend on a number of factors that are not possible to determine at the time of developing the business plan. However, we found a consistent optimism bias built-in to the assumptions underpinning the business plan. We proposed alternative assumptions that were used to re-calculate the financial model underpinning the business plan and show a more likely financial position of SCF.

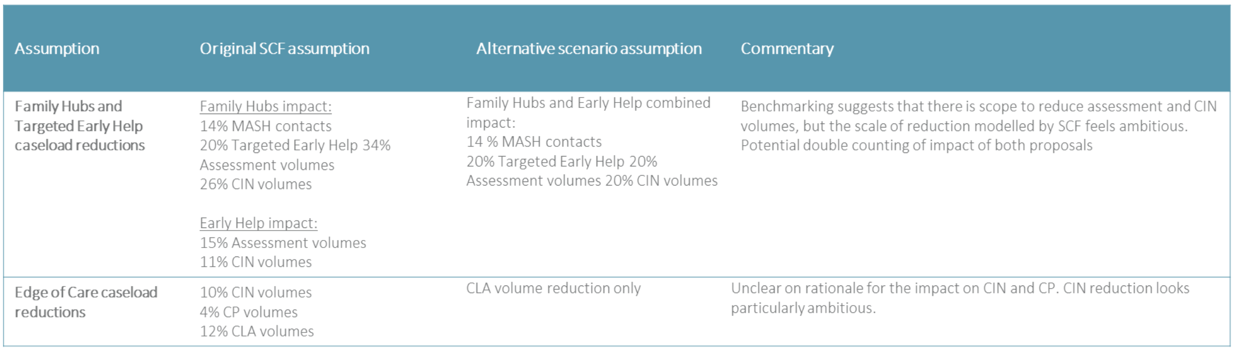
Below are figures outlining the key assumptions that we proposed alternative scenarios for. Both figures include a description of the alternative scenario modelled and our comments on rationale for revising the assumptions. A more detailed review of all business plan assumptions with (where possible) quantified impact is available in a separate spreadsheet (Appendix 5 to this report).

Figure 11. Business as usual – key alternative assumptions modelled.



Assumption	Original SCF assumption	Alternative scenario assumption	Commentary
Demographic growth	Based on housing growth. Approx 3.2% growth over 7 years.	Based on ONS projected growth rates adjusted for a higher birth rate. Approx 0.1% fall over 7 years.	SCF assumption that ratio of children per household stays fixed seems unrealistic
Placement mix: net foster carer recruitment	Net increase in in-house foster carers of 38 over 7 years (approx 50% increase	Net 10% increase over 7 years.	Foster carer numbers are not increasing nationally; the SCF assumption feels very ambitious.
Placement rates	Reductions of rates for residential, IFA (planned and emergency) and 16-25 pathway plan placements	No reductions	Market and economic conditions are not favourable for negotiating prices down: national issue with residential & IFA placement market with demand exceeding supply and prices rising accordingly. Current inflationary pressures are also a factor. Little or no evidence in the Business Plan to suggest any certainty in projected price reductions.
Care leavers	Reduced volumes (from 44 to 30) and rates (from current £722 to £110 per week)	No reductions	Partly dependent on a reduction in the number of UASC age assessments being challenged through the courts; Initial ITT with the requirement that the cost needed to be withing Housing Benefit rates received no bids

Figure 12. 'Invest to save' proposals – key alternative assumptions modelled.



Assumption	Original SCF assumption	Alternative scenario assumption	Commentary
Family Hubs and Targeted Early Help caseload reductions	Family Hubs impact: 14% MASH contacts 20% Targeted Early Help 34% Assessment volumes 26% CIN volumes Early Help impact: 15% Assessment volumes 11% CIN volumes	Family Hubs and Early Help combined impact: 14 % MASH contacts 20% Targeted Early Help 20% Assessment volumes 20% CIN volumes	Benchmarking suggests that there is scope to reduce assessment and CIN volumes, but the scale of reduction modelled by SCF feels ambitious. Potential double counting of impact of both proposals
Edge of Care caseload reductions	10% CIN volumes 4% CP volumes 12% CLA volumes	CLA volume reduction only	Unclear on rationale for the impact on CIN and CP. CIN reduction looks particularly ambitious.

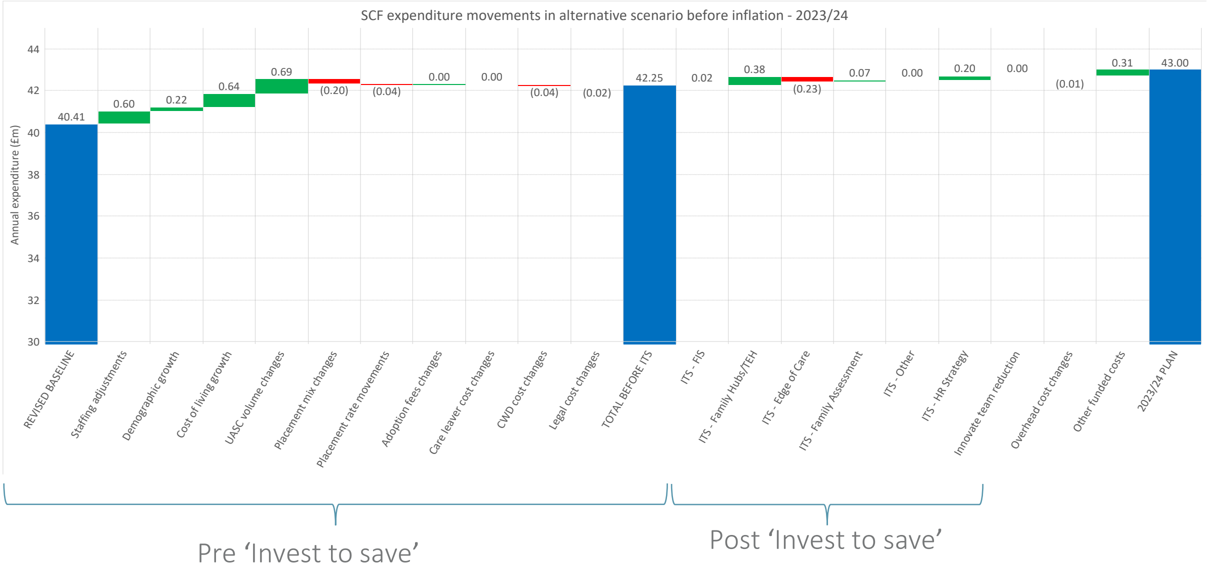
For some assumptions, we were not in a position to quantify an alternative more likely scenario. Instead, we note there is a risk attached to them. For instance, an ambition to reduce average proceedings duration to 26 weeks feels stretching in the context of current proceedings durations across the country – this may have an impact on family assessments and legal costs.

There is also additional risk associated with the bid to the DfE for costs associated with the company model (£817k in 2023/24). If the DfE funding is not granted, it would further add to the deficit position next year and beyond.

Stress testing of the key assumptions underpinning the business-as-usual assumptions and the 'Invest to save' proposals shows that the business plan overestimates the level of savings. This means it also underestimates the quantum of funding needed to implement the business plan and continue service improvement. However, even after our revisions, the 'Invest to save' service development proposals (i.e. continuum of care / early help and edge of care proposals) still generate net savings.

Figures below outline the movement in expenditure for SCF between year one and year two (Figure 13) and year 7 (Figure 12) of the business plan in our alternative scenario, including the impact of 'Invest to save' measures.

Figure 13. Movement in expenditure between year one and year two of the business plan – alternative scenario modelled by MV.



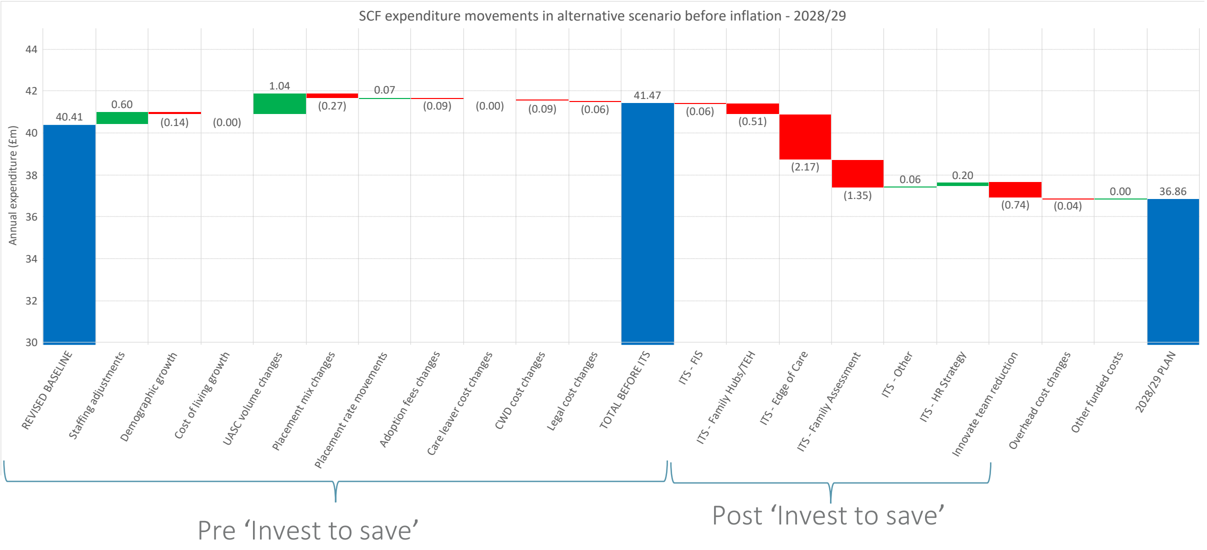
Pre ‘Invest to save’

Post ‘Invest to save’

Figure 13 shows a much higher growth in expenditure in year one of the business plan when compared to SCF’s forecast in their business plan as seen in Figure 8. In the alternative scenario, the savings generated through ‘Invest to save’ proposals in year 2 are much smaller. In addition to this, the impact of placement rates and care leaver cost improvements is also much lower.

Figure 14 below outlines the movement in expenditure for SCF between year one and year seven of the business plan in our alternative scenario and the impact of ‘Invest to save’ measures.

Figure 14. Movement in expenditure between year one and year seven of the business plan – alternative scenario modelled by MV.



Pre ‘Invest to save’

Post ‘Invest to save’

This shows a smaller total decrease in expenditure when compared to SCF's forecast in their business plan as seen in Figure 9. The 'Invest to save' measures are still shown to be effective in reducing expenditure but not as much as in the original SCF business plan.

Our alternative P&L forecast for the seven-year horizon of the business plan shows that pre-inflation the total expenditure would reduce from £40.41m to £36.86m.

The net impact of the 'Invest to save' proposals is clear with a combined net decrease in expenditure of £3.83m, with Edge of Care having the biggest impact (£2.17m), followed by Family Assessment (£1.35m) and Family Hubs (£0.51m). As before with the original SCF business plan, the workforce 'Invest to save' proposals contribute to increasing costs (£0.2m) but the impact of other 'Invest to save' proposals will depend on SCF's ability to recruit and retain high quality social workers.

The figure below presents costs, expected savings and net impact of the 'Invest to save' proposals in two scenarios: based on the business plan assumptions and our alternative scenario. Please note that – as with all figures analysed at this stage of our analysis – the figure below presents the numbers before inflation uplifts. The return on investment is not easily comparable between the proposals. In case of the Community Family Assessments, adjustment for risk was not possible to quantify – therefore the figures included in the alternative scenario are likely to be overstated. In addition to this, we considered the impact of Family Hubs and Targeted Early Help in combination as Targeted Early Help involves a temporary investment intended to enable the long-term success of the Family Hubs.

The savings figures presented do not include the additional saving achieved through shutting down the Innovate teams (£742k pa by 28/29, modelled separately in the alternative P&L forecast).

Please note that the 'alternative scenario' modelled by MV looks at all the 'Invest to save' proposals. Modelling is based on sequential application of the changes. Therefore, differences in other assumptions (e.g. demographic growth) can also affect other figures.

Figure 15. 'Invest to save' proposals – financial position in the business plan and the alternative scenario, before inflation (£'000s).

		Impact versus baseline - SCF business plan					
Family Information Centre		2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	Cost	114	114	114	114	114	114
	Saving	-76	-154	-161	-162	-162	-163
	Net impact	***38***	***-40***	***-47***	***-48***	***-48***	***-49***
		Impact versus baseline - alternative scenario					
		2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	Cost	103	103	103	103	103	103
	Saving	-79	-159	-165	-163	-161	-160
	Net impact	***24***	***-56***	***-62***	***-60***	***-59***	***-57***

		Impact versus baseline - SCF business plan					
Family Hubs (FH) and Targeted Early Help (TEH)		2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	Cost - FH	424	424	424	424	424	424
	Saving - FH	-130	-373	-618	-865	-1113	-1362
	Cost - TEH	110	249	255	99	-4	-4
	Saving - TEH	-110	-226	-343	-461	-557	-569
	Net impact	***293***	***73***	***-282***	***-803***	***-1250***	***-1511***
		Impact versus baseline - alternative scenario					
		2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	Cost - FH	382	382	382	382	382	382
	Cost - TEH	92	231	232	91	-1	-1
	Saving	-93	-260	-425	-583	-735	-886
	Net impact	***381***	***353***	***189***	***-110***	***-354***	***-505***

		Impact versus baseline - SCF business plan					
Edge of care		2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	Cost	360	360	360	360	360	360
	Saving	-910	-1515	-1847	-2181	-2485	-2766
	Net impact	***-550***	***-1155***	***-1487***	***-1821***	***-2125***	***-2405***
		Impact versus baseline - alternative scenario					
		2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	Cost	324	324	324	324	324	324
	Saving	-551	-1187	-1542	-1895	-2211	-2497
	Net impact	***-227***	***-863***	***-1218***	***-1570***	***-1886***	***-2173***

		Impact versus baseline - SCF business plan					
Community Family Assessments*		2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	Cost	395	395	395	395	395	395
	Saving - caseloads	-191	-442	-663	-886	-1112	-1332
	Saving - legal	-93	-229	-291	-274	-258	-247
	Net impact	***112***	***-275***	***-559***	***-765***	***-974***	***-1184***
		Impact versus baseline - alternative scenario					
		2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	Cost	356	356	356	356	356	356
	Saving - caseloads	-185	-462	-703	-942	-1182	-1413
	Saving - legal	-100	-252	-325	-313	-300	-289
	Net impact	***70***	***-358***	***-672***	***-899***	***-1127***	***-1347***

*a 26-week duration of care proceedings feels stretching, however we have not adjusted for risk due to lack of robust alternative assumptions

Step 4. Alternative scenario – after inflation

In the last step of the analysis, we added back inflation based on the below assumptions:

- 22/23 inflation amounts as per SCF Business Plan
- 23/24: 4% uplift to all pay costs, average 7% uplift to all other costs
- 24/25: 2% uplift to all costs
- 25/26 and later: 2% per annum uplift to pay costs, average 1% per annum uplift to all other costs

All inflation applied is assumed to be added to the SBC contract sum.

This results in an additional inflation pressure (over-and-above the amounts in the SCF Business Plan) of £1.4m in 2023/24, rising to £2.1m by 2028/29.

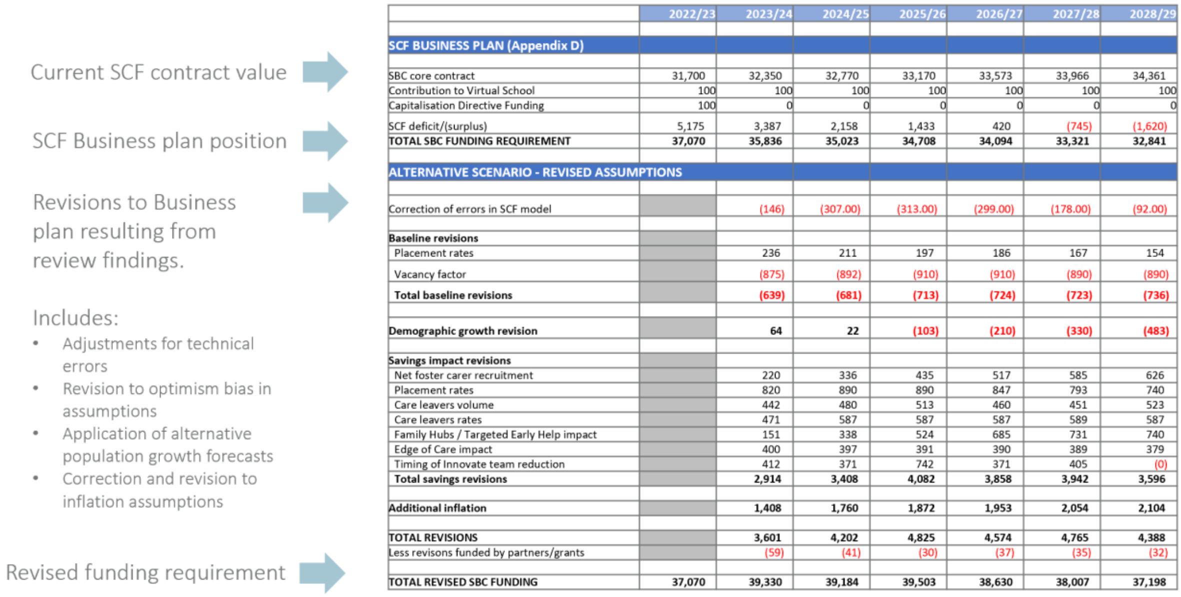
During the project, we discussed the inflation assumptions with the Company and the Council. We acknowledge that not all non-pay costs will increase in line with inflation. Individual cost items will be subject to different inflationary pressures. In particular, costs related to the Council Service Level Agreement (£2.2m) are likely to increase at a slower rate than inflation. To account for this, we have applied an inflation rate below the current BoE forecasts to all non-pay costs.

We have assumed a 7% uplift to all non-pay costs in 2023/24, which is below the current CPI level of 10.1% and below the BoE inflation projections (the BoE forecasts that CPI inflation is expected to reach over 13% in 2022 Q4, and to remain at very elevated levels throughout much of 2023, before falling to the 2% target two years ahead).

Based on the assumptions above, we developed an alternative SCF P&L account. Figure 16 below presents a comparison of business plan with review outputs. It shows the revised SBC funding requirement, which is based on the funding requirement projected in SCF's business plan and revised through:

- Correction of technical errors identified in SCF modelling;
- Baseline revision, including adjustments to placements rates and vacancy factor;
- Application of alternative growth forecasting methodology;
- Revision to savings estimates that correct for optimism bias in SCF projections; and
- Revision of assumptions on inflation.

Figure 16. Comparison of business plan with review outputs, in £'000.



Current SCF contract value

SCF Business plan position

Revisions to Business plan resulting from review findings.

Includes:

- Adjustments for technical errors
- Revision to optimism bias in assumptions
- Application of alternative population growth forecasts
- Correction and revision to inflation assumptions

Revised funding requirement

	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
SCF BUSINESS PLAN (Appendix D)							
SBC core contract	31,700	32,350	32,770	33,170	33,573	33,966	34,361
Contribution to Virtual School	100	100	100	100	100	100	100
Capitalisation Directive Funding	100	0	0	0	0	0	0
SCF deficit/(surplus)	5,175	3,387	2,158	1,433	420	(745)	(1,620)
TOTAL SBC FUNDING REQUIREMENT	**37,070**	**35,836**	**35,023**	**34,708**	**34,094**	**33,321**	**32,841**
ALTERNATIVE SCENARIO - REVISED ASSUMPTIONS							
Correction of errors in SCF model		(146)	(307.00)	(313.00)	(299.00)	(178.00)	(92.00)
Baseline revisions							
Placement rates		236	211	197	186	167	154
Vacancy factor		(875)	(892)	(910)	(910)	(890)	(890)
Total baseline revisions		**(639)**	**(681)**	**(713)**	**(724)**	**(723)**	**(736)**
Demographic growth revision		**64**	**22**	**(103)**	**(210)**	**(330)**	**(483)**
Savings impact revisions							
Net foster carer recruitment		220	336	435	517	585	626
Placement rates		820	890	890	847	793	740
Care leavers volume		442	480	513	460	451	523
Care leavers rates		471	587	587	587	589	587
Family Hubs / Targeted Early Help impact		151	338	524	685	731	740
Edge of Care impact		400	397	391	390	389	379
Timing of Innovate team reduction		412	371	742	371	405	(0)
Total savings revisions		**2,914**	**3,408**	**4,082**	**3,858**	**3,942**	**3,596**
Additional inflation		**1,408**	**1,760**	**1,872**	**1,953**	**2,054**	**2,104**
TOTAL REVISIONS		**3,601**	**4,202**	**4,825**	**4,574**	**4,765**	**4,388**
Less revisons funded by partners/grants		(59)	(41)	(30)	(37)	(35)	(32)
TOTAL REVISED SBC FUNDING	**37,070**	**39,330**	**39,184**	**39,503**	**38,630**	**38,007**	**37,198**

Comparison of the revised SBC core contract values with the original P&L modelled by SCF in the business plan shows that the contract value would need to be much higher to cover the increased costs.

Looking at data for 2023/24, total additional financial pressure amounts to £3.6m (with £100k funded by other partners / grants, which results in the core SBC contract pressures of £3.5m). This is on top of the deficit forecasted in SCF's business plan (£3.4m). As a result, the total SCF funding requirement is estimated to be £39.3m. The largest factors contributing to the additional pressures are savings impact revisions (£2.9m) and additional inflation (£1.4m). As mentioned above, it is worth stressing that savings revisions refer not only to the impact of 'Invest to save', but also to the reduced business-as-usual service delivery costs. In fact, the latter have a much bigger impact on the bottom-line.

In subsequent years, total savings revisions resulting from our analysis oscillate between £4.2 and £4.8m per annum. However, the total SBC funding requirement decreases. This reflects the positive impact of 'Invest to save' proposals on the bottom line of the company, even after the assumptions are adjusted for optimism bias.

In 2028/29, the total business plan revisions create an additional funding pressure of £4.4m. However, the business plan assumed that SCF would generate a surplus of £1.6m. This means that the total funding requirement reduces to £37.2m.

MV comments

- Overall conclusion: Our financial analysis concludes that the SCF business plan underestimates the investment required over the period of the plan and accordingly under the proposed plan SCF would not be sustainable on current levels of funding.

- Changes in practice that may improve SCF's financial outlook: In our view, the financial outlook for SCF could potentially be improved, but that would be critically dependent on stable, confident leadership and the appointment of a permanent DCS for the medium to long term. This would require reducing the numbers of children in the system through a dedicated drive to focus on throughput of work, coupled with emphasis on creating additional capacity within the existing service establishment, which is already happening in the CIN work done over the last 12 months. The key steps required to implement this involve:
    - a review of the target operating model for the intervention work to ensure it is delivered at the right stage to have an impact on children and families, and ensure risks and needs do not escalate;
    - a further monitoring and review of thresholds to assess if there is a potential to raise them in a measured and managed way, building on work already done through the Safeguarding Partnership;
    - a root and branch review of open cases, with a view to prioritise families where there is risk of significant harm and supporting staff to close cases where the risk is lower;
    - focus on growing confidence in decision-making at all levels of the organisation to be consistent in demand management.

  This could bring forward some of the benefits within the business plan, particularly linked to suspending the use of Innovate teams sooner than planned. More detailed information on this approach and reverting the risk averse culture that may hold the service back is included in Appendix 1. Comments on practice approach.

- Potential impact of actions to improve the P&L: Below we outline the key actions that could have a material impact on SCF's bottom line. Some of them come with risks that should be considered through a detailed risk analysis assessment and managed appropriately:
    - **Early withdrawal** from the use of **the Innovate teams (potential impact: £742k per annum**) – As described above, this is contingent on stable, confident leadership. We acknowledge that the Company has already explored decommissioning Innovate Teams and deemed it would destabilise the service. That is why in our opinion this is only feasible as part of broader concerted efforts to drive down throughput of work;
    - **Abandoning the retention package** put forward in the workforce 'Invest to save' proposal (**potential impact: £277k per annum**) – In line with our comments on workforce presented in Section 3. 'Invest to save' proposals, we do not believe it will have a major impact on workforce unless the underlying reason for staff turnover (caseloads) is

addressed. Therefore, if prioritisation of the 'Invest to save' proposals is required, this is the element of the business plan that we therefore recommend be marked as lowest priority. We do see some risk that if SCF's renumeration package is not at par with the neighbouring areas, recruitment and retention could be affected. This would need to be closely monitored by the company. We would also strongly encourage SCF to continue implementation of other non-pay workforce strategies to make the company a more attractive employer.

- Changes to the proposed **Family Hubs delivery model** (potential impact: **£90-140k per annum**) – A more detailed assessment of the Family Hubs delivery model, looking in particular at the proposed number of locations, is provided in Appendix 2. While we support the development of four Family Hubs in principle, SCF could also explore a 'hub and spoke' model with some locations operating part-time. This could decrease the number of new staff required from 9 FTEs to 6-7 FTEs. More significant changes to the Family Hubs proposal would come at a risk of jeopardising the impact of the overall early help proposal.

Section 5. Business plan deliverability analysis

This review identified several risks that affect the deliverability of the plan. They relate to SCF finance function, the business plan programme architecture (governance arrangements, monitoring, benefits realisation plan, risk assessment) as well as the overall ability of SCF to demonstrate the service achieves maximum value for every pound spent. Our recommendations on how to mitigate the business plan deliverability risks should be implemented by SCF as a matter of urgency.

Deliverability assessment framework

As part of the review, MV was asked to comment on the business plan deliverability. We have developed a framework that draws from relevant aspects of recognised sector standards and good practice (e.g. CIPFA Financial Management Code, CIPFA / SOLACE Delivering Good Governance in Local Government) to explore SCF's capacity and capability to deliver plans and identified savings within the specified timescales. Our framework is structured around four key themes:

1. Financial accountability regime (governance, financial scrutiny and assurance);
2. Corporate planning function and robustness of financial modelling;
3. Business plan delivery assurance and benefits realisation; and
4. Interface and relationships with the Council.

The framework also looks at three management dimensions:

1. Leadership, which focuses on the strategic oversight and stewardship provided by SCF's Board members and management team;
2. People, which includes both the availability of resources, and range of skills and competencies within SCF staff; and
3. Processes, which examines SCF's approach to corporate planning and delivery of plans.

The analysis aims to identify the key risks to the deliverability of the business plan. It also presents what good looks like, encouraging greater organisational accountability and improved financial resilience. As such, we hope this analysis could be used by SCF as a catalyst for further organisational development.

Please note that this analysis is intended as a quick health check, not a comprehensive assessment of the company's organisational maturity or governance audit.

Review findings and recommendations

We held interviews with Council and SCF senior leadership to ascertain a view of as many elements of this framework as possible. The findings given here are the result of those interviews and wherever possible represent a common view which emerged from the different interviewees. Where possible, this was supported by review of documentation provided to us during the project, to ensure the review triangulates information from different sources.

Detailed review findings are included in Appendix 3. Even given the short period of time we had for our review, it was clear to us that the company is working hard to improve the deliverability of the business plan and is receptive to our feedback on how to strengthen the programme architecture. Passion and commitment of the SCF leadership was particularly notable, as was their collaborative working and regard for each other.

Below we summarise the key areas for improvement identified through our review and recommendations that are aimed at improving the deliverability of the business plan. The company is already aware of many of the areas for improvement identified and, we understand, is working to address some of them.

Figure 17. Financial capacity and capability – key areas for improvement and recommendations.

Theme	Management dimension	Key areas for improvement	Recommendations
1. Financial accountability regime (governance,	People	**Finance function is fit for purpose:** the company has access to sufficient financial	To review capacity and capability within SCF finance function to ensure it is fit for purpose and the Finance Director has an ability to 'take a step back' and focus on more strategic issues.

financial scrutiny and assurance)		resources and skills to meet its business needs.	Additional finance team resource would be beneficial, or partnering with other Children's Services may options to consider, particularly as a short term solution for strengthening SCF finance function. In our experience having an independent strategic finance function is critical for children's services alternative delivery models. The strategic finance function for the Company needs to have independence to advise the Company on its financial issues without any risk of conflict to the competing priorities of the Council. To that end SCF should have independent strategic finance function unimpeded by potential conflicts of interest that are inevitable if this is provided directly by the Council. Without such independence there would be a risk of undue influence or blurring of professional advice. The provision of transactional financial support however could be delivered by the Council via an SLA or contract for supply.
2. Corporate planning function and robustness of financial modelling	Leadership	**Value for money:** The leadership team is able to demonstrate that plans for service delivery provide value for money.	We would encourage SCF leadership team to develop a more structured approach that would allow them to demonstrate that services provide value for money. This is important given the challenging financial situation of the Council.
	Processes	**Assumptions:** The business plan and the underpinning financial model are explicit about the core assumptions. The assumptions are prudent, and stress tested through sensitivity analysis.	Next iterations of the business plan should include an explicit list of all the core assumptions presented in one place. This will facilitate ongoing monitoring of these assumptions (especially important for a demand-led service characterised by high volatility levels). All the core assumptions should be stress tested through sensitivity analysis.
3. The leadership team is overseeing the delivery of the business plan through appropriate governance arrangements, including a dedicated Programme Board, reporting to the company's Board.	Leadership	**Business plan governance:** The leadership team is overseeing the delivery of the business plan through appropriate governance arrangements, including a dedicated Programme Board, reporting to the company's Board.	Developing robust governance arrangements for the business plan delivery needs to a priority. The governance arrangements should include a single line of accountability from service managers up to the Chief Executive / DCS, clear reporting and risk management arrangements.
	Processes	**Monitoring:** The company has a robust business plan monitoring process,	We would expect more detail on how the business plan will be reviewed and updated on a regular basis, to make sure it stays relevant as the key strategic document. More detail

		with effective and insightful in-year forecasting, and a good mix of narrative and metrics reporting.	would be helpful on the ongoing internal assurance and monitoring arrangements (including opportunities for staff and children and young people to provide feedback and input to the next iterations of the business plan – especially that promoting the voice of children is one of the key strategic objectives that the plan sets out).
		Measures: Business plan defines SMART output and outcomes measures that are linked to the corporate KPIs framework.	A more focused separate suite of SMART KPIs that are directly linked to proposals set out in the business plan should be developed to support the ongoing monitoring and assurance processes. This should form a benefit realisation plan. This is particularly important for 'Invest to save' proposals that will take several years to realise their full impact. The company and the Council need to have tools to assess if the service is on track of achieving them.
		Risk assessment: Risk assessment of material items is kept up to date and reported to the Programme Board with financial implications, mitigating actions and contingency provisions.	Risk register should be created for the business plan. Risks need to be proactively managed and reported to the Board.

Detailed recommendations on improving relationships with the Council are covered in Section 6, which focuses on the contextual issues that are critical for the business plan delivery.

MV comments

Realisation of the savings identified in SCF's business plan will require: strong, capable, confident leadership; clear and robust governance; well-defined programme architecture, and; experienced programme management with disciplined monitoring, reporting and benefits management.

Our assessment of SCF's existing delivery capacity and capability found that the Company will need to strengthen its governance arrangements, business plan monitoring processes and benefits management discipline or further risk the delivery of proposed savings.

We identified a number of specific shortfalls that need to be addressed to **mitigate the business plan deliverability risks**:

- Strengthening the Company's **finance function** to ensure the Finance Director can have a more strategic role;
- Developing a structured approach that would allow the Company to demonstrate that services provide **value for money;**
- Developing an explicit list of all the **core assumptions** that can be stress tested and monitored;
- Developing robust **governance and board oversight arrangements** for the business plan delivery;
- Developing a robust business plan **monitoring process**, with effective and insightful in-year forecasting;
- Developing SMART output and outcomes measures / **benefits realisation plan;**
- Developing a comprehensive **risk assessment** process and monitoring risks on regular basis as part of ongoing programme management.

Section 6. Contextual issues

In this section we set out the initial overview of the key contextual issues that will impact on the deliverability of the Business Plan proposals and the overall children's social care services improvement. While these issues are largely outside the scope of the Business Plan, in our opinion they are mission critical. They will need to be carefully considered and addressed to ensure the proposed service improvements can take place.

Key areas for consideration and potential recommendations

We outline below five key contextual issues that will impact the deliverability of the business plan proposal. In our view improvements to the quality of children's social care services and the financial position of SCF will be critically reliant upon improved leadership stability within SCF; increased capacity and capability at a leadership level; an improved relationship with SBC; greater clarity on the optimal scope of SCF; and improved partnerships across the wider system.

We describe below a set of recommendations to support improvement of these key areas:

1. Leadership stability
    - 1.1. In line with the DLUHC Commissioners' recommendation, employ a permanent or a longer term interim DCS with the skills and attributes to deliver in challenging circumstances and willing to commit to a full-time position and longer term of office.
    - 1.2. Consider contractual arrangements (including appropriate use of recruitment and retention bonuses) to incentivise stability and align managerial compensation of the new post holder with the SCF's long-term performance. Given how competitive the market is, this will require thinking imaginatively about the range and scope of incentives.
    - 1.3. Carefully consider what the minimum term of office should be and how to align it with the service improvement journey to ensure single-handed accountability over SCF plans and performance.

2. Transformation capacity
    - 2.1. Consider strengthening the leadership capacity of SCF once the new DCS is in place. This could include a single post focused on delivering quality improvements and service transformation.
    - 2.2. Consider a broad range of potential funding sources for this post. Given the tight financial envelop in Slough, central government might need to be sought to cover the increased costs.

3. Relationships with SBC
    - 3.1. Prioritise continued improvement of the relationship between SCF and SBC. Turning around the negative dynamic will require equal commitment from all parties.
    - 3.2. Revisit the oversight arrangements to ensure they are fit for purpose and ensure compliance with processes set out in the service delivery contract.
    - 3.3. Consider options for strengthening governance and operational arrangements between SCF and SBC, for instance reshaping the existing arrangements to focus more on cross-service partnership or setting up an Operational Partnership Board.

4. Scope of children's services managed by SCF
    - 4.1. Once SCF are in a more stable position, carry out an options appraisal to identify the optimal scope of services that should be discharged to SCF vs those retained by SBC, including SEND.

5. Partnerships across the wider system
    - 5.1. Review and streamline partnership governance arrangements across Slough.
    - 5.2. Consider refocusing some of the operational service improvement plans (e.g. early help, edge of care) to further strengthen the multi-agency approach.

Leadership stability

All key stakeholders recognise there is a significant challenge with the stability of leadership within SCF (not dissimilar to SBC). High turnover within the senior leadership team over several years has adversely affected the speed and effectiveness of improvement. Addressing this issue is key if SCF is to deliver the wholesale transformation needed.

High leadership turnover was identified as a key issue by DLUHC Best Value Commissioners in their first report dated 9 June 2022:

> *Over the past 18 months, SBC has employed four statutory Directors of Children's Services (DCS). It is not possible to formulate or deliver any plan in such circumstances. A key element of the immediate future is to identify and employ a DCS with the skills and attributes to deliver in these challenging circumstances and be willing to commit to a three-year term of office.*[11]

The quality of senior leadership has been assessed positively in the recent Ofsted report from their focused visit to SCF in February 2022:

> *Senior leaders know their services well and have supported staff to develop and improve their practice.*[12]

In addition to this, it should be noted that whilst the Chief Executive post in SCF has had a number of changes recently, the other leadership roles such as the Directors and Heads of Service have been stable for some years.

However, the future of the DCS position is uncertain: the current Interim Chief Executive / Director of Children's Services (Andrew Fraser) is contracted to remain in office until December 2022. We agree with the DLUHC Commissioners' recommendation that the next appointee should be full-time and committed to a longer term of office. This opinion has also been supported by the DfE Commissioner in conversations with the MV review team.

Key practical issues for consideration in Slough:

- Minimum required office term: Securing a permanent DCS appointment should be the ultimate goal for Slough children's social care services. If this is not achievable, the DLUHC Commissioners' suggestion of a two / three-year term of office for the DCS position is reasonable, even if it may be difficult to enforce. To ensure full ownership of the service improvement journey and accountability over its results, ideally the minimum required term of office would be aligned with the turnaround timeframes (i.e. four years), however we appreciate that it may limit the potential field of candidates to insist on that from the outset. We note that as of 2021 the national average tenure of a DCS in the same local authority was 30 months[13].

- Contractual arrangements: Recruitment and retention bonuses that are clawed back if a member of staff leaves the employer within the predefined time (known as 'golden hellos' or 'golden handcuffs') have long formed part of the social work landscape, especially in children's social care services. These incentives are commonly used both when recruiting to senior leadership positions as well as frontline staff (and form a part of SCF Business Plan workforce proposals). Given an extremely competitive market for experienced DCSs, we would strongly suggest offering a

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[11] Best Value Commissioners First Report on Slough, 9 June 2022 https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1094655/Commissioners_first_report.pdf [accessed 3rd August 2022]

[12] Ofsted report, Focused visit to Slough Children First, 22 February 22 https://files.ofsted.gov.uk/v1/file/50177987 [accessed 3rd August 2022]

[13] ADCS DCS update 2021, https://adcs.org.uk/leadership/article/adcs-dcs-update-2021-press-release [accessed 9th August 2022]

recruitment / retention bonus as part of the benefit package. This would need to be linked to the required term in office, with contractual provisions to withdraw the offer or claw back on the payment should the post holder not serve till the end of the required minimum term.

Examples from elsewhere

A Community Care investigation found 53% of councils offered some form of cash incentive for children's social care services staff, with some of the most generous offers at the time available in West Berkshire (£15,000 bonus for three years' service) and Derby (providing contributions to house deposits). Recruitment and retention bonuses are particularly common when the recruiting organisation is about to go over a turbulent phase. For instance, Northumberland CC gave 'golden handcuffs' to its senior staff to stop them from leaving before the unitary reorganisation.

Source: Community Care, 'Inadequate' council signs up 80% of social workers to 'golden handcuffs' scheme despite staff criticism row, 7 June 2019 [accessed 3rd August 2022]

- Broad pool of candidates: Recent ADCS data[14] shows that nearly all of those being appointed as a permanent DCS in 2021/2022 were stepping up from assistant director/second tier level either from the same or a different local authority. Given that the leadership stability that could come with a permanent position is important for Slough, we would recommend exploring recruitment from a broad pool of candidates, including those who are ready to progress their careers, are open to take on a challenging role, and could also bring new ideas to the table, assuming they have the required experience and skills.

- Continuity of vision and business plan under new leadership: There is a risk that an incoming DCS would want to have their own plan and licence to do things as they saw fit rather than being wedded to a plan their predecessors had created. This is a salient point. However, given that the business plan is intended as a 'live' document, there will be scope to further adjust the vision and the planned initiatives within the funding envelope that SCF is requesting. If Slough children's social care services have an appropriate funding envelope, the incoming DCS would have the budget to deliver services as they see fit even if this means a move away from the current practice proposals.

Transformation capacity

Given the ambition of the service improvement plans, it may be necessary to consider strengthening the leadership capacity of SCF. Currently, the Executive Team consists of three directors:

- Andrew Fraser – Interim Chief Executive and Director of Children's Services, Slough Children First & Slough Borough Council,
- Carol Douch – Director of Operations at Slough Children First,
- Matt Marsden – Director of Finance and Resources at Slough Children First.

The existing structure may be underestimating the extent to which transformation requires both strategic capacity and specialist capabilities to successfully deliver at pace.

The DfE did not award additional transformation funding to Slough for 2022-23, which left SCF without funding for the post of Assistant Director of Quality Assurance. This decision was made against the backdrop of limited resources that the DfE had to distribute between a large number of children's social care services that required improvement.

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[14] ADCS DCS update 2022, https://adcs.org.uk/leadership/article/adcs-dcs-update-2022 [accessed 9th August 2022]

In our opinion, a single post focused on delivering quality improvements and service transformation set out in the plan could be helpful to provide additional strategic focus, capacity and technical capability to lead on the service turnaround. Similar posts have been introduced by other children's trusts operating nationally. This position would also help to manage the workload of the Director of Operations and the Director of Finance and Resources, who are juggling their day jobs with additional scrutiny processes imposed due to the Section 114 measures, which impacts on their ability to drive strategic improvements.

In the challenging context of Slough's financial situation, a potential decision on expanding the senior leadership team would need to take into consideration potential funding sources to cover the additional cost.

Examples from elsewhere

Doncaster Children's Services Trust: Director of Performance, Quality and Innovation reporting to the Chief Executive was responsible for performance & improvement, safeguarding & standards, centre for excellence (involved in the roll out of the National Assessment and Accreditation system for social workers).

Source: Doncaster Children's Services Trust Organisational Structure [accessed 3rd August 2022] Please note that the organisational structure of children's services in Doncaster changed in September 2022 when the service moved back to the Council.

Sandwell Children's Trust: Weekly performance meetings chaired by the Director of Quality Assurance and Performance have seen improvements in performance measures in areas of concern, by focusing both on compliance and quality.

Source: Business Plan 2020-23 [accessed 3rd August 2022]

Relationships with Slough Borough Council

Following a six-year period when children's social care services were run by an independent Trust, in March 2021 they came back under the control of the SBC and are delivered by a wholly-owned local authority company. This move was supposed to ensure closer strategic alignment with SBC while maintaining the operational independence of the service. Bringing children's social care services closer to SBC's orbit was also aimed at improving scrutiny and financial control compared with the period when they were discharged to the Trust.

The recent Ofsted report from a focused visit to Slough children's social care services in January 2022 noted that *"relationships between the council and children's services have improved"*. However, stakeholder engagement carried out as part of this review indicate continued tensions between the SBC and the SCF. Anecdotally, the approach is less adversarial in comparison to the previous setup when children's social care services were delivered by the Trust, but several issues persist:

- SBC's confidence in SCF's ability to deliver radical service improvement and capability to improve financial sustainability appears low;
- SCF believe that SBC doesn't appreciate the scale of challenges that children's social care services face and that these services are not given the priority they deserve.

The SCF officers commented that relationships became more difficult following a section 114 notice issued by the new Director of Finance (section 151 Officer) in July 2021. Following the section 114 notice, findings of the independent governance and finance reviews, and appointment of DLUHC

Commissioners, SBC imposed tighter scrutiny over its companies, including SCF, with new financial assurance processes in place.

It also needs to be noted that there are operational dependencies between SCF and SBC e.g. the Council's reputation and stability in leadership is likely to have an impact on SCF's ability to recruit and retain staff, and improve services. SBC also has wider remit in terms of partnership arrangements across Slough which can have an impact on SCF's ability to deliver services. For instance, Safer Slough Partnership – Slough's community safety partnership, which seeks to reduce crime, anti-social behaviour and fear of crime – until recently had not met for a year.

National research suggests that the commitment and interest of a council's corporate and political leaders is a critical factor in whether Children's Services are able to make and sustain improvements.[15]

The considerations below focus on actions that could help improve the relationship between SBC and SCF:

- Cultural shift – refocusing the narrative on a win-win position: Financial difficulties faced by both SBC and SCF put the competing pressures into the spotlight. On the one hand, significant cost reductions and disposal of a large proportion of assets will be required to enable SBC to return to a financially sustainable position. It is expected that all services provided by SBC, either directly or indirectly, should contribute to the savings. On the other hand, delivery of the children's social care services journey may require additional investment. This narrative creates an adversarial pattern of relations, in which one side's win is believed to be the other side's loss. This needs to change.

- There is a symbiotic relationship between the SBC and SCF. What is in the best interest of SCF is also in the best interest of SBC. Turning around the negative dynamic will require mutual accountability between SCF and SBC. It will also require a commitment from SCF to reflect on its weaknesses as outlined in Section 5. Business plan deliverability, and take swift action to address these.

- We have heard that there are good working relationships between DLUHC and DfE Commissioners who understand their objectives are aligned. There should be more focus on aligned priorities as the key guiding principle at all levels of both organisations.

- Effective ongoing oversight: There must be effective and proportionate mechanisms that ensure ongoing oversight of the children's social care services improvement journey by SBC's corporate leaders and effective scrutiny from elected members. While a detailed assessment of existing oversight mechanisms has been outside the scope of this review, what we heard from the interviewed stakeholders suggests that there is a scope for improvement in this area. On the one hand, SCF feels the oversight requirements are not proportionate and overly burdensome (SCF being 'governed to death'). The Director of Finance reported spending 80% of his time 'serving the Council' (i.e. responding to Council queries, addressing concerns, providing information requested by Council). On the other hand, SBC's corporate leaders do not necessarily have high confidence in SCF's capacity for self-assessment and ability to deliver forensic scrutiny of its practice and financial performance. The recent Review of governance

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[15] LGA and ISOS Partnership, Action research into improvement in local Children's Services, 2016 https://static1.squarespace.com/static/5ce55a5ad4c5c500016855ee/t/5d1cdb618ba73d0001a0deca/1562172269534/160621_LGA+children%27s+services+improvement+action+research_final+report.pdf [accessed 3rd August 2022]

arrangements for Slough Children First (delivered by SBC Principal Lawyer, last updated September 2022) identified a number of recommendations aimed at ensuring the oversight arrangements are fit for purpose. In particular, it highlighted a need to clarify extent to which SCF is subject to internal controls of the Council.

- Effective contract and financial arrangements: The design of the contract is crucial for the stability of children's social care services and effective working relationships with SBC. In the Slough context, the design of the financial mechanism needs to be considered very carefully. During our review, we have seen evidence that historically budget setting and budget management in Slough have been an issue. Historically, the children's trust and then SCF have failed to deliver services within the agreed contract value. This has resulted in frequent in-year requests for additional funding and a regular year end overspend / operating deficit. This has been destabilising both for SBC and children's social care services. There may be a number of issues contributing to this situation (inappropriate capitalisation of the Trust / Company from the outset, historic underinvestment, continued demand pressures and increasing complexity of needs, lack of financial oversight and scrutiny, weak budget management processes). The funding and demand pressures in children's social care featured in findings reported by the ADCS research into Safeguarding Pressures[16]. The report concluded that the main factors responsible for increasing expenditure on children's social care were increased unit costs (especially for placements), increased number of children coming into care, fewer children leaving care and, a result of the Covid-19 pandemic. On average, local authorities reported a 9.1% budget deficit in 2019/20. Without concluding on the root causes of the regular overspending of Slough's children's social care services, we believe that consideration should be given to strengthening in-year mitigations to manage overspend, in line with the service delivery contract.

- Effective governance and operational arrangements, including a regular strategic and operational interface between SBC and SCF: The governance arrangements that are set out in the Business Plan present the contract monitoring meetings as the interface between SBC and SCF. The service delivery contract sets out a more comprehensive programme of governance arrangements, including:
    - the Monitoring Group: set up to provide oversight of the contract management and monitoring arrangements including contractual requirements and the performance of the Company under the agreement and the Council's performance of the dependencies and system leadership;
    - the Strategic Commissioning Group: set up to provide strategic, political and executive oversight and scrutiny of the Company's delivery of the Council's statutory functions, through periodic monitoring of performance (including financial), Change Control Procedure and Annual Review;
    - the Finance Monitoring Group: set up to monitor the financial performance of Slough Children First, the impact on the Council and to mitigate those impacts where possible.

- We heard from the stakeholders we met that some of the Strategic Commissioning Group meetings have not taken place recently. SCF and SBC need to maintain regular meetings so that there is a good understanding of the strategic position on both sides.

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[16] ADCS, Safeguarding Pressures Phase 7, February 2021, https://adcs.org.uk/safeguarding/article/safeguarding-pressures-phase-7 [accessed: 30 September 2022]

It may be worth reshaping the existing governance arrangements or introducing additional regular operational meetings to cement better working relationships. Rather than a contractual meeting, it should provide a safe space to discuss emerging issues openly and in the spirit of partnership. This is particularly important given that some children's services remained in SBC and there are potential synergies from working more closely together. The Monitoring Group's terms of reference suggest that this group should provide a forum for discussing the cross-service issues. However, this group's standing membership which is limited to one Company representative and the Council's Intelligent Client Function suggests that it may not be well positioned to cover a broader range of operational matters. Shifting the language (and focus) of the meetings from contract monitoring to partnership may be also helpful.

Example from elsewhere: Sandwell Operational and Strategic Partnership Board

LGA Corporate peer challenge of Sandwell Council delivered in January-February 2022 recognised the Council's relationships with the Sandwell Children's Trust and the related governance arrangements as being strong. These relationships are centred on the Sandwell Children's Trust Board and the under-pinning Operational Partnership Board and Strategic Partnership Board.

The Council and Trust officers meet at least monthly at the Operational Partnership Board (OPB), to consider performance and operational matters. The OPB is chaired by the Trust Chief Executive and also includes the Executive Director of Children's Services, and Council senior officers from finance and legal services.

In addition, each quarter, the Lead Member for Children's Services and the Chief Executive meet with the Chair of the Trust Board and the Chief Executive of the Trust, at a Strategic Partnership Board.

Source: Business Plan 2020-23; LGA Corporate Peer Challenge

Scope of children's services managed by SCF

Children's services in Slough have been subject to DfE intervention and directions since 2014. The intervention only covers a part of the total children's service, but its exact scope has changed over the years.

The second and third directions (issued in 2015 and 2016 respectively) required that specified children's social care and education functions should be transferred to the independent trust. Included in these were certain education functions relating to special educational needs (SEND).

In 2017, the fourth direction required Slough Children's Services Trust to transfer SEND services back to Slough Borough Council.

Following the establishment of SCF in 2021, there was another move towards partial integration of services that support children and families under one roof. Early help and services to support children who are not in education, employment or training (NEET) moved to SCF, streamlining services for families.

We believe that further consideration should be given to which services and functions could be discharged to SCF, and which services should be retained by SBC to achieve the best outcomes for children, young people and families in Slough, and to increase the operational effectiveness of the services. A recent joint inspection of SEND services delivered by Ofsted and the Care Quality Commission in September–October 2021 found that the current arrangement does not work well:

> *Leaders in Slough have not effectively implemented the reforms. The council, Slough Children First and the CCG have not worked together to develop an effective strategy for doing so. Arrangements for joint oversight and accountability for work across education, health and care services have not been tight enough. There has been too little focus on the reality faced by children and young people with SEND, and their families in Slough.*[17]

The Business Plan mentions an ambition for a new target operating model for children's services underpinned by "a joint aspiration for all of children's services to be within one organisation". The first step of this would be for Family Hubs to be transferred to SCF. The Business Plan also states that it has been agreed that "now is not the right time for SEND and education services to transition to the company".

We support the ambition of unifying a continuum of children's services in one place. Given that this is a major transformative objective, we would encourage this ambition to feature more strongly in the Business Plan (currently it is mentioned just once in the document).

The optimal scope of services to be delivered by SCF needs to be given careful consideration. Given the scale of financial challenges of SBC, it is possible that transferring all services (including SEND and education) out from SBC could provide them with the environment that catalyses the improvement. However, this could also be destabilising for the children's social care services that remain fragile despite recent improvements. Therefore, we would recommend that more significant changes in scope do not take place until SCF is in a more stable position. Any decision on this would need to be supported by a robust options appraisal, financial modelling and due diligence. It would also require a change in DfE's statutory direction.

Partnerships across the wider system

The multifaceted nature of children's services means that local authorities cannot succeed in delivering a high-quality service on their own. Areas that have made sustained progress in the quality of services for children are good at engagement and collaboration at both strategic and operational levels with other agencies across their geographic footprint.

Below we consider how partnership working could be improved in Slough:

▼ Strategic level: Governance arrangements that underpin partnership working in Slough seem to be very complex, with numerous boards and groups that partially overlap. There may be a significant scope to streamline these arrangements, freeing time for the Chief Executive and other key staff, while building stronger relationships between the partners. A single board that includes all key partners and covers a continuum of children's needs and services could be considered. Such a board could meet more regularly, ensuring there is momentum in multi-agency working across Slough. The Children and Young People's Board may play this role, but it seems to be separate from the Health & Social Care Partnership Board (which provides an interface with healthcare partners). Without a single governance arrangement and oversight, achieving partnership objectives set out in the Business Plan (including a common set of outcomes, ethos and streamlined operations) is unlikely to be achieved.

  Well-functioning system-wide governance can also play an important role in children's services improvement. National research into improving children's services found strong partnership

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[17] Local area SEND inspection report, November 2021 https://files.ofsted.gov.uk/v1/file/50172328 [accesses 4 August 2022]

boards, and in particular externally-chaired multi-agency improvement boards, to be one of the critical enablers helping failing services to turn around:

> *At their best these bodies provided genuine scrutiny, oversight and accountability to partners as equals in a shared commitment to keeping children safe. They were able to ask intelligent and probing questions and would complement the authority's own audit, scrutiny and governance procedures. Those local authorities that had been subject to an externally-chaired improvement board often spoke highly of the impact that an effective external chair could have in bringing partners to the table, facilitating swift decision-making and holding partners to account for progress.*[18]

System partners participation in the Improvement Board chaired by the DfE Commissioner may be worth considering.

Case study: Sandwell Children's Improvement Board

The purpose of the Improvement Board is to ensure sustainable improvements to the quality of single and multi-agency practice with the overall aim of improving outcomes for the borough's most vulnerable children and young people. The Board meets monthly and its membership includes representatives from across the partnership including Sandwell Children's Trust, the Council, health, schools, the Police and also the voluntary sector.

Source: Business Plan 2020-23 [accessed 3rd August 2022]

- Operational level: SCF can play a critical role in galvanising partnership working across the Borough. This is partially reflected in the Business Plan, which lists the strategic and operational partnership objectives. However, there is a visible lack of practical approaches and specific proposals as to how partners could work together on the ground, what services could be developed and delivered jointly, no mention of joint commissioning arrangements, etc. These proposals would need to be further developed and costed, and it is possible they have been considered during the development of the Business Plan and rejected due to the limited financial resources. However, it is worth noting other Children's Trusts have been successful in more innovative approaches to partnership working. It may be particularly important for early help (see multi agency approach to early help presented in Section 3. Overview of the 'Invest to save' proposals) and edge of care proposals. This could also include working in close partnership with other services delivered by SBC (e.g. adult social care).

Case study: Examples of partnership working initiatives implemented by Birmingham Children's Trust

- 'Team Around the School' Model: In 2021, Birmingham Children's Partnership set up a new team of multi-agency professionals around every school.
- Preparation for Adulthood service: A brand new service and exemplar in service design, hosted by the Trust and co-managed with the Council's Adult Services. Aimed at meeting the needs of young people as they transition toward adulthood and independence.

Source: Birmingham Children's Trust Business Plan 2021-22 [accessed 3rd August 2022]

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[18] LGA and ISOS Partnership, Action research into improvement in local Children's Services, 2016 https://static1.squarespace.com/static/5ce55a5ad4c5c500016855ee/t/5d1cdb618ba73d0001a0deca/1562172269534/160621_LGA+children%27s+services+improvement+action+research_final+report.pdf [accessed 3rd August 2022]

Section 7. Partnership arrangements

This section explores the rationale and practicalities of partnership arrangements that may provide a vehicle to achieve long-term stability and security for Slough children's social care services.

Sounding with potential partner local authorities confirmed that the option of engaging with a partner to support the improvement journey could be a feasible way forward for SCF. It would help mitigate the business plan deliverability risks.

This section is not intended as a formal options appraisal. We have undertaken an initial examination of several alternative options, including a case study of each of these models to provide real world context where these models have been used before.

All options considered in this report are agnostic of the particular organisational delivery model. This means they could be applied to the current organisational delivery model of children's services in Slough (a local authority wholly-owned company) or could involve a structural reorganisation of children's services (e.g. establishment of a different delivery vehicle or transfer of services back to SBC). The former solution would allow for faster implementation and less disruption to the services. The latter would potentially allow to decrease or fully eliminate additional corporate costs of a separate entity. Some models may work better with a particular organisational form, but ultimately various combinations of partnership arrangements and delivery models are possible. While we would recommend that an organisational delivery model is considered in parallel with potential partnership arrangements, at this stage we prefer to focus our analysis on 'function' rather than 'form'.

More work would be required to define how these options could work in practice. None of the models that we have examined are without their challenges. It is also imperative to make clear that Slough provides a challenging context for the future provision of children's social care services whatever model is deployed.

For the purposes of this review, we have sounded out a small number of local authorities about the possibility of partnering with Slough to test whether there might be appetite for such an arrangement. We have also taken counsel from two authorities with experience of operating successful partnership models (Hampshire and Leeds) to better understand some of the conditions necessary for such partnerships to succeed.

Rationale for considering alternative models

There are two key reasons for exploring alternative models for the delivery of children's services in Slough:

- Systemic challenges that affect the effectiveness of children's services in Slough: A combination of challenges such as a small geographic footprint, challenging demographics and proximity to London which acts as a magnet for staff, has an overall negative impact on the deliverability of financial and service improvement plans. Partnership arrangements could create additional economies of scale in terms of commissioning of placements and staff, recruitment of foster carers and the movement of influential staff across the authorities, addressing some of the challenges that Slough needs to face while operating on its own.
- The scale and complexity of financial challenges in Slough: The level of financial difficulties in Slough is unprecedented. Turning around the financial situation of SBC may require local government reorganisation or other forms of cross-boundary cooperation. DLUHC commissioners were clear in their report that they will not shy away from considering radical options:

> *"[…] radical solutions will need to be found and implemented to ensure there is a sufficient critical mass to ensure that those services that are run are not fragile and can be sustained. At this point, it is not certain that SBC, by itself, can generate and implement the initiatives required."* [19]

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[19] Best Value Commissioners First Report on Slough, 9 June 2022 https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1094655/Commissioners_first_report.pdf [accessed 3rd August 2022]

Ideally, options for children's social care services should be considered as part of the process of designing stable organisational arrangements for SBC. We have seen this recently in Northamptonshire, where delivery arrangements for children's social care were redesigned as part of the wider local authority reorganisation. While the process was challenging, it ensured the stability of the service through the period of the reforms.

However, local government reorganisation – if this is an option that DLUHC Commissioners decide to recommend for Slough – could take many years and is likely to require primary legislation. Given the fragile situation of children's social care services in Slough, finding a viable solution for children's social care services may need to be fast-tracked and considered before any recommendations for the future of SBC are known.

Given that children's social care services in Slough have been subject to DfE intervention and directions that involved various alternative delivery models since 2014, further structural change should not be considered lightly. It is not an end in itself, but in the right circumstances it might be the key to unlocking sustainable service improvement for children's services in Slough.

Initial soundings with potential partners

We have been rightly challenged through the course of our review to test whether the options for a potential partnership are real. Are there other authorities who might be able and willing to support Slough Children First? If so to what extent and under what conditions might they be willing to help?

Accordingly, we assembled a shortlist of local authorities to approach for a non-prejudicial exploratory discussion to test appetite for a potential partnership arrangement such as those outlined above. This shortlist included LAs in relatively close geographic proximity to and/or with good travel connections with Slough. We also considered Ofsted ratings and political leadership (specifically, non-Conservative administrations with outstanding children's services or at least those rated good with outstanding leadership). This gave us a short-list of eight LAs, five of which accepted our invitation for discussion. We also spoke with representatives from Hampshire County Council and Leeds City Council, principally to explore the ingredients of successful partnership arrangements which we set out below.

Lessons from other partnership approaches

- Leeds and Kirklees

When Kirklees' Children's Social Care services were inspected and found inadequate in 2017, a partnership arrangement was agreed with Leeds City Council to support the service on its improvement journey. Kirklees had experienced churn at DCS level and, at the point that Leeds engaged, social workers were on strike due to two-tier workforce issues (agency staff being paid more and working with capped caseloads).

Unlike many of the arrangements between councils to provide support through DfE sponsored schemes such as Partners in Practice or Sector-Led Improvement Partners, the arrangements between Leeds and Kirklees went beyond advice and involved secondment of a small number of managers into key positions to lead and manage service improvement:

- The DCS of Leeds also took on the DCS role in Kirklees directly responsible for the service and accountable to Kirklees Council.
- Leeds seconded 3-4 managers into key positions (e.g. Head of Service, Front Door, Child Protection, Quality Assurance). Leeds' staff provided training and worked alongside Kirklees staff to support, supervise, and manage the service.

- Leeds were reimbursed for costs by DfE to be Kirklees' Improvement Partner. Leeds agreed to work with Kirklees until they felt the Kirklees service was ready to appoint a permanent DCS.
- Leeds were involved in the recruitment of that DCS to ensure the incoming DCS was committed to continuing to work in the way that Leeds had established and maintain stability of approach for the team at Kirklees who had seen much change over prior years.
- Ultimately Leeds worked with Kirklees for 18 months.

There were a number of prevailing conditions that enabled Leeds to provide this level of support:

- Their service was strong and had performed at a Good and then Outstanding level consistently for a number of years.
- Their workforce was experienced and stable. Senior leadership to mid-management level at Leeds had all been in position there for years. Accordingly, there was cover for key positions and secondment to Kirklees presented some staff with an opportunity to stretch themselves with a new challenge.
- Although Children's Social Care needed significant improvement support, Kirklees were generally a well-run Council. Recruitment and retention were far less a concern there than at Slough.

Ultimately Leeds "lost" 2-3 staff who wanted to transfer permanently to Kirklees to see through the improvement journey. Leeds were aware that that was a risk at the outset but felt confident in their service that they could afford that loss for the good of the system.

- Hampshire (Isle of Wight, Torbay)

Hampshire County Council are experienced improvement partners and have partnered or brokered partnerships with several authorities in need of support, including most successfully partnering with Isle of Wight since 2013 (see case study in Appendix 4 for more details).

In their experience there are three factors critical to the success of any partnership:

1. Separation of responsibility – it is vital for each partner to retain their own service "sovereignty" with separate governance, lines of responsibility and accountability.
2. Proximity – in Hampshire's view, partnerships tend to work most effectively when the partners are neighbours or at least where travel between partners is quick and easy.
3. Size – in the case of Hampshire and Isle of Wight (and in the case of Leeds and Kirklees) the improvement partner has been far the larger partner and able to offer substantial support without undermining quality of service within their own locality.

Hampshire also brokered an arrangement between Plymouth (as improvement partner) and Torbay. This partnership was not as successful in bringing lasting improvement to Torbay. Hampshire were geographically too distant to be able to add significant support and the Plymouth service proved to be too small and not sufficiently resilient in their own service to provide the intensity of support needed.

It is generally acknowledged that alignment of political leadership in the partnering authorities is an important factor in establishing a successful relationship. That is not to say that this will always guarantee success, but the process is generally far more difficult where different political allegiances prevail.

Outcome of soundings with potential partner authorities

Of the five DCSs we spoke with about a potential partnership with Slough, all were sympathetic to the cause and all would have liked to have been in a position to help. However, many would not be able to offer support beyond targeted advice.

Only one local authority was interested in exploring a more substantial partnership arrangement. It has a strong, stable leadership, have consistently achieved Ofsted rating of Outstanding and has strength in depth through its leadership and mid-management levels. It has also received strong assessment of its SEND service, so could potentially offer assistance to SBC beyond the services delivered directly by SCF.

If a partnership were to be progressed clearly both parties would need to undertake appropriate due diligence and appropriate corporate governance processes would need to be followed to authorise such a partnership.

MV comments

Partnering with another organisation that has achieved and sustained 'good' or 'outstanding' children's services could help mitigate the key risks around the deliverability of the plan. Such a partnering arrangement may help mitigate the reputational barrier to attracting appropriately skilled and experienced recruits to SCF and improve resilience of the service, ensuring more stable leadership and quality assurance is in place. Further, routing funding to improve the service via a partner organisation could mitigate concerns relating to lack of financial control and delivery capability expressed by the Council.

Our soft market testing confirmed that option of engaging with a partner to support the improvement journey could be a feasible way forward for SCF. Clearly there are other factors at play, such as the current search for a permanent new DCS at Slough, who will undoubtedly have a view about the desirability of such a partnership. Any partnership arrangement, irrespective of the detail of the arrangement, will be heavily reliant on a stable SCF leadership with propensity for collaborative working.

In our view the opportunity to partner with an authority that has a proven track record, strong, stable leadership and workforce and who has good travel links with Slough should be taken very seriously and explored further.

Appendix 1. Comments on practice approach

Good practice is dependent on a combination of features including the following key elements:

A. A practice model or framework which everyone in the organisation understands and follows
B. A system which is not too bureaucratic or process heavy and which allows flexibility and use of professional judgement and discretion
C. Good management oversight, decision making and a quality assurance framework which again, is not too process driven and allows front line staff to explain their decision making and activity
D. A stable, competent workforce with manageable caseloads, which enables them to build trusted relationships with families

Our comments on Slough social work practice approach are based on the four features above. We have examined both the Business Plan and the Getting to Good documentation, looked at Ofsted reports, and have had one very helpful meeting with the Operations Director to explore practice in more detail.

The business plan outlines the practice model (the Slough Approach), the core of which is relationship based social work and which includes attention to restorative practice and a strength-based approach. The Slough Approach draws on practice frameworks which the DfE have positively evaluated as associated with effective practice and the SCF model is similar to approaches utilised in a number of successful children's services departments. In recent years a systemic practice model was in place which had received positive comments in the Ofsted 2019 inspection report. However, we believe the decision to modify the model because its elements were structurally weak is a reasonable one. Three of the clinical staff who were employed in the systemic practice model have remained, which is helpful. They will add depth and understanding to work with families. The description of the practice model in the Business Plan is fairly brief and furthermore, it is not possible to identify how well the practice model is embedded.

The systems and structures in place are not unlike those in other local authorities, and rely on a framework of assessment, safeguarding and looked after children teams. Ofsted have identified some strengths and areas where practice is not good, and where there is drift for families, and actions to address these have been outlined in the Improvement Plan and Getting to Good plan.

In relation to quality of practice, Ofsted have also commented on areas where lack of management oversight is evident, and as above, these areas are highlighted in the improvement plans. The most recent Ofsted Focused Visit (January 2022) looked only at the front door services, where they identified bottlenecks and delay for families. There has not been a full Ofsted inspection since January 2019. The quality assurance framework SCF have in place involves regular auditing and reporting to senior leaders and enables the tracking of progress and patterns of practice in casework.

The main issue and biggest challenge, which has been identified by SCF, is workforce. The difficulties they experience in recruitment and retention of staff affect all aspects of the improvement plan. The impact of a significant number of vacancies held by agency staff and high turnover is that children and families will probably not have a consistent practitioner and as a consequence may not have a lasting or trusted relationship. Inevitably, this will have an impact on the effectiveness of the work undertaken. Less time can be spent with each family, which will affect the quality of risk assessment and the ability of the practitioner to undertake in-depth effective interventions.

Furthermore, high caseloads can lead to a more risk averse approach. The SCF performance information provides some insight into practice, triangulated with audits and more qualitative information. Key indicators in the performance information reports provided monthly show:

- The rate of referrals per 10,000 children is higher than statistical neighbours;
- The number of children subject to a children in need plan is also high, but there is evidence that throughput has improved over the last year with 9% of plans open for more than a year compared to 18% the year before;
- The rate of children subject to a child protection plan per 10,000 children (between 60 and 70 during the last 12 months) is much higher than statistical neighbours (40);
- But looked after children rates are in line with statistical neighbours.

These measures may indicate a lack of confidence across the system at the front door and a risk averse approach, which is not unusual in services with high numbers of agency staff and high turnover. It shows that there is much activity and processing of high numbers of children at the early stages of involvement with SCF.

The leadership have responded to this increased demand and complexity by employing additional Innovate teams. This is not uncommon and SCF are not unique in this approach i.e. responding to increased demand by increasing the capacity of the workforce. The business plan predicts that there will be further increase in demand in the next few years and thus their request for additional resources.

Other approaches might include focused and determined activity from middle and frontline managers to close cases and prioritise work with families where risk is high. It may be that middle managers are undertaking active control of throughput of work and prioritisation, but the high level of active work with families indicated by the performance information suggests they have not yet been successful in creating a confident assessment service where difficult decisions about risk and need can be more controlled.

To their credit, the ‘Invest to save’ proposals show that efforts are being made to shift the work towards earlier intervention with a view to controlling the amount of work that will be undertaken with families where the need and risk is high. Getting the balance between demand management on the one hand and increasing capacity to meet need on the other, is not easy and departments with a history of poor practice and Ofsted judgements tend to lean towards the latter and often have a culture of being more risk averse. The intention set out in the business plan and expressed by the senior leaders in SCF seeks to redress this balance.

In summary, it is not possible within our brief to make a detailed judgement about current social work practice, but SCF are aware and focused on the areas of weakness which need to be addressed. They have a comprehensive improvement plan and a quality assurance framework in place in order to assess their progress. Their approach, to shift the work towards earlier intervention and to reduce the numbers in the safeguarding service through the ‘Invest to save’ initiatives, particularly the edge of care team, is a common approach to take and providing they can build a more stable workforce, is likely to have a positive impact on practice.

Appendix 2. Comments on Family Hubs delivery model

SBC questioned the number of Family Hubs proposed in SCF's business plan. We have investigated this in more detail, looking at SCF's rationale for having four Family Hubs and benchmarking their proposal against Family Hubs models developed by other local authorities. We have found that Slough's proposal on the spatial configuration of the Family Hubs network is aligned with models developed by other local authorities and there is a clear rationale supporting four hubs. SCF could explore whether savings could be achieved through launching a hub and spoke model, with some locations operating as part-time 'spokes'. However, the amount of potential savings would be limited (potential reduction in spend approximately £90-140k per annum). The total estimated cost of Family Hubs in the business plan is £424k per annum (based on 9 FTEs: 4 Family Support Workers, 4 Outreach Workers, 1 Family Network Conference Co-ordinator).

Number of hubs – Slough Children's First's rationale

The analysis in the Prevention and Early Help Business Case indicates that four Family Hubs are required in Slough to provide the required capacity (however, no detailed modelling has been presented to support this view). In conversations with SCF we have heard that four locations will provide good accessibility of services. The proposed number of locations would also help to tackle affiliation issues specific to Slough (families reluctant to use services located in areas outside of their neighbourhood, community, or area they identify with). This is reflective of recent MV research delivered as part of the Family Hubs feasibility study for a London Borough. Consultation with prospective service users made it clear that accessibility is one of the key success factors for Family Hubs and affiliation issues could derail the project if not addressed by the appropriate number and distribution of hubs.

Another important argument for having four Family Hubs in Slough is to enable organisational alignment with the existing four localities model introduced by SBC in early 2021 which is used to plan and deliver community and health services bespoke to local communities. This will in turn enable respective Hub Coordinators to lead the preventative and early help work supporting SBC in delivering three overarching locality working outcomes: prevention, self-help and resilience[20]. In our opinion, this is a good example of alignment between SCF and SBC.

Number of hubs - benchmarking

There is no single gold standard in terms of the number and spread of hubs. Local authorities tend to have multiple Family Hubs located across their geographic footprint – many adopting a 'hub and spoke' model. However, the number of hubs and their geographic distribution need to be driven by local circumstances, including the population density, transport accessibility, level of needs and availability of other services. There is no 'one size fits all' Family Hubs service delivery model.

The figure below presents the key information on the spatial configuration of Family Hub services in 10 local authorities. To facilitate a comparison of various models, we have included information on the number of residents, and the number of children and young people aged 0-19 per Family Hub delivery location. With four Family Hubs, Slough would not be an outlier in terms of the local population per hub. The majority of local areas have a much lower population per hub than Slough. One local authority (Kingston upon Hull) has a significantly lower number of Family Hubs in relation to population. However,

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[20] For more information on the SBC locality work model, see Locality Update November 2021, https://democracy.slough.gov.uk/documents/s66243/Localities%20Background_Q3update.pdf [accessed 17th September 2022]

Kingston upon Hull is eligible to receive funding from the government's Family Hubs and Start of Life programme and will be looking to expand its network.

One recommendation would be to explore if savings could be achieved through launching some locations as part-time 'spoke' hubs. However, the amount of potential savings would be limited.

Figure 18. Comparison of Family Hub models and spatial configuration in 10 local authorities.

Local authority	LA Type	Family Hubs Model	Total Family Hubs delivery locations	Population	Population aged 0-19	Population per Family Hub	Population Aged 0-19 per Family Hub
Sefton	Metropolitan	10 hubs, 3 commissioned centres	13	279,300	57,900	21,485	4,454
Bristol	Unitary	3 hubs, 20 affiliated sites	23	472,400	107,900	20,539	4,691
Suffolk	2-tier county	17 full-time hubs, 12 parttime hubs	29	760,300	161,000	26,217	5,552
Doncaster	Metropolitan	12 hubs	12	308,100	69,700	25,675	5,808
Leeds	Metropolitan	3 central hubs, 25 clusters	28	812,000	196,400	29,000	7,014
Isle of Wight	Unitary	3 hubs	3	140,400	26,000	46,800	8,667
Essex	2-tier county	12 hubs, 27 delivery sites	39	1,503,300	342,000	38,546	8,769
Stockton-on-Tees	Unitary	4 hubs	4	196,600	46,700	49,150	11,675
Slough	Unitary	4 hubs	4	158,500	47,200	39,625	11,800
Kingston upon Hull	Unitary	2 hubs (more in development)	2	267,100	65,500	133,550	32,750

Data source:

- Bristol, Sefton, Suffolk, Leeds and Essex Family Hub model: DfE, Family Hubs Evaluation Innovation Fund (20-21/013) Scoping report, November 2021 https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1030301/Family_Hubs_Evaluation_Innovation_Fund_scoping_report.pdf [accessed 17th September 2022]
- Doncaster, Stockton-on-Tees, Isle of Wight and Kingston upon Hull Family Hub model: Family Hubs Network https://familyhubsnetwork.com/map#map [accessed 17th September 2022]
- Population data: ONS, Census 2021 first results England and Wales

Appendix 3. Business plan deliverability – detailed review

We used a RAG rating to assess SCF's position against the good practice standards included in the framework. The colour coding applied should be understood as follows:

- Green [G] – evidence of meeting the standard, no major concerns or issues raised;
- Amber [A] – some areas for improvement identified, in many cases the company is already aware of them and has plans or has taken action to improve its position;
- Red [R] – key areas for improvement.

Theme 1: Financial accountability regime (governance, financial scrutiny and assurance)

Good practice standard	Comments on SCF position	RAG
	Management dimension: Leadership	
1.1.1. The Board has a good oversight of the company's financial performance: it is regularly discussed and challenged in Board meetings.	▼ There was evidence of general engagement from the SCF Board on the financial performance, although it appeared that the primary discussions and challenge are through the Audit Committee Chair. ▼ There was evidence of challenge both in and outside of Board meetings. ▼ There is also evidence of SCF Board passively accepting Council's savings targets without assessing their deliverability, which resulted in frequent overspends.	A
1.1.2. Between executive and non-executive directors, there is a good level of finance skills and experience on the Board. Skills are regularly audited, and any gaps addressed through training or appointments.	▼ It was demonstrated that a healthy support and challenge relationship exists between the Finance Director and Audit Committee Chair. ▼ There was a recognition that the Board would benefit from further financial or business skills to strengthen the Board, including acting as Chair of a new Finance Committee.	A
1.1.3. The Finance Director is an active member of the Board.	▼ Yes, there is evidence that Executive Finance Director, Matt Marsden, is an active member of the Board	G
1.1.4. The Board receives regular reports that summarise the company's financial position and clearly signpost financial pressures.	▼ Yes, although it was recognised that the information presented could be improved, both following the work on the Business Plan which has highlighted the benefits of deeper analysis, but also greater use of graphics to clearly demonstrate the pressures and issues.	A
1.1.5. The committee structure supports the focus on financial and performance scrutiny.	▼ There is an Audit Committee, which leads on this – however it was recognised that the introduction of a Finance Committee would be beneficial for this focus in future.	A
1.1.6. Financial stability is regarded by the leadership team as integral to supporting the delivery of SCF's service improvement objectives / 'Journey to Good'.	▼ Yes, providing value for money is one of the strategic aims and priorities included in the SCF Plan to getting to Good, with specific actions, owners, measures and outcomes. However, as noted below, this area of the plan is still work in progress and should be strengthened.	A
1.1.7. The leadership team actively monitors the elements of the company's P&L account that pose a	▼ Yes, it was felt that there is a good oversight on financial monitoring, however the systems used to produce the information could be improved and indeed the work on the Business Plan has highlighted the benefits of deeper financial	A

significant risk to its financial sustainability.	analysis to underpin reporting and improve the quality. This is especially true of the need to accurately report the future projections with the further development and monitoring of accurate and robust assumptions within the financial model.	🟧
Management dimension: People		
1.2.1. Finance function is fit for purpose: the company has access to sufficient financial resources and skills to meet its business needs.	▼ The SCF finance team is small, and whilst competent it would appear that the Finance Director has needed to be much more 'hands on' with the development of the detailed financials and Business Plan than may usually be expected. This suggests that there is a lack of capacity or appropriate skilled resource within the team and addressing this, would enable the Finance Director to 'take a step back' and objectively review the detailed work of others to ensure strategic fit and appropriateness. ▼ It was also suggested that a great deal of time of the Finance Director is spent in meeting Council needs and requirements and is therefore externally focussed to SCF, which means a risk of lack of quality time to focus on the detail within SCF and the 'running of the business'. Recommendation: ▼ To review capacity and capability within SCF finance function to ensure it is fit for purpose, and the Finance Director has an ability to 'take a step back' and focus on more strategic issues. Additional finance team resource would be beneficial, or partnering with other Children's Services are options to consider, particularly as a short term solution for strengthening SCF finance function. ▼ In our experience having an independent strategic finance function is critical for children's services alternative delivery models. The strategic finance function for the Company needs to have independence to advise the Company on its financial issues without any risk of conflict to the competing priorities of the Council. To that end SCF should have independent strategic finance function unimpeded by potential conflicts of interest that are inevitable if this is provided directly by the Council. Without such independence there would be a risk of undue influence or blurring of professional advice. The provision of transactional financial support however could be delivered by the Council via an SLA or contract for supply.	R
1.2.2. Finance staff hold permanent posts and there are no challenges in maintaining a level of continuity of skilling and experience.	▼ This was not identified as a specific issue although it was acknowledged that there were historic issues in the quality of financial information which were dealt with and led to the change of key staff roles.	G
1.2.3. Finance related training needs (both within the finance function and operational staff with budget holding responsibility) are being assessed on regular basis and gaps addressed by appropriate training.	▼ This was not specifically tested, nor raised as an issue.	
Management dimension: Processes		

1.3.1. Corporate measures of performance include financial indicators.	▼ The contractual performance framework does not include financial KPIs – it focuses on demand and efficiency indicators. However, it does include KPIs that will have an impact of the company's financial performance, e.g. percentage of qualified social work posts covered by agency workers. ▼ Some thought given to measuring performance and outcomes in the 'Value for Money' section of the SCF Getting to Good Plan – this is work in progress and needs to be further developed.	A
1.3.2. There is a clear scheme of delegation, outlining delegated responsibility and accountability for financial management, performance and reporting.	▼ This was not specifically tested in our review, nor raised as an issue. The recent Review of governance arrangements for Slough Children First carried out by the SBC Principal Lawyer found there isn't an up-to-date scheme of delegation in place.	

Theme 2: Corporate planning function and robustness of financial modelling

Good practice standard	Comments on SCF position	RAG
	Management dimension: Leadership	
2.1.1. The Board oversees the development of the annual business plan and ensures it is produced on time and to a high quality.	▼ The Board has been involved in the development of the business plan and are satisfied with the quality of what has been presented. ▼ The current Business Plan was developed in more detail through an iterative process at the request of the Council. It is therefore reasonable to question why SCF did not previously recognise the necessity of the depth of analysis which was required to underpin the business plan. This could be the result of a lack of capacity or expertise to 'know what good looks like' in financial management in this specific case. It was also impacted by changes in Board members throughout the process. ▼ The Board recognised that the business plan development journey has improved the quality of the work presented and there are multiple lessons learnt for the company to ensure the next business plan is produced on time and to a high quality.	A
2.1.2. The leadership team is able to demonstrate that plans for service delivery provide value for money.	▼ We have noted an increasing focus on delivering cost-effective outcomes – driving value for money for Slough has been added to the latest version of the business plan as one of the key priorities for the service. Business cases supporting the Invest to Save proposals include return on investment calculations. ▼ SCF Plan for Getting Good includes three actions under the value for money section. However, these actions are either operationally focused (review of payments systems and processes) or linked to specific initiatives (community-based assessment team, sufficiency of placements for 16+). ▼ We have not seen evidence of more strategic thinking about what value for money means for SCF leadership, how it would be embedded at all levels and service areas, how it would be measured. Recommendation: ▼ We would encourage SCF leadership team to develop a more structured approach that would allow them to demonstrate that services provide value for money. This is important given the challenging financial situation of the Council. This could include a Value for Money strategy / process that looks at the below areas:	R

	o Defining a clear and consistent understanding of what value for money means to SCF and to its leadership team; o Introducing suitable mechanisms in place to promote value for money at a corporate level and at the level of individual services; o Defining what actions need to be taken to promote value for money; o Promoting an organisational culture that recognising that providing value for money is important for the long term sustainability of the service given the current financial challenges in Slough and continued demand pressures (e.g. looking for other ways of responding to demand pressures than increasing capacity, being innovative with identifying potential savings, promoting service efficiency reviews, etc.)	🟥
	Management dimension: People	
2.2.1. The Finance Director, working in close cooperation with the Operations Director, lead a robust corporate planning function that is responsible for the development of the annual business plan and the underpinning financial modelling.	▼ There was collective evidence of this. ▼ However, it was also noted that the Finance Director led on this in some degree of isolation, which may have been a necessity due to timelines and the level of detail required. It does raise the question of whether all contributors were fully engaged with the detail and therefore collectively own the results. This seems especially evident as new iterations of the Business Plan were developed in more and more detail.	A
2.2.2. Individual service areas and budget holders are involved in corporate planning in a way that allows them to take full ownership of the plans. They ensure that financial model reflects a realistic position on the plans and savings proposals.	▼ There was no obvious evidence of contribution towards the development of the business plan below the senior leadership, and therefore it is unclear whether further engagement throughout SCF management layers would have improved the quality or potential for delivery of the plan. Individual business cases underpinning the 'Invest to save' proposals were developed by relevant service leads and individuals with particular subject matter expertise. This is positive – a collective approach will be required to ensure full buy-in and delivery. ▼ It was noted that SCF felt training of staff would be helpful to embed the new ways of working and practice – so this would likely correlate to a need to understand the financial implications of those changes. ▼ There was a recognition that a delivery partner could help ensure delivery of the plan, especially for capacity and training of staff.	A
	Management dimension: Processes	
2.3.1. The company has a rolling multi-year financial plan underpinned by comprehensive and well-constructed financial modelling.	This criterion looks at four specific things – whether the company has: ▼ A multi-year financial plan – Yes, it has a financial plan covering 7 years. ▼ A rolling financial plan – Yes, it is possible to track movements between various versions of the plan. ▼ A comprehensive financial model – The financial model used by SCF is comprehensive, covering all areas of the service, including placements, staffing, caseloads, etc. There are no parts of the service that are not covered by the model. ▼ A well-constructed financial model (from the technical perspective) – Broadly speaking, the model is constructed correctly. We have identified some areas for improvement that were shared with the company (including technical / calculation errors). These were shared with the Finance Director, who was	A

	receptive to feedback, which gives us reassurance that this aera will be further strengthened going forward. Please note that our review has identified several weaknesses in the business plan, including some unrealistic assumptions, limited evidence on value for money for some proposals, etc. These were all highlighted in our report and marked as amber or red where required.	
2.3.2. The company integrates its operational and financial planning. The financial plan is consistent with operational service plans and fully linked to the objectives that are central to the 'Journey to Good'.	▼ There was evidence of collaborative working across the SCF leadership to develop the business plan, however it was also noted that the Finance Director took the lead for this work personally and due to the multiple iterations of the plan and necessary development of the detail underpinning it. It was not evident that all of these changes were fully clear between finance and operational planning. ▼ In order to improve the underpinning detail in the business plan, the finance function would likely benefit from access to further specialist operational resources to inform, check and challenge the financial models.	A
2.3.3. The business plan and the underpinning financial model are explicit about the core assumptions. The assumptions are prudent, and stress tested through sensitivity analysis.	▼ The business plan was not explicit about all the core assumptions used for modelling. Assumptions regarding demand pressures (demographics, cost of living crisis) were explained at length. So were the assumptions underpinning the 'Invest to save' proposals, however some of them were presented in business cases rather than the main business plan document, which made it more difficult to track and analyse all the assumptions. ▼ The assumptions were not stressed through sensitivity analysis when we started our review. This was due to tight timescales for the production of revised plan. The Finance Director was aware of this shortcoming of the plan and welcomed the MV review team input into sensitivity analysis and identifying potential alternative scenarios. Recommendation: ▼ Next iterations of the business plan should include an explicit list of all the core assumptions presented in one place. This will facilitate ongoing monitoring of these assumptions (especially important for a demand-led service characterised by high volatility levels). All the core assumptions should be stress tested through sensitivity analysis.	R
2.3.4. Savings plans are realistic, well evidenced and substantially based on finite change proposals / business cases, rather than being 'aspirational'.	▼ This has significantly improved in comparison to the previous version of the business plan, which included unrealistic savings targets agreed to in order to satisfy the Council. ▼ The MV review team have identified a number of risks to savings plans (explored in more detail in this report). This is to be expected for most children's services initiatives because of the challenging and unpredictable nature of demand. Robust processes to manage these risks will be key (explored in more detail below).	A
2.3.5. The company uses appropriate documented tools (e.g., benchmarking) and option appraisal methodology to demonstrate the value for money of its plans.	▼ There is evidence of use of appropriate tools such as benchmarking to support development of some of the 'Invest to save' proposals (e.g. benchmarking of workforce statistics, renumeration and retention packages against a number of other local authorities). ▼ We would like to see a more consistent use of tools to demonstrate the overall value for money of the service.	A

2.3.6. Investment proposals are supported by business cases.	▼ Yes, all 'Invest to save' proposals are supported by separate detailed business cases. Therefore, we don't have a reason to mark the company down against this criterion. Please note that the quality of business cases is assessed by other criteria looking at whether plans are realistic, well evidenced and provide value for money. These are rated amber / red to reflect weaknesses we have identified.	G

Theme 3. Business plan delivery and monitoring infrastructure

Good practice standard	Comments on SCF position	RAG
	Management dimension: Leadership	
3.1.1. The leadership team is overseeing the delivery of the business plan through appropriate governance arrangements, including a dedicated Programme Board, reporting to the company's Board.	▼ The leadership team express full commitment to overseeing the delivery of the business plan. However, the documentation provided lack of detail on governance arrangements. ▼ We have not seen comprehensive evidence on the programme architecture. The SCF Plan for Getting to Good presents a diagram outlining the governance arrangements for monitoring Getting to Good plan, the business plan and 'Invest to save' plans, however there is no detail on how the business plan will be governed. ▼ The latest version of the business plan programme delivery includes an empty placeholder for Programme Governance. ▼ The company agrees that the imminent change in a Chief Executive position creates an additional deliverability risk. However, if an experienced Chief Executive is selected to drive the business plan forward over a longer period, it could make a significant difference. It was noted that the business plan is 'not rocket science' and reflects practice which is generally considered to be common in many children's services – so any appropriate Chief Executive should easily 'buy in' to the current business plan and be able to ensure its delivery of the principles (subject to questions on assumptions as identified elsewhere). Recommendation: ▼ Developing robust governance arrangements and full programme architecture for the business plan delivery needs to a priority. The governance arrangements should include a single line of accountability from service managers up to the Chief Executive / DCS, clear reporting and risk management arrangements.	R
	Management dimension: People	
3.2.1. There is a dedicated Project Management function responsible for the coordination of delivery and reporting on the business plan. It is costed and included in business plan financial model.	▼ It is recognised that strong Project Management function is needed for ongoing delivery of the business plan. SCF has a part time Project Manager already in place working on the business plan. ▼ The business plan narrative mentions that the project office will include oversight from a programme manager, supported by 2 project managers, a part time project office support, a specialist savings consultant and a commissioner. ▼ The Finance Director confirmed that the project office is costed, albeit it is expected it will be funded from a variety of sources (including Capitalisation Directive via the Council, DfE grant, incremental savings targets and existing base budget where activity is expected to be absorbed). ▼ As some of the above funding sources have not been confirmed (including grant funding from the DfE), this creates a risk that will need to be closely monitored.	A

3.2.2. Budget holders /service managers understand they are responsible for delivering services cost effectively and in line with the business plan and are held accountable for doing so.	▼ It was evident that the senior leadership are very clear on the need to deliver services within budget. It was not tested or clear what the levels of budget holder responsibility were throughout SCF, due to the time available for this work.	
Management dimension: Processes		
3.3.1. Business plan is underpinned by a detailed and up-to-date delivery plan, with identified actions, timeframes, owners and interdependencies.	▼ A delivery plan underpinning the Business Plan has not been finalised, which makes it difficult to assess it. The working document shared with our review team provides a framework, which gives us reassurance that the plan will include all the key elements (actions, timeframes, owners and dependencies). ▼ The company should prioritise finalisation of the plan and increase the pace of work on this document. We would expect it to be finalised before the Cabinet approves the business plan.	A
3.3.2. The company has a robust business plan monitoring process, with effective and insightful in-year forecasting, and a good mix of narrative and metrics reporting.	▼ There is little detail on the business plan monitoring process. The SCF Plan for Getting to Good indicates that the business plan will be reviewed and updated annually (which is a contractual requirement for the company) and the 'Invest to save' programme plan will be reviewed and updated monthly. Recommendation: ▼ We would expect more detail on how the business plan will be reviewed and updated on a regular basis, to make sure it stays relevant as the key strategic document. More detail would be helpful on the ongoing internal assurance and monitoring arrangements (including opportunities for staff and children and young people to provide feedback and input to the next iterations of the business plan – especially that promoting the voice of children is one of the key strategic objectives that the plan sets out).	R
3.3.3. Business plan defines SMART output and outcomes measures that are linked to the corporate KPIs framework.	▼ We note the business plan does not include a KPI framework. Some (but not all) of the key initiatives include key measures of success. However, they have not been organised into a consistent and comprehensive framework that clearly outlines the key milestones, outputs, and outcomes. This makes it difficult to understand what the business plan proposes to achieve, by when, and how the success will be monitored and measured. Recommendation: ▼ A more focused separate suite of SMART KPIs that are directly linked to proposals set out in the business plan could be developed to support the ongoing monitoring and assurance processes. This should form a benefit realisation plan. This is particularly important for 'Invest to save' proposals that will take a number of years to realise their full impact. The company and the Council need to have tools to assess if the service is on track of achieving them.	R
3.3.4. Risk assessment of material items is kept up to date and reported to the Programme Board with financial implications, mitigating actions and contingency provisions.	▼ The business plan does not include a separate risk register. ▼ We have been provided with Slough Children First Serious Risks and Issues-document (dated July 2022), which lists the key risks, their impact on the service, mitigations and actions taken. It provides evidence that the company has a good understanding of the key risks to its operations and is addressing them. However, these risks are not specific to the business plan and its delivery. Recommendation: ▼ Business Plan needs to be underpinned by robust risk assessment. Risk register should be created for the business plan and	R

	maintained on ongoing basis. Risks need to be proactively managed and reported to the Board.	🟥

Theme 4. Interface and relationship with the Council

Good practice standard	Comments on SCF position	RAG
	Management dimension: Leadership	
4.1.1. The leadership team understands the company's prospects for financial sustainability in the longer term and reports this clearly to the Council and elected members.	▼ Yes, although it would be beneficial if the relationship improved between the parties, which enabled a space for trust and honest conversation, and potentially the opportunity to work through some challenges collaboratively. ▼ SCF feel overly managed, which may be understandable given the financial history, however moving forward – it would be conducive to an effective relationship if there were also opportunities for SCF to raise concerns or challenges, without fear of ramifications or further scrutiny. ▼ SCF recognised the challenges which have arisen as a result on change in leadership within SCF, specifically the Chief Executive role as well as historic overspend. It was agreed that these issues had added to the breakdown in the relationship with the Council. ▼ As stated above, being explicit on the core financial assumptions and monitoring them on regular basis would help improve the relationship and base the conversation on monitorable facts rather than one-sided opinions and feelings.	A
4.1.2. The leadership team has a good understanding of the Council's financial pressures and focus on re-examining priorities and identifying potential efficiencies in response to tighter finances and section 114, including reducing costs where appropriate.	▼ It was clearly demonstrated throughout all interviews that SCF understand and are mindful of the financial position of the Council. ▼ It was less evident that SCF felt able to make further savings beyond the 'Invest to save' proposals, as they are more focussed on the challenge of getting to Good than making savings beyond those for which they are already accountable. ▼ We note that SCF seems to lean towards more risk averse culture. In the past, the leadership have responded to increased demand and complexity by increasing capacity and we did not see evidence of pushing to find alternative solutions, reconsider thresholds, being more imaginative about how services are delivered. The intention set out in the business plan and expressed by the senior leaders in SCF starts seeking to redress the balance between demand management on the one hand and increasing capacity.	A
	Management dimension: People	
4.2.1. There is clarity on who is responsible for communicating and collaborating with the Council at the strategic and operating level.	▼ SCF would welcome a way to improve communication and collaboration with the Council, and it is recommended that both parties find a way to 'reset the relationship' in the best interests of the communities in Slough. ▼ There have clearly been numerous historical issues between both parties which have eroded trust, however many of these seem to have taken place between individuals who are no longer working there. In order to foster the appropriate environment for SCF to succeed in its objectives, and therefore contribute to the Council objectives whilst meeting statutory responsibilities – it is critical this issue is resolved. ▼ SCF did not feel the Council were fully behind them, although they welcomed the knowledge and support of the Lead Portfolio Member who was considered to be supportive and well informed.	A

	▼ The quality of this relationship will also likely impact on the retention of any future Chief Executive or senior leadership of SCF.	🟧
4.2.2. The Council has a dedicated contract manager.	▼ Yes, Council has Intelligent Client Function performed by Jane Senior, SBC Associate Director – People Strategy & Commissioning	G
Management dimension: Processes		
4.3.1. There are regular strategic and operational meetings between the company and Council that provide foundation for open communication and good partnership.	▼ The service delivery contract sets out a comprehensive programme of governance arrangements, including the Monitoring Group, the Strategic Commissioning Group and the Finance Monitoring Group. ▼ We heard from the stakeholders we met that some of the Strategic Commissioning Group meetings have not taken place recently. ▼ SCF and SBC need to maintain regular strategic and operational meetings that cement better relationship between the parties. ▼ It may be worth reshaping the existing governance arrangements or introducing additional regular operational meetings to cement better working relationships. This is particularly important given that some children's services remained in SBC and there are potential synergies from working more closely together. The Monitoring Group's terms of reference suggest that this group should provide a forum for discussing the cross service issues. However, this group's standing membership which is limited to one Company representative and the Council's Intelligent Client Function suggests that it may not be well positioned to cover a broader range of operational matters.	A
4.3.2. The company is fully transparent on its financial position. In return, the Council is open to recalibrating the budget if demand pressures are well evidenced and outside of the company's control.	▼ We saw evidence that SCF want to be transparent and are not deliberately withholding information. However, they are not perhaps as open as they could be about potential scenarios until they have worked through the financial implications, for fear of further scrutiny. ▼ This review did not test the understanding of the Council of Children's Services, but it would be helpful to ascertain whether there is a depth of knowledge in the genuine challenges which such a service presents in order to inform reasonable contract discussions. Councils with Outstanding services prioritise and stand behind their children's services. unless the Council fully grips and acknowledges the part it has to play in support children's services, SCF will likely continue to struggle. ▼ It would be beneficial if SCF were viewed as a critical partner to the Council, and a significant contributor to the community life of Slough..	A

Appendix 4. Partnership models and case studies

This appendix sets out an overview of various partnership arrangements that were implemented across the country. It includes a summary of advantages and disadvantages of each model as well as a case study that illustrates how the arrangements worked in practice.

Franchising model

Overview: The concept of Local Government Franchising (LGF) was initially introduced by Kent County Council nearly two decades ago and has been subsequently developed as a national model. It is a risk-sharing partnership between a struggling and a high-performing council, to transform the performance of one or more services. LGF would be delivered through packages of specific services (e.g. performance management, finance, workforce strategy, commissioning) supported by a combination of managers with a recent track record of achievement in public services delivery. The strength of the franchising model is that it works with the whole system.

Key features:

- **Governance:** A formal agreement (e.g. a Service Level Agreement) for an agreed minimum period (e.g. 4 years to align it with Slough's current timeframe to achieve 'Good') would be established between SCF, SBC, and another local authority, which would take on a role of the franchisor. The agreement would also be subject to statutory direction from the DfE. SBC would retain full political accountability for all Children's Services and the usual Cabinet level and scrutiny processes would continue. The agreement between SCF, SBC, the DfE and the partner Local Authority would include a robust performance framework and potentially a risk sharing arrangement. The improvement plan would also be updated to reflect the franchising arrangement between SBC and the local authority.

- **Management:** Contrary to the other models explored in this report, the franchising model does not require the DCS of the partner local authority to take on the full DCS role for SBC (although this is also possible). The Senior Management Team of the partner local authority would support the DCS and SCF Children's Services teams via a matrix management approach.

- **Comments on potential partners:** Given the model had been initially developed by Kent County Council, whose children's services have been rated as outstanding earlier this year, it may be worth exploring if Kent would be interested in continuing its role as a franchisor. Another potential partner could include Essex County Council. They run outstanding children's services and already have working relationship with Slough through Gavin Jones, one of the DLUHC commissioners and chief executive of Slough, who is also the chief executive of Essex County Council.

  This model could also work well with an alternative delivery model as a franchisor e.g. Achieving for Children (AfC) who provide children's services for the Royal Borough of Kingston upon Thames, Richmond Borough Council and the Royal Borough of Windsor and Maidenhead. We understand that the AfC are seeking a partner authority for the Windsor and Maidenhead service. AfC is explicit in its Business Development Strategy that its '*services may be extended to other organisations supporting children outside of our three AfC boroughs where there are clear ethical, financial or* *developmental benefits'*[21]. The franchising model could allow AfC to deliver its wider business development objectives.

Advantages and disadvantages

Advantages of the franchising model	Disadvantages of the franchising model
▼ Lends itself to cooperation with both local authorities and ADMs, expanding the potential pool of partners ▼ Would allow SCF / Slough Borough to access the expertise and experience of senior managers and frontline staff from another local authority or children's services ADM ▼ An opportunity to adopt policies, procedures and practices that have been tried and tested by the partner local authority / ADM ▼ Potential to develop shared services and achieve economies of scale across both areas in future ▼ Could apply the lessons learnt from other local authority areas (Kent and Swindon) ▼ Flexible arrangement, relatively easy to set up and with withdraw if necessary, could be implemented while LGR options for Slough are considered	▼ The potential for improvement relies heavily on the partner local authority having sufficient capacity to manage and improve the service ▼ Requires time to build good working relationship ▼ May require recruitment of DCS / Chief Executive (but on the other hand this person could be solely focused on Slough) ▼ Recharge cost would need to be considered ▼ Would likely require additional funding and contribution from central government

Case study: Kent County Council (KCC) and Swindon Borough Council (SwBC)

Background

Swindon was the first local authority in Britain to use the franchise model to rescue its struggling social services. Swindon social services were deemed to be among the worst in the country: in 2003 the Commission for Social Care Inspection (CSCI) awarded its social services department a zero star rating. It had improvement plans in place, but there was scepticism at corporate level within the authority that these plans might not be sufficient. Staff shortages were a problem both on the front line and in terms of management capacity. Kent was seen as a partner that can bring expertise and capacity to speed the recovery programme in key areas. In 2004 the Swindon/Kent Partnership to pilot a model of Local Government Franchising was announced. It was underpinned by a £3.6m three-year deal. The Department for Communities and Local Government (formerly the Office of the Deputy Prime Minister) contributed £820,000 to the franchise pilot, and the Department of Health contributed £180,000.

Nature of arrangement

The key features of the partnership included:

- During the first year, the main priorities of the partnership were to stabilise the personnel and financial issues. These were seen as critical success factors on which more detailed, service-based performance improvement work could be added. Over time, expectations of the

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[21] AfC, Business Development Strategy, February 2022 https://www.achievingforchildren.org.uk/wp-content/uploads/2022/05/doc-AppendixB-Business-Development-Strategy.pdf [accessed 9th August 2022]

partnership and style of delivery changed to respond to progress made, emerging priorities and the particular challenges.

- SwBC retained legal and political responsibility for social services.
- Both local authorities had committed staff to identifying areas for improvement in Swindon Social Services' systems, processes, people and relationships and bringing about transactional and transformational changes.
- KCC provided managers below assistant director level. Middle managers from Kent visited Swindon two or three days a week. They were tasked with installing better financial control and backroom systems to monitor the delivery of care.
- A senior manager from Kent was seconded to establish a more professional approach to Swindon's recruitment practices.
- Support was provided by members of the Inter-Authority Partnership Unit (IAPU), which was set up by Kent to oversee any changes.
- Although interim management was not within the scope of partnership staffing, when the Swindon Director of Social Services left during Phase 1, a senior Officer from Kent was appointed. This interim appointment was an important stage in developing the relationship and demonstrated the commitment of both partners to its ultimate success.

Impact

The Benefits Review study found evidence that the franchising arrangement allowed Swindon to grow in ambition, improve its leadership, develop more effective relationships, improve the management of performance, and shift its culture. In December 2005 CSCI awarded Swindon Social Services 1 star for 2004/5, and in the following year, for 2005/6 with the addition of "promising prospects".

More information: Swindon Borough Council Benefits Review, Outcomes of the contract with Kent County Council, 2007, https://democracy.kent.gov.uk/documents/s3702/Swindon%20Partnership%20Appendix%20Cabinet%20140108.pdf [accessed 9th August 2022]

Partnership model

Overview: Another local authority would take on the management and delivery of Slough children's services.

Key features:

- **Governance:** A formal partnership agreement (e.g. a Service Level Agreement) for an agreed minimum period (e.g. four years to align it with Slough's current timeframe to achieve 'Good') would be established between SCF, SBC and another local authority, which would take on the delivery of children's services in Slough. The agreement would also be subject to statutory direction from the DfE. The DCS in the Local Authority taking on Slough Children's Services would become the Chief Executive of SCF and potentially also the DCS for SBC. SBC would retain full political accountability for all Children's Services and the usual Cabinet level and scrutiny processes would continue. The agreement between SCF, SBC, the DfE and the partner Local Authority would include a robust performance framework. The improvement plan would also be updated to reflect the partnership between SBC and the Local Authority. Both Local Authorities would be held to account for outcomes from Children's Services by the DfE with regular monitoring and progress reports.

- **Management:** The DCS of the partner Local Authority would take on the full DCS role for SBC and would be responsible for the day-to-day management and delivery of all Children's Services. The DCS would report directly to SBC's Chief Executive and Cabinet in addition to the Cabinet and Chief Executive of the partner Local Authority. The Senior Management Team of the partner Local

Authority would support the DCS and SCF Children's Services teams via a matrix management approach.

- **Comments on potential partners:** The model worked successfully on the Isle of Wight, where services have been directed by neighbouring Hampshire and received an across-the-board 'good' rating in 2019 (see case study below). A similar formal arrangement between Torbay and Plymouth came to an end in 2019 after less than two years, with Torbay continuing to struggle and Plymouth also running into difficulties. The large scale and capacity of Hampshire have been assessed as the key success factors that made the partnership with Isle of Wight manageable.

Advantages and disadvantages

Advantages of the partnership model	Disadvantages of the partnership model
▼ Would allow SCF / Slough Borough to access the expertise and experience of senior managers and frontline staff from another Local Authority ▼ An opportunity to adopt policies, procedures and practices that have been tried and tested by the partner Local Authority – this can provide staff with a 'roadmap' for improving the service ▼ Potential to develop shared services and achieve economies of scale across both Local Authorities in future ▼ Good fit with the Government's devolution policy and Children's Care review through the development of regionalised services ▼ Could apply the lessons learnt from use of the Partnership Model in other Local Authority areas (Isle of Wight and Hampshire, Leeds and Kirklees)	▼ Additional cost ▼ Can be complicated to implement given that an alternative delivery vehicle (SCF company) already exists – potentially complex company governance arrangements ▼ Risk that a partnership destabilises the partner Local Authority ▼ Risk of poor strategic and political engagement in, or scrutiny of, outcomes from Children's Services ▼ The potential for improvement relies heavily on the partner Local Authority having sufficient capacity to manage and improve the service ▼ Staff may view the partnership as a 'take over' – this could further affect SCF's ability to recruit and retain high performing staff ▼ Would likely require additional funding and contribution from central government

Case study: Hampshire County Council (HCC) and Isle of Wight Council (IWC)

Background

This partnership was established in 2013 at the instigation of the DfE, the LGA and the IWC in consultation with HCC. It followed the identification by Ofsted of serious failings across IWC in both children's social care and education services. As a result of Ofsted's findings, improvement plans were developed to align with the partnership established between both local authorities. These plans relate to both education and social care. In addition to these improvement plans developed in response to the inspection findings, additional broader improvement plans were also developed/implemented to form the basis for a long-term drive towards a good or better service.

Nature of arrangement

The partnership is subject to a formal agreement between the two local authorities. It is also subject to a Statutory Ministerial Direction from the DfE.
The key features of the partnership include:

- Full political accountability for all local authority Children's Services, including education and social care, remains with IWC.
- The DCS for HCC assumes the DCS role in full for IWC, with the support of the HCC's Children's Services Departmental Management Team.
- Full financial accountability and employment responsibilities remain with IWC, with the overwhelming majority of staff remaining as IWC employees.
- Full operational performance and employment responsibilities fall to the DCS for HCC and the HCC Children's Services Departmental Management Team.
- The direction of the partnership was set for a period of five years but with a three-year review and, with regard to the joint agreement, for either authority to give notice of withdrawal.4

Impact
The 2014 Ofsted inspection report states that *'the five-year strategic partnership is providing essential stability and is driving demonstrable improvements across Children's Services on the island.'* The report identifies that both authorities have established an effective strategic partnership, with clear lines of reporting and accountability having been agreed that ensure timely decision making and an effective oversight of services.

The report found that *'this creative, sector-led model for improvement is beginning to lead to improvement in the quality and reliability of services to children and families. However, it is too soon to evidence a consistent impact on improving quality of practice and outcomes for children.'*

Services received an across-the-board 'good' rating in 2019.

We held a meeting with the Hampshire DCS as part of our initial sounding exercise and discussed the conditions for a good partnership model – see more detail below.

Combined authority model

Overview: Slough Borough Council and one or more local authorities would deliver their children's services together through a joint delivery vehicle.

Key features:

- **Governance:** SBC and one or more local authorities would establish a Service Level Agreement and pool their budgets to combine the management and delivery of their Children's Services. If the preferred option was to continue delivery through a wholly-owned local authority company, services could transfer to SCF, which would become co-owned by SBC and the other local authorities in the combined authority. The authorities would appoint a joint DCS / Chief Executive of SCF who would report to the Chief Executive and Cabinet of each Local Authority. A Strategic Commissioning and Delivery Board would be established with the DfE and the Lead Member and Chief Executive of each member local authority in the combined authority. SBC would retain full political accountability for all children's services and the usual Cabinet level and scrutiny processes would continue. SBC's involvement in the combined authority would be subject to direction from the DfE. The Service Level Agreement and pooled budget would be subject to a robust performance framework and an annual planning regime, with regular reports to the Strategic Commissioning and Delivery Board.

- **Management:** SBC and the other member local authorities in the combined authority would have a joint DCS / Chief Executive of SCF and an integrated Senior Management Team for the commissioning and delivery of children's services. Each local authority could retain its own children's services staff, but staff would work flexibly across the combined authority area to deliver on priorities and meet needs. Alternatively, staff could be employed by one local authority under delegation of function. However, if the preferred option was to merge services in a wholly-owned local authority company, staff from all the authorities could transfer to SCF. Each local authority would continue to set its own budget for children's services. A risk/benefit sharing agreement would be established across the combined authority to ensure each local authority receives a fair share of any additional costs or savings from the pooled budget.

- **Comments on potential partners:** Geographic proximity and similar scale of potential partners are important in this model. From this perspective, it could work with some or all the smaller unitary authorities in Berkshire (Reading, Wokingham, Bracknell Forest, Windsor and Maidenhead). On a practical level, the fact that Slough only shares boundaries with Windsor and Maidenhead, which is unlikely to be interested in this option given its successful arrangements with AfC, makes this option more challenging to implement. Potential partners could also include London Boroughs, especially close neighbours similar in terms of demographics.

Advantages and disadvantages

Advantages of the combined authority model	Disadvantages of the combined authority model
▼ Would allow SCF / Slough Borough to access the expertise and experience of senior managers and frontline staff from other local authorities ▼ Opportunities to realise significant cost efficiencies, particularly in relation to leadership and back-office support functions, which would be funded by all local authorities ▼ Potential to achieve economies of scale, which would help with driving cost of placements down ▼ Improved ability to attract high calibre leadership given the size of the combined service ▼ Good fit with the Government's devolution policy and Children's Care review through the development of regionalised services	▼ Additional cost ▼ Management of conflicting agendas/priorities and strong political influence may become problematic ▼ Complex and time consuming to establish a combined authority, as agreement would need to be secured from other local authorities ▼ Could be particularly difficult to secure interest from local authorities that are good or outstanding ▼ Complex governance arrangement with multiple partners involved ▼ Would likely require additional funding and contribution from central government

Case study: Tri-Borough Children's Services for the London Borough of Hammersmith and Fulham (LBHF), the Royal Borough of Kensington and Chelsea (RBKC), and Westminster City Council(WCC)

Overview

LBHF, RBKC and WCC have developed a combined Children's Service across the three councils as a part of the wider shared Tri-Borough arrangement between the three Local Authorities. Under Tri-Borough, each authority remained as a legally distinct and sovereign entity, and continued to operate its own Lead Member, Cabinet, and scrutiny processes for Children's Services, but significant areas of service delivery were shared. Each local authority set its own budget and spending priorities but mechanisms have been installed to apportion savings and costs across the three local authorities.

The strategic driver behind Tri-Borough was to protect frontline services from spending reductions by making efficiency savings (particularly in administrative/back office and managerial areas of spend), and to improve productivity through the sharing of staff, knowledge, and assets. A key enabler for Tri-Borough was the shared borders of the three local authorities, and a manageable combined population. Specific to children's services, all the authorities were rated as 'Good' by Ofsted prior to forming Tri-Borough. However, in Spring of 2017, it was announced that the Tri-borough arrangement is ceasing. There were a variety of reasons for this including financial pressures and political re-alignment.

Governance and accountability

A single Executive Director operated across the Tri-Borough children's services. The Executive Director led a single management team which included the Directors of Family Services for each authority, and shared Tri-Borough Directors for Commissioning, Finance & Resources, and Safeguarding & Quality Assurance. A new joint Local Children's Safeguarding Board (LCSB) has been established to cover the three local authorities (sub-groups of the LCSB have been established to focus on any borough specific matters). As the three local authorities remained separate legal entities, Ofsted continued to inspect each individually.

Services

The Tri-Borough arrangement covered the majority of children's services for LBHF, RBKC and WCC. Some services were fully combined but many remained borough-based where this was preferable (for instance family services were delivered locally in each borough).

Appendix 5. Financial analysis and review of assumptions (Excel spreadsheet available as a separate document)

See below the contents of the Appendix 5. Tables presenting the profit and loss account following MV revisions are also included below for ease of reference (Figures 19 and 20).

Slough Children First Business Plan Review

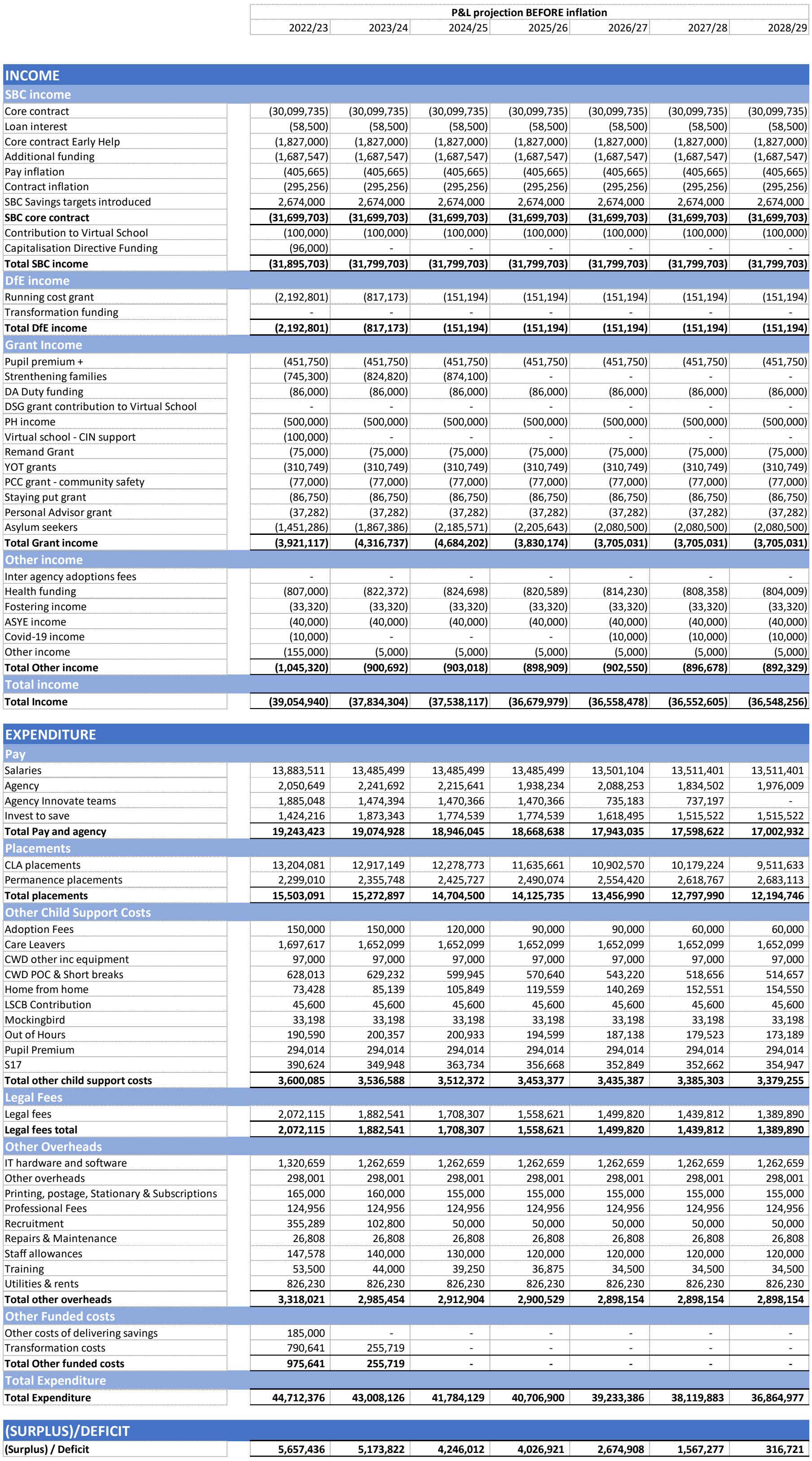
Final Report - Financial Analysis Annex

04-Oct-22

Contents:

1) SCF 2022-29 Business Plan: Profit and Loss Account before and after inflation
2) Review of Business Plan assumptions
- Alternative baseline
- Movements in assumptions
3) Alternative Scenario P&L: Profit and Loss Account before and after inflation
4) Summary table

Figure 19. Alternative Scenario: Profit and Loss Account following MV revisions, before inflation



	P&L projection BEFORE inflation						
	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
INCOME							
SBC income							
Core contract	(30,099,735)	(30,099,735)	(30,099,735)	(30,099,735)	(30,099,735)	(30,099,735)	(30,099,735)
Loan interest	(58,500)	(58,500)	(58,500)	(58,500)	(58,500)	(58,500)	(58,500)
Core contract Early Help	(1,827,000)	(1,827,000)	(1,827,000)	(1,827,000)	(1,827,000)	(1,827,000)	(1,827,000)
Additional funding	(1,687,547)	(1,687,547)	(1,687,547)	(1,687,547)	(1,687,547)	(1,687,547)	(1,687,547)
Pay inflation	(405,665)	(405,665)	(405,665)	(405,665)	(405,665)	(405,665)	(405,665)
Contract inflation	(295,256)	(295,256)	(295,256)	(295,256)	(295,256)	(295,256)	(295,256)
SBC Savings targets introduced	2,674,000	2,674,000	2,674,000	2,674,000	2,674,000	2,674,000	2,674,000
SBC core contract	**(31,699,703)**	**(31,699,703)**	**(31,699,703)**	**(31,699,703)**	**(31,699,703)**	**(31,699,703)**	**(31,699,703)**
Contribution to Virtual School	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)
Capitalisation Directive Funding	(96,000)	-	-	-	-	-	-
Total SBC income	**(31,895,703)**	**(31,799,703)**	**(31,799,703)**	**(31,799,703)**	**(31,799,703)**	**(31,799,703)**	**(31,799,703)**
DfE income							
Running cost grant	(2,192,801)	(817,173)	(151,194)	(151,194)	(151,194)	(151,194)	(151,194)
Transformation funding	-	-	-	-	-	-	-
Total DfE income	**(2,192,801)**	**(817,173)**	**(151,194)**	**(151,194)**	**(151,194)**	**(151,194)**	**(151,194)**
Grant Income							
Pupil premium +	(451,750)	(451,750)	(451,750)	(451,750)	(451,750)	(451,750)	(451,750)
Strenthening families	(745,300)	(824,820)	(874,100)	-	-	-	-
DA Duty funding	(86,000)	(86,000)	(86,000)	(86,000)	(86,000)	(86,000)	(86,000)
DSG grant contribution to Virtual School	-	-	-	-	-	-	-
PH income	(500,000)	(500,000)	(500,000)	(500,000)	(500,000)	(500,000)	(500,000)
Virtual school - CIN support	(100,000)	-	-	-	-	-	-
Remand Grant	(75,000)	(75,000)	(75,000)	(75,000)	(75,000)	(75,000)	(75,000)
YOT grants	(310,749)	(310,749)	(310,749)	(310,749)	(310,749)	(310,749)	(310,749)
PCC grant - community safety	(77,000)	(77,000)	(77,000)	(77,000)	(77,000)	(77,000)	(77,000)
Staying put grant	(86,750)	(86,750)	(86,750)	(86,750)	(86,750)	(86,750)	(86,750)
Personal Advisor grant	(37,282)	(37,282)	(37,282)	(37,282)	(37,282)	(37,282)	(37,282)
Asylum seekers	(1,451,286)	(1,867,386)	(2,185,571)	(2,205,643)	(2,080,500)	(2,080,500)	(2,080,500)
Total Grant income	**(3,921,117)**	**(4,316,737)**	**(4,684,202)**	**(3,830,174)**	**(3,705,031)**	**(3,705,031)**	**(3,705,031)**
Other income							
Inter agency adoptions fees	-	-	-	-	-	-	-
Health funding	(807,000)	(822,372)	(824,698)	(820,589)	(814,230)	(808,358)	(804,009)
Fostering income	(33,320)	(33,320)	(33,320)	(33,320)	(33,320)	(33,320)	(33,320)
ASYE income	(40,000)	(40,000)	(40,000)	(40,000)	(40,000)	(40,000)	(40,000)
Covid-19 income	(10,000)	-	-	-	(10,000)	(10,000)	(10,000)
Other income	(155,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)
Total Other income	**(1,045,320)**	**(900,692)**	**(903,018)**	**(898,909)**	**(902,550)**	**(896,678)**	**(892,329)**
Total income							
Total Income	**(39,054,940)**	**(37,834,304)**	**(37,538,117)**	**(36,679,979)**	**(36,558,478)**	**(36,552,605)**	**(36,548,256)**
EXPENDITURE							
Pay							
Salaries	13,883,511	13,485,499	13,485,499	13,485,499	13,501,104	13,511,401	13,511,401
Agency	2,050,649	2,241,692	2,215,641	1,938,234	2,088,253	1,834,502	1,976,009
Agency Innovate teams	1,885,048	1,474,394	1,470,366	1,470,366	735,183	737,197	-
Invest to save	1,424,216	1,873,343	1,774,539	1,774,539	1,618,495	1,515,522	1,515,522
Total Pay and agency	**19,243,423**	**19,074,928**	**18,946,045**	**18,668,638**	**17,943,035**	**17,598,622**	**17,002,932**
Placements							
CLA placements	13,204,081	12,917,149	12,278,773	11,635,661	10,902,570	10,179,224	9,511,633
Permanence placements	2,299,010	2,355,748	2,425,727	2,490,074	2,554,420	2,618,767	2,683,113
Total placements	**15,503,091**	**15,272,897**	**14,704,500**	**14,125,735**	**13,456,990**	**12,797,990**	**12,194,746**
Other Child Support Costs							
Adoption Fees	150,000	150,000	120,000	90,000	90,000	60,000	60,000
Care Leavers	1,697,617	1,652,099	1,652,099	1,652,099	1,652,099	1,652,099	1,652,099
CWD other inc equipment	97,000	97,000	97,000	97,000	97,000	97,000	97,000
CWD POC & Short breaks	628,013	629,232	599,945	570,640	543,220	518,656	514,657
Home from home	73,428	85,139	105,849	119,559	140,269	152,551	154,550
LSCB Contribution	45,600	45,600	45,600	45,600	45,600	45,600	45,600
Mockingbird	33,198	33,198	33,198	33,198	33,198	33,198	33,198
Out of Hours	190,590	200,357	200,933	194,599	187,138	179,523	173,189
Pupil Premium	294,014	294,014	294,014	294,014	294,014	294,014	294,014
S17	390,624	349,948	363,734	356,668	352,849	352,662	354,947
Total other child support costs	**3,600,085**	**3,536,588**	**3,512,372**	**3,453,377**	**3,435,387**	**3,385,303**	**3,379,255**
Legal Fees							
Legal fees	2,072,115	1,882,541	1,708,307	1,558,621	1,499,820	1,439,812	1,389,890
Legal fees total	**2,072,115**	**1,882,541**	**1,708,307**	**1,558,621**	**1,499,820**	**1,439,812**	**1,389,890**
Other Overheads							
IT hardware and software	1,320,659	1,262,659	1,262,659	1,262,659	1,262,659	1,262,659	1,262,659
Other overheads	298,001	298,001	298,001	298,001	298,001	298,001	298,001
Printing, postage, Stationary & Subscriptions	165,000	160,000	155,000	155,000	155,000	155,000	155,000
Professional Fees	124,956	124,956	124,956	124,956	124,956	124,956	124,956
Recruitment	355,289	102,800	50,000	50,000	50,000	50,000	50,000
Repairs & Maintenance	26,808	26,808	26,808	26,808	26,808	26,808	26,808
Staff allowances	147,578	140,000	130,000	120,000	120,000	120,000	120,000
Training	53,500	44,000	39,250	36,875	34,500	34,500	34,500
Utilities & rents	826,230	826,230	826,230	826,230	826,230	826,230	826,230
Total other overheads	**3,318,021**	**2,985,454**	**2,912,904**	**2,900,529**	**2,898,154**	**2,898,154**	**2,898,154**
Other Funded costs							
Other costs of delivering savings	185,000	-	-	-	-	-	-
Transformation costs	790,641	255,719	-	-	-	-	-
Total Other funded costs	**975,641**	**255,719**	**-**	**-**	**-**	**-**	**-**
Total Expenditure							
Total Expenditure	**44,712,376**	**43,008,126**	**41,784,129**	**40,706,900**	**39,233,386**	**38,119,883**	**36,864,977**
(SURPLUS)/DEFICIT							
(Surplus) / Deficit	**5,657,436**	**5,173,822**	**4,246,012**	**4,026,921**	**2,674,908**	**1,567,277**	**316,721**

Figure 20. Alternative Scenario: Profit and Loss Account following MV revisions, after inflation

	P&L projection AFTER inflation						
	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
INCOME							
SBC income							
Core contract	(30,099,735)	(30,099,735)	(30,099,735)	(30,099,735)	(30,099,735)	(30,099,735)	(30,099,735)
Loan interest	(58,500)	(58,500)	(58,500)	(58,500)	(58,500)	(58,500)	(58,500)
Core contract Early Help	(1,827,000)	(1,827,000)	(1,827,000)	(1,827,000)	(1,827,000)	(1,827,000)	(1,827,000)
Additional funding	(1,687,547)	(1,687,547)	(1,687,547)	(1,687,547)	(1,687,547)	(1,687,547)	(1,687,547)
Pay inflation	(405,665)	(1,168,662)	(1,557,584)	(1,936,792)	(2,265,574)	(2,618,330)	(2,926,248)
Contract inflation	(295,256)	(1,888,342)	(2,282,043)	(2,440,760)	(2,590,544)	(2,723,445)	(2,856,120)
SBC Savings targets introduced	2,674,000	2,674,000	2,674,000	2,674,000	2,674,000	2,674,000	2,674,000
SBC core contract	**(31,699,703)**	**(34,055,787)**	**(34,838,410)**	**(35,376,334)**	**(35,854,901)**	**(36,340,558)**	**(36,781,150)**
Contribution to Virtual School	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)
Capitalisation Directive Funding	(96,000)	-	-	-	-	-	-
Total SBC income	**(31,895,703)**	**(34,155,787)**	**(34,938,410)**	**(35,476,334)**	**(35,954,901)**	**(36,440,558)**	**(36,881,150)**
DfE income							
Running cost grant	(2,192,801)	(817,173)	(151,194)	(151,194)	(151,194)	(151,194)	(151,194)
Transformation funding	-	-	-	-	-	-	-
Total DfE income	**(2,192,801)**	**(817,173)**	**(151,194)**	**(151,194)**	**(151,194)**	**(151,194)**	**(151,194)**
Grant Income							
Pupil premium +	(451,750)	(451,750)	(451,750)	(451,750)	(451,750)	(451,750)	(451,750)
Strenthening families	(745,300)	(824,820)	(874,100)	-	-	-	-
DA Duty funding	(86,000)	(86,000)	(86,000)	(86,000)	(86,000)	(86,000)	(86,000)
DSG grant contribution to Virtual School	-	-	-	-	-	-	-
PH income	(500,000)	(500,000)	(500,000)	(500,000)	(500,000)	(500,000)	(500,000)
Virtual school - CIN support	(100,000)	-	-	-	-	-	-
Remand Grant	(75,000)	(75,000)	(75,000)	(75,000)	(75,000)	(75,000)	(75,000)
YOT grants	(310,749)	(310,749)	(310,749)	(310,749)	(310,749)	(310,749)	(310,749)
PCC grant - community safety	(77,000)	(77,000)	(77,000)	(77,000)	(77,000)	(77,000)	(77,000)
Staying put grant	(86,750)	(86,750)	(86,750)	(86,750)	(86,750)	(86,750)	(86,750)
Personal Advisor grant	(37,282)	(37,282)	(37,282)	(37,282)	(37,282)	(37,282)	(37,282)
Asylum seekers	(1,451,286)	(1,867,386)	(2,185,571)	(2,205,643)	(2,080,500)	(2,080,500)	(2,080,500)
Total Grant income	**(3,921,117)**	**(4,316,737)**	**(4,684,202)**	**(3,830,174)**	**(3,705,031)**	**(3,705,031)**	**(3,705,031)**
Other income							
Inter agency adoptions fees	-	-	-	-	-	-	-
Health funding	(807,000)	(904,609)	(925,311)	(929,908)	(931,929)	(934,460)	(938,727)
Fostering income	(33,320)	(33,320)	(33,320)	(33,320)	(33,320)	(33,320)	(33,320)
ASYE income	(40,000)	(40,000)	(40,000)	(40,000)	(40,000)	(40,000)	(40,000)
Covid-19 income	(10,000)	-	-	-	(10,000)	(10,000)	(10,000)
Other income	(155,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)
Total Other income	**(1,045,320)**	**(982,929)**	**(1,003,631)**	**(1,008,228)**	**(1,020,249)**	**(1,022,780)**	**(1,027,047)**
Total income							
Total Income	**(39,054,940)**	**(40,272,625)**	**(40,777,437)**	**(40,465,929)**	**(40,831,375)**	**(41,319,562)**	**(41,764,421)**
EXPENDITURE							
Pay							
Salaries	13,883,511	14,024,919	14,305,418	14,591,526	14,900,578	15,210,182	15,514,386
Agency	2,050,649	2,331,359	2,350,352	2,097,200	2,304,714	2,065,153	2,268,941
Agency Innovate teams	1,885,048	1,533,370	1,559,764	1,590,960	811,389	829,885	-
Invest to save	1,424,216	1,948,277	1,882,431	1,920,080	1,786,262	1,706,068	1,740,189
Total Pay and agency	**19,243,423**	**19,837,925**	**20,097,965**	**20,199,765**	**19,802,944**	**19,811,287**	**19,523,515**
Placements							
CLA placements	13,204,081	13,821,349	13,401,053	12,826,152	12,138,236	11,446,237	10,802,506
Permanence placements	2,299,010	2,520,650	2,647,439	2,744,843	2,843,931	2,944,726	3,047,252
Total placements	**15,503,091**	**16,341,999**	**16,048,491**	**15,570,995**	**14,982,167**	**14,390,963**	**13,849,759**
Other Child Support Costs							
Adoption Fees	150,000	160,500	130,968	99,208	100,200	67,468	68,143
Care Leavers	1,697,617	1,767,746	1,803,101	1,821,132	1,839,343	1,857,737	1,876,314
CWD other inc equipment	97,000	103,790	105,866	106,924	107,994	109,074	110,164
CWD POC & Short breaks	628,013	673,278	654,780	629,024	604,786	583,213	584,504
Home from home	73,428	91,098	115,523	131,791	156,166	171,539	175,525
LSCB Contribution	45,600	48,792	49,768	50,266	50,768	51,276	51,789
Mockingbird	33,198	35,522	36,233	36,595	36,961	37,331	37,704
Out of Hours	190,590	214,382	219,299	214,509	208,347	201,869	196,693
Pupil Premium	294,014	314,595	320,887	324,096	327,337	330,611	333,917
S17	390,624	374,444	396,979	393,160	392,840	396,558	403,119
Total other child support costs	**3,600,085**	**3,784,149**	**3,833,403**	**3,806,706**	**3,824,744**	**3,806,674**	**3,837,871**
Legal Fees							
Legal fees	2,072,115	2,014,319	1,864,446	1,718,090	1,669,806	1,619,027	1,578,519
Legal fees total	**2,072,115**	**2,014,319**	**1,864,446**	**1,718,090**	**1,669,806**	**1,619,027**	**1,578,519**
Other Overheads							
IT hardware and software	1,320,659	1,351,045	1,378,066	1,391,847	1,405,765	1,419,823	1,434,021
Other overheads	298,001	318,861	325,238	328,490	331,775	335,093	338,444
Printing, postage, Stationary & Subscriptions	165,000	171,200	169,167	170,859	172,567	174,293	176,036
Professional Fees	124,956	133,703	136,377	137,741	139,118	140,509	141,914
Recruitment	355,289	109,996	54,570	55,116	55,667	56,224	56,786
Repairs & Maintenance	26,808	28,685	29,258	29,551	29,846	30,145	30,446
Staff allowances	147,578	149,800	141,882	132,278	133,600	134,936	136,286
Training	53,500	47,080	42,837	40,648	38,410	38,794	39,182
Utilities & rents	826,230	884,066	901,747	910,765	919,873	929,071	938,362
Total other overheads	**3,318,021**	**3,194,436**	**3,179,143**	**3,197,294**	**3,226,623**	**3,258,889**	**3,291,478**
Other Funded costs							
Other costs of delivering savings	185,000	-	-	-	-	-	-
Transformation costs	790,641	273,619	-	-	-	-	-
Total Other funded costs	**975,641**	**273,619**	**-**	**-**	**-**	**-**	**-**
Total Expenditure							
Total Expenditure	**44,712,376**	**45,446,447**	**45,023,449**	**44,492,850**	**43,506,283**	**42,886,839**	**42,081,142**
(SURPLUS)/DEFICIT							
(Surplus) / Deficit	**5,657,436**	**5,173,822**	**4,246,012**	**4,026,921**	**2,674,908**	**1,567,277**	**316,721**

Slough Borough Council

REPORT TO:	**Cabinet**
DATE:	**27th February 2023**
SUBJECT:	**Energy Flex Purchases 23/24 (Purchase Strategy)**
PORTFOLIO:	**Cllr Rob Anderson (Finance Oversight and Assets)**
CHIEF OFFICER:	**Richard West**
CONTACT OFFICER:	**Jason Newman**
WARD(S):	**All**
KEY DECISION:	**Yes**
EXEMPT:	**No**
DECISION SUBJECT TO CALL IN:	**Yes**

APPENDICES

A: Flex Energy Contracts Assets 23/24
B: Sensitivity Analysis Wholesale prices 23/24 Floor and ceiling

1 Summary and Recommendations

The wholesale energy markets remain extremely volatile and the cost of energy to the consumer has tripled over the past year. To limit the Council's exposure to further energy price increases, and to provide opportunity to obtain additional value should energy prices continue to fall, Cabinet is requested to delegate authority to the Executive Director of Place and Community in consultation with the S151 officer and Lead Member.

The Council has two flex energy commercial contracts that allows it to spread out wholesale purchases throughout the term of these 3-year contracts, rather than fixing 100% of the wholesale cost at one time in a traditional fixed contract:

- Corona Gas (commercial (gas) contract)
- EDF electricity (commercial electricity (power) contract)

The Purchase strategy proposes to purchase **50% of the forecast volume for Summer 23 and Winter 23 following Cabinet Approval**. We are recommending purchasing 50% of the total 23/24 volume because the market forward prices are currently relatively low. 50% advance purchases of volume provides both a high level of budget certainty and reasonable value, following cabinet approval we will buy this volume between 28th Feb 23 and 31st March 23 to secure the best market price in that period for summer 23 and winter 23.
The remaining energy volume will be purchased when/if the wholesale market **forward prices** fall below £150/MWh (power) and 150p/therm (gas), we call this the **floor price** the

Council will reserve the right to hold back volume purchases to obtain best value i.e., buying volume well below the **floor price**.

The strategy also recommends setting a **price cap** at wholesale prices at £250/MWh (power) and 300p/therm (gas) to protect against significant energy cost exposure to the Council and PFI schools. If the wholesale prices start to approach the **price cap** then the Council will purchase the remaining volume to protect itself against spiralling costs, otherwise the Council will **default** to purchasing the remaining volume on a month by month basis, the **spot price**. This provides a balance of risk and reward and allows the Council to obtain favourable spot prices whilst capping against spiralling energy markets as a safeguard.

1 Recommendations:

1.1 Cabinet is recommended to:

i. Adopt the following purchase strategy:
    a. Approve the purchase of 50% of the ‘23/24’ energy volume for Summer 23 and Winter 23.
    b. Approve the purchase of the remaining energy volume if the wholesale price for that forward period falls below £150/MWh (power) and 150p/therm (gas), **the floor price** and where feasible well below the floor price.
    c. Approve the **default position** to purchase energy volume (power) on a month ahead, and gas on a day ahead (**spot price**) should wholesale prices for forward period remain above £150/MWh (power) and 150p/therm (gas).
    d. Set a wholesale energy market **price cap** for the month ahead and Winter 23 of £250/MWh (power) and 300p/therm (gas) and if markets increase such that the cap is expected to be exceeded, or is exceeded, then Cabinet approves the purchase of the remaining energy volume for 23/24 to limit further cost exposure.

ii. Delegate authority to the Executive Director of Place & Communities, in consultation with the Executive Director of Finance and Commercial (the S151 officer) and the Lead Member (Finance Oversight and Assets) to purchase energy in line with the above guidelines.

iii. Require officers to report back to Cabinet by February 2024 on the current state of energy markets and any proposed changes to purchasing strategy of future energy volume in the final year of the flex energy contracts 24/25.

Reason: To achieve the best value for energy costs and maintain budgetary control.

Commissioner Review

The commissioners are content with this report. However, they would expect a report to be made to Cabinet providing an update on the outcome of the future purchasing of energy made under delegated powers, as and when these are used.

2 Report

Slough Borough Energy Contracts

2.1 Slough Borough Council procured 8 new energy contracts in early April 2022. These energy contracts cover the Council's housing assets (communal lighting and heating), 3 PFI schools, all corporate operational assets and highways assets (i.e. Street lighting, traffic lights).

2.2 Six of these contracts are fixed price contracts. The unit rates and standing charges are fixed for the full contract duration (3 years). Only HMRC taxes CCL & VAT are passed through at cost. As the unit price is fixed the cost of energy is dictated **by energy consumption or Government Energy Bill Relief Schemes (EBRS)**, thus measures to reduce consumption will reduce the cost of energy. These fixed costs are shown below in Table 1 without the EBRS and total approximately £2.43m per year over the next 3 years.

Table 1 SBC Fixed Energy Contracts (no EBRS)

Fixed Energy Contract	Covers	Annual Cost of Contract
Non half hourly (NHH) Commercial Contract	Mostly corporate operational assets, some housing	£275,000
Non half hourly (NHH) Housing Contract	Communal Lighting and power HRA assets	£754,000
Half-Hourly (HH) Housing Contract	Pendeen Court, Brook House	£47,000
Gas (Housing)	Housing communal heating	£410,000
Unmetered Supply (UMS) Housing	TV Aerials	£1,300
Unmetered Supply (UMS) Contract	Street Lighting, Traffic lights, CCTV, bollards	£952,000
		£2.43m

2.3 The two flex energy contracts Slough have is outlined in Table 2 and these contracts allow the Council to purchase its energy volume in advance of supply and over various forward periods that cover their duration to extract value from the energy market. The volatility of the energy markets over this past year, has made this impossible. The strategy proposed for 23/24 considers a risk/reward approach that caps energy costs to a maximum level (ceiling price) but also aims at trying to reduce energy cost exposure through purchasing volume at lower market prices (below floor price). The reality is the cost of energy is unlikely to ever return to pre-invasion/pandemic market levels when it averaged at **55p/therm (gas)** and **£55/MWh** over (20/21). In the past year (22/23) the energy market has averaged at over **300p/therm (gas)** and **£220/MWh**. Table 2 shows the 22/23 annual costs without EBRS. The strategy is focussed on the flex contracts. Details of the assets covered by these flex energy contracts is covered in Appendix A.

Table 2 SBC Flex Energy Contracts (no EBRS)

Flex Energy Contract	Covers	22/23 Forecast Costs
Half Hourly (HH) Commercial Contract	Corporate operational assets and 3 PFIs	£2.38m
Gas Commercial Contract	Corporate operational assets and 3 PFIs	£1.43m
		£3.81m

Energy Bill Relief Scheme (EBRS)

2.4 Due to the spiralling cost of energy on all consumers the Government announced in September 2022 the Energy Bill Relief Scheme (EBRS) to provide bill relief for non-domestic customers in Great Britain and Northern Ireland. The scheme applied discounts to energy usage between the 1st October 2022 and 31st March 2023. The discount is applied automatically to the supply bill. The scheme covers public sector organisations (schools and local authorities), businesses and charities. The supported price was set at:

- Electricity - £211/MWh (21.1p/KWh)
- Gas - £75/MWh (7.5p/KWh) (equivalent to 219p/therm gas is bought in p/therm)

2.5 The Council and PFI schools have benefited from this scheme as the Council purchased its remaining (22/23) volume above these price thresholds. It is forecast that the impact of the EBRS on the Council's energy costs in 22/23 is over £700k lower than forecasted in the July Cabinet paper. **The forecast cost of energy for 22/23 is now £5.22m. The breakdown is shown in Table 3 below:**

Table 3 – Energy Forecast 22/23 with and without EBRS

Contract & Type	**Forecast Energy Spend 22/23 Cabinet July 22 (no EBRS)**	**Forecast Spend 22/23 with EBRS Implemented on 1st October**
	£000s	**£000s**
Housing – HRA Funded		
HH Housing (Fixed)	47	46
NHH Housing (Fixed)	754	739
Gas Housing (Fixed)	410	382
Total	**1,211**	**1,167**
PFI Schools		
Gas Commercial	635	430

(Flex)		
HH (Flex)	777	576
Total	**1,412**	**1,006**
General Fund		
Unmetered supplies (Fixed)*	887	921
NHH Commercial (Fixed)	275	268
Gas Commercial (Flex)	668	637
HH (Flex)	1,528	1,216
Total	**3,358**	**3,042**
Total Energy cost	**5,981**	**5,215**

- Additional Consumption under contract

2.6 The Government has recently announced its review into the EBRS and confirms it is amending the scheme from 1st April 2023, calling it the Energy Bills Discount Scheme (EBDS).

The key headlines are:

- The EBDS will run from 1st April 2023 to 31st March 2024
- All non-domestic consumers in Great Britain and Northern Ireland will receive the discount including businesses, voluntary sector organisations, such as charities public sector and organisations such as schools, hospitals, and care homes
- **Energy Intensive businesses will receive a greater discount**
- The government has set a threshold price for the period of 1st April 2023 to 31st March 2024
    - The threshold price for electricity is £302/MWh (30.2p/kWh)
    - The threshold price for gas is £107/MWh (10.7p/kWh)
- This means that any business that has purchased electricity at or above £321.61/MWh (32.161p/kWh) or purchased gas at or above £113.97/MWh (11.397p/kWh), equivalent to (333p/therm) on the gas market, will not receive any further discounts above these levels
- Energy suppliers will automatically apply the discount to your bills.

Based on our energy purchase strategy proposed of floor and ceiling prices, no discounts will apply on any of the corporate energy contracts we have secured as they will fall below the new threshold prices.

Energy Contracts and Stakeholders (PFI schools)

2.7 The PFI schools are our largest stakeholder across our flex energy contracts, the supply contracts cover the electricity and gas for Beechwood School, Penn Wood School and Arbour Vale School. These schools make up 43% of our flex gas contract and 35% of our flex electricity contract.

2.8 We have engaged with the Heads of the PFI schools and obtained their support for this purchase strategy, based on the shared objective of achieving best value, and minimising energy cost exposure.

<u>Purchasing Strategy Options:</u>

2.9 The Council has three options:

- Option 1 – Do nothing and allow the market to dictate, and our supplier buys at spot prices for 23/24. Energy will need to be procured under the contract, such that if the Council does not buy it in advance, the strategy will revert to **'default'** purchasing whereby the supplier will purchase the energy on the market the day before delivery for gas and a month before delivery for electricity. The Council would be at the mercy of the markets which may be lower or high at the time of purchase each day/month. This option is not recommended it is considered too risky and provides no budget certainty.

- Option 2 **–** Purchase all the **energy in advance** for 23/24. This option is worth considering if the energy market prices are favourable and below the **floor price** proposed in the strategy. The cost of energy is dependent on the energy market price at the time of purchase, if it is high, the Council will pay more for its energy. Various scenarios are shown for different market prices in the appendix B. This option is not recommended unless the market is below the floor price of 150p/therm and £150/MWh for sum-23 and win-23.

- **Option 3 –** Purchase 23/24 energy using a floor/ceiling strategy, whereby the Council secures 50% of its summer and winter volume following Cabinet approval, based on the lowest market prices up to 31st March 2023 and then purchases the remainder of its energy on a **'default'** spot price basis, but only subject to it being within a range of between the power **floor price** of £150/MWh and **ceiling price** £250/MWh and gas **floor price** of 150p/therm and **ceiling price** 300p/therm. This option is recommended it strikes a balance between risk and reward and sets a cap. Under this option:
    - Cabinet delegates the purchasing of the remaining energy to the Executive Director of Place & Communities who purchases energy if the wholesale price falls below the **floor price** to obtain best value or rises towards the **ceiling price** to limit cost exposure.
    - The Executive Director of Place & Communities agrees with the broker to secure the best market price possible if the floor or ceiling prices are breached.
    - This approach requires a flexible range of energy costs set between £5.2m and £6.2m to cover the range of wholesale prices between floor and ceiling prices.

Forecast Energy Costs 23/24

2.10 Forecast Energy costs for 23/24 are based on purchasing 100% of the volume at the floor price and at the ceiling price see Table 4. These are also reported in Appendix B along with various cost scenarios. By reporting the floor and ceiling price we can demonstrate the potential range of energy costs in 23/24 which is more useful than presenting one spot price forecast that is rendered out of date as soon at its reported.

Table 4 Slough portfolio forecast energy costs (no mitigation)

Year	Fixed Contracts	Flex Contracts Floor Price	Flex Contracts Ceiling Price	Total Forecast Energy Cost
2 (2023/24)	£2.43m	£2.76m	£3.75m	**£5.19m - £6.18m**

2.11 The objective is to buy our energy volume well below the floor price, but we cannot guarantee the wholesale price at the time of reporting and approval, thereby by reporting as a range between the floor and ceiling prices, Members will be aware of the potential energy costs the Council will be incurring in 23/24. Additionally, no further mitigation is assumed in these calculations specifically no reduction in the energy consumption of assets, no disposals and no transfers. Clearly, any measures taken to reduce consumption will be most effective in reducing cost. Energy optimisation, efficiency and consumption programmes will be reported separately to Cabinet for their approval along with their associated energy cost reduction forecasts.

2.12 Table 5 below shows the breakdown of these forecast costs for 23/24 between General Fund, HRA and PFI for the proposed floor and ceiling market price against the 22/23 forecast with the Governments Energy Bill Relief Scheme (EBRS).

Table 5 Forecast Cost Portfolio breakdown (no mitigation)

Portfolio	(2022/23) (EBRS)	(2023/24) Floor Price	(2023/24) Ceiling Price
General Fund	£3.0m	£3.1m	£3.7m
HRA	£1.2m	£1.2m	£1.2m
PFI	£1.0m	£0.9m	£1.3m
Total Forecast	**£5.2m**	**£5.2m**	**£6.2m**

Budgets and Pressure (23/24)

2.13 The cost exposure to the **General Fund for 2023/24** based on the purchase strategy proposed is between **£3.1m and £3.7m**. The cost exposure for the PFI schools is significant, between **£0.9m and £1.3m.** The cost exposure for the HRA assets is considered to remain relatively unchanged at £1.2m as these energy contracts are procured on a fixed term and cost basis. They will only reduce if energy efficiency schemes are incorporated within the communal heating and lighting.

2.14 There has been no adjustment to the 22/23 budget following the urgency paper to Cabinet on 27th July, however £1m has been noted as a pressure to be addressed in the Capitalisation Direction (CD) calculations. Budgets will need to be amended to reflect the expected cost of energy and it is proposed these are set at a median point between the floor and ceiling forecast cost equivalent to **£200/MWh** and **225p/therm**, see Table 6 below. The £1m additional cost to the General Fund is therefore covered by the CD, with a further potential risk of £0.3m if the full expected volume were to be bought at the ceiling price.

Table 6 Energy Budgets 2023/24 (no EBRS)

Portfolio	**Energy Budget (22/23)**	**Budget Amendment**	**New Energy Budget (23/24)**
General Fund	£2.4m	£1.0m	£3.4m
HRA	£0.35m	£0.85m	£1.2m
PFI	£0.3m	£0.8m	£1.1m
Total Forecast	**£3.05m**	**£2.65m**	**£5.7m**

3. Financial implications

3.1 The general fund energy budget is to be increased by £1.0m to £3.4m to accommodate the energy costs for 23/24. A forecast of energy cost pressures for the next two financial years related to energy consumption and price fluctuations have also been identified and these will be reviewed in light of the asset disposal programme and other mitigation packages (i.e. energy optimisation, reduction and efficiency programmes) that will be coming forward in 23/24 and 24/25. It is not possible to mitigate the entire pressure as energy prices will not recover to pre-crisis levels, the cost of energy will remain high, but budgets can be readjusted in 24/25 taking account of these programmes and the energy market costs that prevail at that time.

3.2 The Energy budget for the three PFI schools needs to substantially increase from £0.3m to meet the forecasted energy costs in 23/24 an increase of £0.8m is required. Any programmes or energy saving actions the PFI schools can take to control energy consumption can be considered in the evaluation of the budgets for 24/25 energy costs.

3.3 The HRA energy budget of £0.35m for 2022/23 need to increase by £0.85m to £1.2m to meet the forecast energy costs for communal lighting and heating for 23/24. These costs may be passed to tenants/leaseholders and do not form part of the general fund pressures, but HRA reserves may need to absorb some of these on-costs if they are not passed on at 100% to residents. An energy efficiency programme focussed on communal heating and lighting will help mitigate these costs in future years.

3.4 The medium term financial plan for 2023/24 and beyond will be amended to reflect further energy pressures on the budget, with a pressure being added into 2023/24 (up to circa £1.0m on the General Fund.

4. Legal implications

4.1 On 17 January 2022 cabinet delegated authority to the Executive Director of Place and Community to:

i. access the Dynamic Purchasing System (DPS) established by Gwynedd Council for the procurement of electricity and gas and award call-off contracts under the DPS; and

ii. to enter into a consultancy agreement with Beyond (eEnergy) to facilitate the management of energy contracts under the DPS as required by the access agreement to that DPS.

The Gwynedd DPS was procured in compliance with public procurement rules and the Council is identified as a call off party. Therefore the Council's appointment of eEnergy and subsequent purchase of its energy requirements under these arrangements is fully compliant with the Public Contracts Regulations 2015 and the Council's Contract Procedure Rules.

5. Risk management implications

5.1 Risks

The risks of energy procurement and forecasted increase in energy prices for 2023/24 have been identified on the corporate risk register.

There are three key risks relating to this corporate energy purchase strategy and the cost of energy going forward.

Risk	**Rating**	**Mitigation**	**Residual Risk**
Further price increases in the energy market	Very High	Adopt a floor/ceiling flex energy corporate purchase strategy to mitigate the risk – to control the range of costs, costs will remain high.	High
Budget Pressure due to high energy costs	High	Asset Disposal Strategy will be essential in mitigating this risk further by reducing the council corporate asset base and hence revenue costs, including energy costs.	Medium
High Energy costs for remaining assets	Medium	Implement an energy optimisation and efficiency programme aimed at reducing consumption, carbon and financial costs	Low

6. Environmental implications

6.1 The disposal of assets will result in a reduction in energy consumption which in turn will reduce the Council's carbon emissions over the period of the contract. This can be quantified through an energy and carbon audit. The dramatic increase in energy prices acts as an imperative for the Council to find ways to reduce consumption both for its own activities and those where it passes the cost of energy onto its residents and customers. However this report focuses on the setting of the purchase price, not consumption of energy.

7. Equality implications

7.1 There are no impacts on any group as a result of this decision from the general fund perspective. However, the wider impact on tenants in social housing (HRA) will be felt as communal lighting and heating costs are passed through to tenants and leaseholder, the Council may use some of the HRA reserve to absorb some of this additional cost. The Council buys communal energy for social housing tenants to limit fees and other charges associated within this collective purchasing process.

8. Procurement implications

8.1 The Council has adhered to its Contract Procedure Rules and the Public Contracts Regulations by submitting and obtaining procurement approval for the Gas and Electricity contracts.

9. Workforce implications

9.1 There are no workforce implications relating to this report.

10 Property implications

10.1 There are no direct property implications relating to this report, but the purchase strategy does align with the asset disposal strategy to maximise cost avoidance.

11. Background Papers

Corporate Energy Procurement Strategy and Contracts (April 2022 - March 2025)

Cabinet - Urgency procedure - Leader's Action - 27 July 2022

Client Name	Company Name	Site Reference	MPAN/MPR	MPAN TOP	Product	Business Unit	Contract Start Date	Contract End Date	EAQ kWh	VAT	EAQ (kwh)	% of Energy Contract Volume	Site Reference	Operating Status
Slough Borough Council	Slough Borough Council (SBC)	Observatory House	2000056560597	00845Q48	Electricity	HH Commercial	2022-04-01	2025-03-31	1,157,452	20	1,157,452	21.64%	Observatory House	Open
Slough Borough Council	Slough Borough Council (SBC)	Beechwood School	2000053582125	00845H89	Electricity	HH Commercial	2022-04-01	2025-03-31	1,060,923	5	1,060,923	19.84%	Beechwood School	Open
Slough Borough Council	Slough Borough Council (SBC)	Arbour Vale School	2000053582134	00845H89	Electricity	HH Commercial	2022-04-01	2025-03-31	447,640	5	447,640	8.37%	Arbour Vale School	Open
Slough Borough Council	Slough Borough Council (SBC)	The Curve	2000055790992	00845H89	Electricity	HH Commercial	2022-04-01	2025-03-31	435,078	20	435,078	8.14%	The Curve	Open
Slough Borough Council	Slough Borough Council (SBC)	Penn Wood School	2000053582073	00845H88	Electricity	HH Commercial	2022-04-01	2025-03-31	338,885	5	338,885	6.34%	Penn Wood School	Open
Slough Borough Council	Slough Borough Council (SBC)	Herschel Car Park	2000027322686	00845H88	Electricity	HH Commercial	2022-04-01	2025-03-31	175,771	20	175,771	3.29%	Herschel car park	Open
Slough Borough Council	Slough Borough Council (SBC)	Arbour Park	2700003049238	00845H2J	Electricity	HH Commercial	2022-04-01	2025-03-31	142,484	20	155,866	2.91%	Slough Bus Station	Fire damage, Temporary Closed
Slough Borough Council	Slough Borough Council (SBC)	Slough Bus Station	2000054816016	00845H86	Electricity	HH Commercial	2022-04-01	2025-03-31	155,866	20	146,808	2.75%	Chalvey Waste Transfer Station	Open
Slough Borough Council	Slough Borough Council (SBC)	Crematorium	2000056762435	00845H88	Electricity	HH Commercial	2022-04-01	2025-03-31	137,486	20	142,484	2.66%	Arbour Park Stadium	Open
Slough Borough Council	Slough Borough Council (SBC)	Chalvey Transfer Station	2000052225614	00845H86	Electricity	HH Commercial	2022-04-01	2025-03-31	146,808	20	137,486	2.57%	Crematorium	Open
Slough Borough Council	Slough Borough Council (SBC)	St Martins Place, Block B	2000027323963	00845H88	Electricity	HH Commercial	2022-04-01	2025-03-31	108,753	5	112,709	2.11%	Unit 851-860 Plymouth Road	Open
Slough Borough Council	Slough Borough Council (SBC)	Unit 851-860 Plymouth Road	2000054498227	00900470	Electricity	HH Commercial	2022-04-01	2025-03-31	112,709	20	109,682	2.05%	Hatfield Car Park	Open
Slough Borough Council	Slough Borough Council (SBC)	Ditton Academy(TVU)	2000056697609	00845H89	Electricity	HH Commercial	2022-04-01	2025-03-31	91,897	20	108,753	2.03%	St Martins Place, Block B	mothballed
Slough Borough Council	Slough Borough Council (SBC)	Hatfield Car Park	2000027322880	00845H86	Electricity	HH Commercial	2022-04-01	2025-03-31	109,682	20	98,523	1.84%	Unit 861-874 Plymouth Road	Open
Slough Borough Council	Slough Borough Council (SBC)	Unit 861-870 Plymouth Road	2000054498236	00900470	Electricity	HH Commercial	2022-04-01	2025-03-31	98,523	20	92,260	1.73%	Eltham Avenue Changing Room	Open
Slough Borough Council	Slough Borough Council (SBC)	St Martins Place, Block A	2000027323945	00845H88	Electricity	HH Commercial	2022-04-01	2025-03-31	85,656	20	91,897	1.72%	Ditton Academy(TVU)	to be sold
Slough Borough Council	Slough Borough Council (SBC)	Cippenham Changing Rooms(Eltham Ave)	2000054479660	00845H87	Electricity	HH Commercial	2022-04-01	2025-03-31	92,260	20	87,838	1.64%	Britwell Community Hub	Open
Slough Borough Council	Slough Borough Council (SBC)	The Britwell CC	2000055562821	00845H86	Electricity	HH Commercial	2022-04-01	2025-03-31	87,838	20	85,656	1.60%	St Martins Place, Block A	mothballed
Slough Borough Council	Slough Borough Council (SBC)	Chalvey Hub	2500021059105	00845H13	Electricity	HH Commercial	2022-04-01	2025-03-31	61,685	20	62,475	1.29%	New Horizon (MHRU)	Open
Slough Borough Council	Slough Borough Council (SBC)	New Horizon (MHRU)	2000051870039	00900H86	Electricity	HH Commercial	2022-04-01	2025-03-31	62,475	20	68,986	1.29%	Chalvey Hub	Open
Slough Borough Council	Slough Borough Council (SBC)	New Sports Pavillion (Kederminster)	2000052342820	00845H87	Electricity	HH Commercial	2022-04-01	2025-03-31	53,274	20	53,274	1.00%	New Sports pavillion (Kederminster)	Open
Slough Borough Council	Slough Borough Council (SBC)	Langley Library	2000054252540	00900H86	Electricity	HH Commercial	2022-04-01	2025-03-31	41,168	20	42,476	0.79%	Monksfield Way Children's Centre	Open
Slough Borough Council	Slough Borough Council (SBC)	Claycotts Monksfield CC	2000052373837	00845H86	Electricity	HH Commercial	2022-04-01	2025-03-31	42,476	20	41,168	0.77%	Langley Library	Open
Slough Borough Council	Slough Borough Council (SBC)	St Martins Place	2000027323927	00845H87	Electricity	HH Commercial	2022-04-01	2025-03-31	34,155	20	34,155	0.64%	St Martins Place	mothballed
Slough Borough Council	Slough Borough Council (SBC)	Units 844-850 Plymouth Road	2000054561047	00845470	Electricity	HH Commercial	2022-04-01	2025-03-31	30,801	20	30,801	0.58%	Units 844-850 Plymouth Road	Open
Slough Borough Council	Slough Borough Council (SBC)	St Martins Place tenant Block A	2000027323936	00845H86	Electricity	HH Commercial	2022-04-01	2025-03-31	16,727	5	16,727	0.31%	St Martins Place tenant Block A	mothballed
Slough Borough Council	Slough Borough Council (SBC)	Lascelles Playing Fields, Upton Court	2000027322560	00900H86	Electricity	HH Commercial	2022-04-01	2025-03-31	5,658	5	6,244	0.12%	Lascelles Playing Fields, Upton Court changing rooms	Open
Slough Borough Council	Slough Borough Council (SBC)	St Martins Place	2000027323918	00900H86	Electricity	HH Commercial	2022-04-01	2025-03-31	6,244	5	5,658	0.11%	St Martins Place	mothballed
											5,347,672	100%		

Client Name	Company Name	Site Reference	MPAN/MPR	MPAN TOP	Product	Business Unit	Contract Start Date	Contract End Date	EAQ	VAT	EAQ (kwh)	% of Energy Contract Volume	Site Reference	Operating Status
Slough Borough Council	Slough Borough Council (SBC)	Beechwood School	9159011510		Gas	Gas Commercial	2022-05-06	2025-03-31	3,624,832	20	3,930,962	39.23%	Beechwood School	Open
Slough Borough Council	Slough Borough Council (SBC)	Slough Cemetery & Crematorium	8818610410		Gas	Gas Commercial	2022-05-06	2025-03-31	1,365,200	20	1,231,964	12.30%	Slough Cemetery & Crematorium	Open
Slough Borough Council	Slough Borough Council (SBC)	St Martins Place	19393401		Gas	Gas Commercial	2022-05-06	2025-03-31	285,964	20	595,862	5.95%	St Martins Place	mothballed
Slough Borough Council	Slough Borough Council (SBC)	Observatory House	9347144707		Gas	Gas Commercial	2022-05-06	2025-03-31	316,565	20	443,506	4.43%	Observatory House	Open
Slough Borough Council	Slough Borough Council (SBC)	Penn Wood School	9305819904		Gas	Gas Commercial	2022-05-06	2025-03-31	181,762	20	334,331	3.34%	Penn Wood School	Open
Slough Borough Council	Slough Borough Council (SBC)	Chalvey Waste Transfer Station	9121098108		Gas	Gas Commercial	2022-05-06	2025-03-31	202,491	20	273,813	2.73%	Chalvey Waste Transfer Station	Open
Slough Borough Council	Slough Borough Council (SBC)	Priors Day - 4 Priors Close	9164806		Gas	Gas Commercial	2022-05-06	2025-03-31	182,834	20	226,960	2.27%	Priors Day - 4 Priors Close	Open 1 unit only
Slough Borough Council	Slough Borough Council (SBC)	Bus Station	9296533602		Gas	Gas Commercial	2022-05-06	2025-03-31	178,793	20	201,632	2.01%	Bus Station	Open
Slough Borough Council	Slough Borough Council (SBC)	New Horizons	8933452210		Gas	Gas Commercial	2022-05-06	2025-03-31	159,474	20	181,412	1.81%	New Horizons	Open
Slough Borough Council	Slough Borough Council (SBC)	Arbour Park Stadium	9347241200		Gas	Gas Commercial	2022-05-06	2025-03-31	117,133	20	127,995	1.28%	Arbour Park Stadium	Open
Slough Borough Council	Slough Borough Council (SBC)	Langley Pavillion Community centre	3327766007		Gas	Gas Commercial	2022-05-06	2025-03-31	104,728	20	123,547	1.23%	Langley Pavillion Community centre	Open
Slough Borough Council	Slough Borough Council (SBC)	Weekes Drive Community Centre	9297119507		Gas	Gas Commercial	2022-05-06	2025-03-31	102,178	20	121,674	1.21%	Weekes Drive Community Centre	Open
Slough Borough Council	Slough Borough Council (SBC)	Upton Lea	9737603		Gas	Gas Commercial	2022-05-06	2025-03-31	117,577	20	107,743	1.08%	Upton Lea	Open
Slough Borough Council	Slough Borough Council (SBC)	Britwell Community Hub	9333206710		Gas	Gas Commercial	2022-05-06	2025-03-31	87,710	20	97,112	0.97%	Britwell Community Hub	Open
Slough Borough Council	Slough Borough Council (SBC)	Chalvey Grove Children's Centre	9102171309		Gas	Gas Commercial	2022-05-06	2025-03-31	95,217	20	86,543	0.86%	Chalvey Grove Children's Centre	Open
Slough Borough Council	Slough Borough Council (SBC)	Manor Park Community Centre	9820006		Gas	Gas Commercial	2022-05-06	2025-03-31	54,323	20	71,255	0.71%	Manor Park Community Centre	Open
Slough Borough Council	Slough Borough Council (SBC)	Cippenham Library	8932126405		Gas	Gas Commercial	2022-05-06	2025-03-31	51,164	20	54,625	0.55%	Cippenham Library	Open
Slough Borough Council	Slough Borough Council (SBC)	Manor Park Pavilion	9737300		Gas	Gas Commercial	2022-05-06	2025-03-31	42,789	20	52,400	0.52%	Manor Park Pavilion	Open
Slough Borough Council	Slough Borough Council (SBC)	Chalvey Community Hub	7763864409		Gas	Gas Commercial	2022-05-06	2025-03-31	25,007	20	50,845	0.51%	Chalvey Community Hub	Open
Slough Borough Council	Slough Borough Council (SBC)	Monksfield Way Children Centre	9102171006		Gas	Gas Commercial	2022-05-06	2025-03-31	45,122	20	49,330	0.49%	Monksfield Way Children Centre	Open
Slough Borough Council	Slough Borough Council (SBC)	Orchard Avenue Children Centre	9219980706		Gas	Gas Commercial	2022-05-06	2025-03-31	33,712	5	38,816	0.39%	Orchard Avenue Children Centre	Open
Slough Borough Council	Slough Borough Council (SBC)	Romsey Close Children's Centre	9380112110		Gas	Gas Commercial	2022-05-06	2025-03-31	29,016	20	38,381	0.38%	Romsey Close Children's Centre	Open
Slough Borough Council	Slough Borough Council (SBC)	Vicarage Way Children Centre	3341124801		Gas	Gas Commercial	2022-05-06	2025-03-31	31,659	20	38,216	0.38%	Vicarage Way Children Centre	Open
Slough Borough Council	Slough Borough Council (SBC)	New Phoenix (Langley Resource Centre)	7450319801		Gas	Gas Commercial	2022-05-06	2025-03-31	27,817	5	34,182	0.34%	New Phoenix (Langley Resource Centre)	Open
Slough Borough Council	Slough Borough Council (SBC)	Penn Road Childrens Centre	9217454102		Gas	Gas Commercial	2022-05-06	2025-03-31	23,407	20	33,055	0.33%	Penn Road Childrens Centre	Open
Slough Borough Council	Slough Borough Council (SBC)	Elliman Resource Centre	9103736202		Gas	Gas Commercial	2022-05-06	2025-03-31	22,794	5	32,449	0.32%	Elliman Resource Centre	Open
Slough Borough Council	Slough Borough Council (SBC)	Westfield Community Centre - Severn Cresent	5066469408		Gas	Gas Commercial	2022-05-06	2025-03-31	21,921	5	22,244	0.22%	Westfield Community Centre - Severn Cresent	Open
Slough Borough Council	Slough Borough Council (SBC)	Upton Court / Lascelles Park Changing Rooms	3331673110		Gas	Gas Commercial	2022-05-06	2025-03-31	25,571	5	14,143	0.14%	Upton Court / Lascelles Park Changing Rooms	Partially Closed
Slough Borough Council	Slough Borough Council (SBC)	The Curve	9338626410		Gas	Gas Commercial	2022-05-06	2025-03-31	838,386	20	1,272,141	12.70%	The Curve	Open
Slough Borough Council	Slough Borough Council (SBC)	Orchard Community Centre (Creative Academy)	9218079904		Gas	Gas Commercial	2022-05-06	2025-03-31	69,351	20	38,816	0.39%	Orchard Community Centre (Creative Academy)	Open
Slough Borough Council	Slough Borough Council (SBC)	Cippenham Community Centre	8939467310		Gas	Gas Commercial	2022-05-06	2025-03-31	71,562	20	93,170	0.93%	Cippenham Community Centre	Open
											10,019,124	100%		

Appendix B: Flex Energy Cost Scenarios 23/24 Energy Purchase

The table 1 below shows the current forecast energy costs for 22/23 with and without the EBRS (Energy Bill Relief Scheme) and shows the forecast Energy Costs for 23/24 (floor and ceiling prices)

Assumes:

- 100% of the energy volume is consumed
- no energy optimisation and efficiency programme
- no asset disposal or asset transfers in year (23/24)
- no change in operating practices, hours of operation
- no building closures

Table 1 Forecast Energy costs for 23/24 floor and ceiling prices

Corporate Energy Contracts	2022/23 Purchases Cabinet approved 27.07.22 **Bought 28.07.22**	2022/23 current forecast costs with EBRS 01.10.22-31.03.23 applied	2023/24 Floor trading price 150p/therm £150/MWh 100% volume purchased	2023/24 Ceiling trading price Cap Price 300p/them and £250/MWh 100% volume purchased
			Floor Price	Ceiling Price
Flex Energy Contracts (include PFIs and Council)			Budget Range	
Flex HH Commercial	£2.38m	£1.79m	£2.15m	£2.70m
Flex Gas Commercial	£1.43m	£1.07m	£0.61m	£1.05m
Forecast Flex Energy Costs	**£3.81m**	**£2.86m**	**£2.76m**	**£3.75m**
Fixed Energy Contracts only affected by EBRS				
Street Lighting UMS	£0.94m	£0.92m	£0.94m	£0.94m
HH Housing	£0.05m	£0.05m	£0.05m	£0.05m
NHH Commercial	£0.28m	£0.27m	£0.28m	£0.28m
NHH Housing	£0.75m	£0.74m	£0.75m	£0.75m
Gas Housing	£0.41m	£0.38m	£0.41m	£0.41m
Forecast Fixed Energy Costs	**£2.43m**	**£2.36m**	**£2.43m**	**£2.43m**
Total Energy Cost Forecast	**£6.24m**	**£5.22m**	**£5.19m**	**£6.18m**

These tables show the significant fluctuation in annual spend against various energy market cost scenarios these cover the range of fluctuations in market prices we have experience to date in 22/23.

Appendix B: Flex Energy Cost Scenarios 23/24 Energy Purchase

Flex Electricity - Scenarios (2023-24)	**Scenario annual spend 2023-24**
£650/MWh	£4,816,296
£550/MWh	£4,282,259
£450/MWh	£3,748,222
£350/MWh	£3,214,184
£250/MWh	£2,680,147
£150/MWh	£2,146,110
£50/MWh	£1,612,073

Gas - Scenarios (2023-24)	**Scenario annual spend 2023-24**
750p/therm	£2,374,571
650 p/therm	£2,080,469
550 p/therm	£1,786,367
450 p/therm	£1,492,264
350 p/therm	£1,198,162
250 p/therm	£904,060
150 p/therm	£609,957
50 p/therm	£315,854

A market £1/MWh increase/decrease in price is equivalent to an increase/decrease of energy costs of £5,340 to the consumer.

A market 1p/therm increase/decrease in price is equivalent to an increase/decrease of energy costs of £2,941 to the consumer.

Note. That consumer costs are also made up of non-commodity costs i.e. standing charges, meter costs, distribution costs which are included in the forecast costs, these are fixed against each meter/supply and included within the energy cost scenarios.

They currently make up only a small component of the total energy costs, but as energy prices reduce this non-commodity cost element increases in % terms. These costs, even if a building is closed. The costs only stop if the meter is changed to a new tenant or physically disconnected and removed from the site.

These fixed costs are £212,203 for our Half Hourly Contracts.

These fixed costs are £185,873 for our Gas Contracts.

Lowest/Highest Energy Market Costs during 22/23 (April 22 – January 23)

Appendix B: Flex Energy Cost Scenarios 23/24 Energy Purchase

Energy Market costs change hourly and the daily fluctuations can be large during 22/23 up to £20/MWh and 30p/therm daily movements have been noted on the month ahead and season ahead prices. Table 2 below shows the lowest market prices for sum-23 and win-23 and the highest market costs for sum-23 and win-23 and how they would impact the associated energy spent annual spend if we bought all our energy of these days. This is based on the energy market prices between 1 April 22 and 27 January 23.

It can clearly be seen how volatile the market is the annual spend on energy is between £2.66m and £6.76m for our two flex contracts based on sum-23 and win-23 prices. When you add the cost of the fixed priced energy contracts you can clearly see the range is £5.09m to £9.19m for 23/24 purchases. This is why it is important to set a floor and ceiling price cap, noting the floor price is very close to the lowest market price and the ceiling is set must lower than the highest potential market cost.

Table 2 Energy Market Prices (April 22 – Jan 23) for sum-23/win-23 purchases:

Energy Purchase period	Market	Lowest Potential Annual Spend	Market	Highest Potential Annual Spend
Sum-23	Lowest Price	£	Highest Price	£
Power (£/MWh)	133	1.03m	583	2.23m
Gas (p/therm)	143	0.12m	726	0.46m
Win-23	Lowest Price		Highest Price	
Power (£/MWh)	134	1.03m	583	2.23m
Gas (p/therm)	147	0.48m	723	1.84m
Flex Energy Contracts	23/24 Costs	2.66m	23/24 Costs	6.76m
Fixed Energy Contracts	23/24 Costs	2.43m	23/24 Costs	2.43m
Total Energy Costs		5.09m		9.19m

Assumes:

- 100% volume consumed
- 50% consumption electricity (sum-23) 50% consumption electricity (win-23)
- 80% consumption gas (win-23), 20% consumption gas (sum-23)

Slough Borough Council

Report To:	Cabinet
Date:	27th February 2023
Subject:	Implementation of Controlled Parking Zones (CPZ) Boroughwide
Lead Member:	Cllr Nazir, Transport & Local Environment
Chief Officer:	Richard West, Executive Director of Place and Communities
Contact Officer:	Savio DeCruz AD Place Operations and Kam Hothi Networks Lead
Ward(s):	All
Key Decision:	YES
Exempt:	NO
Decision Subject To Call In:	YES
Appendices:	**Appendix A** – Parking Permit Policy **Appendix B** – Equalities Impact Assessment

1. Summary and Recommendations

1.1 This report sets out why the Council should move from an ad-hoc approach for the provision of parking restrictions to the use of Controlled Parking Zones (CPZs) wherever practicable. Implementation of CPZs includes case-by-case public consultation, the introduction of parking permit schemes and is subject to Council approval using the Significant Decision process.

1.2 The introduction of CPZs as our standard approach for the provision of parking restrictions would bring consistency in management of road space and enable priority for parking to be given to residents and businesses.

1.3 The introduction of Parking Permits may impact some low-income households. Our Parking Permit Policy will be amended to include criteria against which applications for a reduced parking permit charge will be assessed.

Recommendations:

Cabinet is recommended to: -

a. Approve the use of Controlled Parking Zones with resident permit schemes as outlined in this report, following the statutory consultation, as the Council's standard approach for the provision of parking restrictions.

b. Delegate authority to the Executive Director for Place and Communities, in consultation with the Lead Member for Transport and the Local Environment, to consider any objections received following the statutory consultation and to make the necessary traffic regulation orders to determine the final scheme for each location.

c. Approve the Parking Permit Policy provided as Appendix A

Reason:
Approving the recommendations set out in this report will enable the parking development team to implement improvements to manage parking and road space on the highway. The implementation of CPZs and resident permits will contribute to the reduction of inconsiderate and displaced parking in Slough.

Commissioner Review

Commissioners support the Recommendations.

2. Report

Introductory paragraph

2.1 This report sets out the benefits of moving from an "as and when" approach on parking restrictions to the use of Controlled Parking Zones, with associated parking permit schemes, to better manage road space, safety and having controls for residents and businesses.

2.2 The Council's Corporate Plan includes the following priorities which are supported by the decisions described in this report:

- **A council that lives within our means, balances the budget, and delivers best value for taxpayers and service users** – the proposal in this report balances the views of residents with the statutory duty to provide a safe environment for communities and an efficient process for managing parking demand while contributing a saving of £200,000.

2.3 Options considered.

Option	Description
A	**Continue with incremental addition for the amendment of prevailing parking restrictions as our standard method to manage parking issues** This would address the specific issues relating to residents demand but is reactive, does not forward plan resources and does not consider the impacts on displaced parking **Not recommended**
B	**Continue to implement CPZ's and Resident permit schemes independently at some locations.**

	This can work where there are no real pressures for road space but this is reactive and does not forward plan resources and does not consider the impacts on displaced parking **Not recommended**
C	**Implement a programme of CPZ's and Resident permit schemes across the borough as our standard method to manage parking issues.** This enables a holistic approach to parking restrictions and to forward planning. It addresses the impact of potential displaced parking and will enable development of solutions to address growing problems with commuter parking and road safety due to inconsiderate parking. **Recommended option**

Background

2.4 The parking team already has Council approval, through the Local Transport Plan 3 (LTP3) and Supplementary Statutory Document (SSD) for Parking, to implement CPZs and Permit Schemes, however, this report seeks approval to make this option the default position for managing parking in the borough and by exception only to consider alternate options.

2.5 We currently receive approximately 100 unsolicited ad-hoc requests each year to introduce parking restrictions at specific locations from residents, local businesses, councillors, emergency services and other external organisations. Requests include introduction of resident permits, waiting restrictions, school keep clears, taxi ranks, bus lane / bus gate restrictions and pavement parking. The service has delivered these types of schemes for several years on an "as and when" basis but has not always been able to deliver the outcomes expected and solving one problem in isolation can see the introduction of consequent different problems which then need to be managed.

2.6 Ad-hoc addition / amendment of parking restrictions has a role to play in some circumstances but use of CPZs brings consistency and fairness by shaping the best available solution, through a set process of consultation with residents, businesses, and stakeholders, to address long standing problems associated with parking congestion, safety, and accessibility for support services such as emergency vehicles and refuse vehicles.

2.7 The introduction of CPZs will better enable the Network Management team to:

- prioritise parking for residents within the enforcement hours of operation using resident Parking Permits. Vouchers for visitors will also be available.
- take account of the impact on other stakeholders including shoppers and users of train stations
- reduce issues such as obstructive and inconsiderate parking especially at junctions, bends and on footways.
- control the number of cars parking on the highway within CPZ's
- encourage residents to consider whether multiple car ownership is essential.
- contribute to better neighbourhoods by either zero or little displacement into surrounding roads

2.8 A programme of new CPZ's will be built out from existing CPZs to minimise displacement of parking and will address long standing parking issues such as pavement parking, junction protection and conflicting restrictions which prevent enforcement. The introduction of resident permit schemes will control the number of cars parking in an area based on "kerb capacity" (availability of useable road space for parking).

3. Implications of the Recommendation

3.1 Financial implications

3.1.1 The Council will fund the rollout of the CPZ's through the DfT capital grant, £250k has been included in the new Capital Programme.

3.1.2 Income will be received from the purchase of permits and through enforcement of non-compliance. It is estimated that total income of £200k will be generated in 2023/2024.

3.2 Legal implications

3.2.1 The Traffic Management Act 2004 (Section 16(1)) imposes a Network Management Duty to ensure that Slough Borough Council secures the expeditious movement of traffic on the authority's road network and facilitates the expeditious movement of traffic on road networks for which another authority is the traffic authority.

3.2.2 The Council must have regard to the statutory guidance issued by the Secretary of State for Transport under section 18 of the Traffic Management Act 2004 to deliver their network management duty under the Traffic Management Act 2004. This includes guidance on engagement and consultation. Accessibility requirements and the Public Sector Equality Duty apply to all measures, both temporary and permanent. In making any changes to their road networks, authorities must ensure that elements of a scheme do not discriminate, directly or indirectly and must consider their duty to make reasonable adjustments anticipating the needs of those with protected characteristics, for example, by carrying out equality impact assessments on proposed schemes. Engagement with groups representing disabled people and others with protected characteristics should be carried out at an early stage of scheme development.

3.2.3 The consultation must be at a time when proposals are still at a formative stage. The Council must give sufficient reasons for any proposal to permit of intelligent consideration and response. Those consulted should be aware of the criteria that will be applied when considering proposals and which factors will be considered decisive or of substantial importance at the end of the problem. Adequate time must be given for consideration and response. The product of consultation must be conscientiously taken into account in finalising any statutory proposals.

3.2.4 The Council is required under section 39 (2) of the Road Traffic Act 1988 and the Traffic Signs Regulations and General Directions 2016 to prepare and carry out a programme of measures designed to promote road safety.

3.2.5 All the Traffic Regulation Orders and Notices required for the proposals will be made under the Road Traffic Regulation Act 1984 and all other enabling powers.

3.3 Risk management implications

3.3.1 The following key risks have been assessed and are included in the directorate risk register.

Description of risk	**Risk/Threats/Opportunities**	**Proposed future controls**
Finance	Deliverability in first year	Two parking engineers have now been taken on to lead on delivering the CPZs. This will initially take time to settle while schemes are produced, consulted and implemented. Following this period and moving forward the scheme designs and locations will be clear and a forward plan set out.
Community Support	Unfavourable response to wider public consultation	Programme allows for detailed design to be modified where necessary to meet specific objections. However, some objections cannot be overcome such as road safety concerns. These will be managed through good communication with councillors and residents.

3.4 Environmental implications

3.4.1 The CPZ schemes are expected to reduce congestion through improvements to parking and waiting restrictions.

3.4.2 The introduction of CPZ helps to instill confidence in people to cycle and walk for their shorter journeys. The health benefits of active and sustainable travel choices are evident (NICE, guidance, active travel).

3.5 Equality implications

3.5.1 Under section 149 of the Equality Act 2010 (EqA 2010) The Public Sector Equality Duty (PSED) requires public authorities to have "due regard" to:

- The need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the EqA 2010 (section 149(1)(a)).
- The need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it (section 149(1)(b)). This involves having due regard to the needs to:
    - remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;

- take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it (section 149(4)); and
- encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.

3.5.2 Section 149(6) makes it clear that compliance with the PSED in section 149(1) may involve treating some people more favourably than others, but that is not to be taken as permitting conduct that would otherwise be prohibited by or under the EqA 2010 (this includes breach of an equality clause or rule or breach of a non-discrimination rule (section 149(8)). (Section 149(3), EqA 2010.)

3.5.3 The need to foster good relations between persons who share a relevant protected characteristic and those who do not share it (section 149(1)(c)). This includes having due regard to the need to tackle prejudice and to promote understanding (section 149(5), EqA 2010).

3.5.4 An initial Equality Impact Assessment has been undertaken (Appendix A). This will be further developed as the programme of CPZs progresses to identify and mitigate against any potentially adverse equality impacts arising in the work programme.

3.5.5 The scheme’s intention is to reduce inequalities in mobility and to better cater for safe and equal access to key amenities for all users. Currently, there is an overreliance on the private car, with carriageways carrying high levels of traffic; subsequently, reducing journey ambience for pedestrians and cyclists. To address this, the Council recognises that vulnerable road users are at higher risk of danger and therefore prioritises pedestrians and cyclists, followed by public transport users and then motorists; the scheme would address this through redefined road-space, regulating driver behaviour and improving pedestrian and cycling facilities.

3.6 Procurement implications

3.6.3 Specialist activities for design measures such as traffic orders may need to be procured.

3.7 Workforce implications

3.7.3 There are no workforce implications

3.8 Property implications

3.8.3 There are no property implications.

4. Background Papers

- Local Transport Plan 3 and Supplementary Strategy Document Parking

Controlled Parking Zones/Residents Parking Policy

Introduction

This policy has been developed to address parking issues and future challenges within Slough that affect access and/or residents vehicular parking availability. It creates a framework for the consideration of the introduction/extension of formalised Resident Parking Schemes and Controlled Parking Zones.

The Local Transport Plan (LTP) highlights the importance of managing traffic and the space available both efficiently and effectively to enable the delivery of the continued growth and development of sustainable communities across the borough. This policy augments this plan by illustrating the conditions where Resident Parking Schemes or Controlled Parking Zone may be considered, along with their key operational aspects. It sets out an approach that can be applied across Slough.

Background

The highway is an area of land which the public have the right to use, passing and repassing without let or hindrance. Although residents and other road users have no automatic parking entitlements, residents' parking is allowed where it does not:

- Impinge on the movement of traffic
- Create a safety hazard or obstruct access for other highway users including Cyclists and pedestrians
- Cause damage to the fabric of the highway.

As the Highway Authority the Council may consider introducing parking restrictions for a variety of reasons including:

- If there are highway safety and access issues
- If there is a significant risk of accidents
- Traffic management or environmental reasons or
- To incorporate wider integrated traffic or parking management schemes or the objectives detailed in the LTP.

Restrictions on parking, such as yellow lines, should not be used as a way of meeting other strategic objectives. The introduction of single or double yellow lines will only be considered in residential areas where:

- Services and/or emergency vehicles cannot gain access to a road due to parked vehicles, effecting site lines.
- There are significant road safety issues arising due to the location of parked vehicles
- Significant traffic delays and/or congestion is occurring due to the parked vehicles during peak traffic flow periods.

Resident Parking Schemes or Controlled Parking Zones can be used in certain circumstances to prioritise the available parking space in a road or area. Schemes can help in situations where residents or businesses regularly find it difficult to park within a reasonable distance of their homes because of other competing/evolving parking needs.

Schemes are most often requested and introduced in residential areas near to a city, town centre or where other major sources of parking demand occur e.g. hospitals, universities and train stations. Schemes do not guarantee a parking space for individual residents outside their properties but do provide a better opportunity for residents to park near their homes. The provision of resident parking should form part of area wide proposals with the level of parking provided for residents balanced with other local needs.

Scope

The provision for Resident Parking Schemes or Controlled Parking Zones takes into account the aims of the Council's strategic transport objectives (LTP) and the needs of residents and local communities whilst supporting and promoting sustainable transport as a means of reducing congestion, carbon emissions and air pollution. It also promotes the introduction of new technologies such as 'virtual' permits.

This policy is designed to help ensure that:

- The introduction of Resident Parking Schemes or Controlled Parking Zones are dealt with in a fair, consistent and transparent way
- Schemes that are introduced meet an approved set of criteria and have been through a localised consultation and engagement process
- On-street parking controls reasonably balance both the present and evolving parking needs of the local residents and general community
- Schemes should be cost neutral to the Council.

An Introduction to a Resident Parking Scheme/Controlled Parking Zone

The introduction of a parking scheme is one of a number of options available to address existing/evolving resident parking needs and issues/ problems. Other options may be more suitable depending on the nature of the parking challenges - for example, the introduction of double yellow lines to protect junctions or white access protection marks to protect access to residents' driveways.

The main advantages and disadvantages of a Resident Parking Scheme include:

Advantages

- Better management of limited parking spaces
- Improved traffic flow/ emergency vehicle and waste/ recycling removal access
- Improved road safety
- Encouraging use of alternative modes of transport
- Improved air quality through better traffic movement and fewer vehicles generating emissions

Disadvantages

- No guarantee of a parking space
- Reduction of available parking spaces - in order to accommodate emergency vehicle access, waste/ recycling removal, pedestrian access, junction protection and the introduction of pay and display, disabled and car club bays to support the local community and local businesses
- Displacement of non-resident parking into surrounding areas
- Cost of introduction and management of scheme
- Additional street furniture

Whilst the introduction of a Resident Parking Scheme can discourage certain groups of non-residents from parking in an area, so increasing the likelihood that a resident can park close to their home, there is no entitlement or guarantee of a space within the parking zone.

Each Parking Scheme will be designed to reasonably balance the needs of the community where the scheme is introduced e.g. a community experiencing problems from commuters parking during the week is likely to need a different solution from a community with weekend problems through shopper parking.

Can a scheme be introduced anywhere?

Whilst it is widely accepted that schemes can assist where residents face parking issues caused by other parked/waiting vehicles including non-residents, a Resident Parking Scheme may not necessarily suit all areas. Before a scheme is implemented an assessment is made to ensure that introducing a scheme is:

- Technically, financially and operationally feasible
- The most effective way of addressing the parking issue
- Cognisant of new or displaced parking problems

Only schemes which are assessed as feasible and meet the criteria described in this policy may be implemented.

How does a Resident Parking Scheme/Controlled Parking Zone work?

Parking Schemes come about through a Traffic Regulation Order (TRO) under the Road Traffic Act 1984. Whilst the TRO restricts parking, it exempts permit holders from these restrictions. The TRO is a legal order that makes a provision for parking bays for residents' use and may also make a provision for other types of bays such as pay and display bays and restrictions such as double yellow lines to balance safety requirements and the needs of the local community.

The design of a scheme must consider a number of factors including the level of parking demand, available on-street parking space, local community needs and safety/access requirements whilst providing an effective means of improving the availability of parking for residents. Residents and other affected parties are given the opportunity to provide feedback on draft proposals as part of the consultation process.

Within Parking Zones, streets may be divided into areas where parking is prohibited (such as double yellow lines) or permitted (such as resident’s or pay and display bays). In order to park where permitted, the respective valid permit, blue badge or pay and display ticket must be clearly displayed or, with virtual permits, comply with the operation rules of the scheme.

Permit categories can vary and are usually made available to residents and their visitors, however may include other users dependent on the highway such as Blue Badge holders. Any vehicle found parked without a valid permit, Blue Badge or pay and display ticket will be subject to a fine, through the issue of a Penalty Charge Notice (PCN). For a scheme to work, a pro-active enforcement regime is required to ensure that the terms of the order are upheld.

Scheme Funding

How much does a scheme cost?

The costs are associated with Resident Parking Schemes fall into two main categories:

Set Up Costs

- Technical survey and scheme design
- Public engagement and consultation
- Preparation and publication of Traffic Regulation Orders (TROs)
- Purchase and installation of signs and lines

Ongoing Costs

- Administration - processing and issuing permits
- Enforcement of the scheme
- Maintenance - replacing signs and refreshing lines

As schemes are, by their nature, of direct benefit to a small and localised group of residents, the general principle will apply that those that directly benefitting from the introduction of Parking Schemes should meet the development and set up costs and the ongoing charges of schemes.

As Resident Parking Schemes as a whole should be self-funding, the charge for a permit must cover all associated costs. If there is a surplus or a deficit in funding of a scheme, this will be taken into account when permit fees are reviewed.

Set-up cost and enforcement associated with a Resident Parking Scheme will be recovered from the purchasing of permits.

Introduction, ongoing management and enforcement costs of the scheme are recovered via permit income. Residents will be informed of how much permits cost before a scheme is implemented. Permit costs vary according to the scope of individual schemes and vehicle type. As part of the consultation process, when a new scheme is introduced information about the permit costs will be made available.

The cost of visitor's permits will cover administration and enforcement.

Scheme Criteria

The Council will only be delivering Controlled Parking Zones as a way to better control parking in the borough.

To ensure that resources are used effectively, all requests for the introduction of a Resident Parking Scheme/Zone will be assessed using the criteria described in this policy. A request for a scheme will not be progressed if it fails to meet the specified criteria. Schemes will be expected to be self-sustaining financially.

A scheme proposed by residents will be considered only where all the below criteria are met:

- The collective request by residents for a consultation on a Resident Parking Scheme and that is also supported by the local Councillor(s).
- The introduction of a Resident Parking Scheme/Zone is considered to be the most effective way to address the existing/evolving parking issue/ problem.
- There is only limited off-street parking.
- It can be demonstrated that a large number of non-residents are frequently parking in the area for extended periods causing a significant demand on parking.
- There is insufficient space to accommodate residents' and non-residents' needs simultaneously.
- The area proposed consists of clearly defined blocks of streets to deter, as far as reasonably practicable, the migration of parking into surrounding streets. In exceptional circumstances, small, isolated cul-de-sacs that lead directly off main roads or local distributor roads may be considered.
- The proposed Resident Parking Scheme/Zone is technically, financially and operationally feasible.

All Resident Parking Schemes should complement the provisions of other parking restrictions to address localised obstruction, safety issues and wider, integrated traffic or parking management schemes that encourage the use of alternative facilities such as off-street parking or park and ride schemes.

The Council as part of its new approach to CPZ's and Resident Permit schemes will review areas where previously the introduction of Resident Parking Scheme has not been supported by residents and will take on previous comments/consultation responses as part of a review before revisiting the area.

Prioritising a Residents Parking Scheme

As the Council is adopting a new approach to the rollout of CPZ's/Resident Permits, it will produce a plan to indicate where work needs to start however, at residents may feel that some areas require urgent reviews. In these scenarios the Council will endeavor to review those sites first but it may not be possible to progress all requests when demand exceeds available resources. Where it is not possible to accommodate all requests, those having a lower prioritisation, will be placed on the next round of schemes waiting to be delivered. A parking occupancy survey will be undertaken and requests prioritised using the following criteria:

- The level of on-street parking
- The availability of off-street/ alternative parking
- The total level of parking occupancy on-street
- Existing accessibility/ access issues
- Number of properties affected

Creating a new Residents Parking Scheme

Steps from initiation to implementation of a scheme include:

Informal stage

- Defining the issue/problems and geographic area including displaced parking.
- Consultation with the Lead Member and respective Ward Councillors over the extent of the scheme.

Formal Stage

- Scheme approval in principle, by the Head of the Service/Associate Director.
- Undertaking a feasibility study and defining/refining the parking plan for the area.
- A formal consultation with residents and other groups that may be impacted by the proposed change.
- Drafting and publishing the Traffic Regulation Order (TRO) and dealing with Objections.
- Scheme implementation.

Operational guidance on Resident Parking Schemes

Each Resident Parking Scheme will be designed to meet the needs of the community where the scheme is being introduced. The operational information detailed below should be used as guidance only and may differ between different Resident Parking schemes.

Times of Operation

Times of operation for individual Resident Parking Schemes will be designed to reflect local parking needs and road use; local consultation will help to inform this decision.

The standard operating period for a Resident Parking Schemes is based on non-resident parking (between Monday to Saturday, 8am to 7pm) and covers the basic administration and enforcement costs. Any extension to the standard operating period will increase the annual cost of residents' permits to cover any additional enforcement.

As there are basic administration and enforcement costs, a reduction in the standard operating period (between Monday to Saturday 8am to 7pm) will not reduce the annual cost of residents' permits.

Enforcing short time restrictions can be more expensive to enforce due to the lack of flexibility in times that enforcement officers are sent to each area hence additional staff may be required to enforce effectively.

New Developments

Within new developments, developers may wish to provide on-street parking. Within urban areas where new roads are being offered up for adoption as public highway, there will be an expectation parking will be permitted on-street in properly designated areas and that these too will be subject to a CPZ/Resident Permit scheme. The assumption will be that any other parking on-street will not be permitted without appropriate parking controls approved/introduced by the Council.

Developers will be required to fund the Traffic Regulation Order (TRO) process to introduce suitable parking controls through Section 106 agreements.

Permits and their use

All permits now being issued in Slough are “Virtual” so an online account must be set up with an email address as part of the registration. Applicants will be required to upload their “proof” documents before a permit can be issued. Once the application is accepted the permit will be issued within the parking office operational hours.

Residents will need to accept the Terms and Conditions as set out in the application when applying for a permit, these have been listed below.

- All applications must be supported by the requested proof documents relevant to the permit applied for.
- A virtual permit is only valid for the vehicle and resident parking zone for which it is registered to on your account in the PermitSmarti system. The permit shall cease to be valid at the expiration of the specified period.
- For those residents with paper permits these must be clearly displayed at all times within the vehicle front windscreen of the vehicle it has been issued to, it must not be copied, changed or defaced in any manner and the permit may not be used in any other vehicle. If it is, it becomes invalid and the keeper becomes liable for any penalty imposed.
- If the Council has reasonable grounds to believe that the conditions of use of the permit have been abused, the Council reserves the right to cancel the permit. The Council will notify you of its decision in writing to the address given at the time of application. The permit must then be returned to the Council within 48 hours.
- You must obey the law relating to parking and obstruction on the public highway. The permit is valid only within the area designated to resident permit parking.
- Slough Borough Council reserves the right to withdraw any resident permit or visitor permit if an individual is found to be subverting the purpose of the scheme. All permits are non-refundable or exchangeable.

Permit Types

When a zone is designed the type of permits allowed to park within the zone will be defined. Permit types will vary according to each area and may include:

- Residents' Permits
- Visitors' Permits
- Business Permits
- Carer Permits
- Dispensations

Property eligibility

Allocation of residents' permits per household will be a maximum of two, purchased on a first come first served basis. Visitor permits are issued per household in hourly slots and 720 hours are permitted to purchase per annum.

Within an existing Resident Parking Zone:

- Any new development will not qualify for residents' parking permits
- Where redevelopment of an existing property or properties results in an increase in the number of dwelling(s), no permits will be issued to the new dwelling(s) but the existing dwelling will retain the right to apply for residents' permits.

All dwellings, whether existing or newly developed, will be eligible to apply for visitors' permits.

Vehicle eligibility

New permits will be issued only to vehicles that do not exceed 5 metres in length and with a maximum of 8 seats.

Resident Permit eligibility and Proof Documents Required

To qualify for a resident permit, an individual's main place of residence must fall within the zone area and the applicant should own or have the use on a regular basis of a vehicle of the type permitted. Two permits are permitted per household. A third resident permit may be approved on special circumstances. Applicants must be able to support their application with proof of residency and proof of vehicle ownership. Acceptable documents are listed below:

Proof of Residency

- Utility Bill e.g. gas, electricity, telephone, water etc. (must be dated within the last 3 months)
- A bank/building society statement(must be dated within the last 3 months)
- A Benefits Agency statement/pension book (must be dated within the last 3 months)
- A letter from solicitor stating the date of completion on purchase or the property
- A valid Tenancy Agreement
- Your council tax bill for the current year
- Driving licence – showing my name and current address within the relevant zone.

Proof of Vehicle Ownership

- Vehicle registration document (VRD) also known as log book, showing my name and address with the relevant zone
- A copy of a valid insurance certificate or cover note, showing your name and address within the relevant zone
- If an employer owns the vehicle and the VRD is in their name, a required letter from the company secretary (or equal authority) on headed paper, specifying that the vehicle is allocated for the specific use as an employee. (Must be dated within last 3 months)

Visitor Permit eligibility and Proof Documents Required

Residents living in a Resident Parking Zone can buy visitor permits, enabling their visitors and any tradesmen to park their vehicles in a marked residents' bay within their parking zone during the operational hours. Residents do not need to hold a valid residents' permit or own a vehicle to apply for visitors' permits.

Applicants must be able to support their application with proof of residency. Acceptable documents are listed below:

- Utility Bill e.g. gas, electricity, telephone, water etc. (must be dated within the last 3 months)
- A bank/building society statement(must be dated within the last 3 months)
- A Benefits Agency statement/pension book (must be dated within the last 3 months)
- A letter from solicitor stating the date of completion on purchase or the property
- A valid Tenancy Agreement
- Your council tax bill for the current year
- Driving licence – showing the name and current address within the relevant zone.

Business Permit eligibility and proof documents required

If a business operates within a Resident Parking Zone and has no access to off-street parking and a vehicle is essential to the operation of the business, then they can apply for a business permit. One permit is permitted per property which allows up to 3 vehicles to use the permit.

Applicants must be able to support their application with proof of residency, proof of vehicle ownership and proof of the business. Acceptable documents are listed below:

Proof of Residency

- Utility Bill e.g. gas, electricity, telephone, water etc. (must be dated within the last 3 months)
- A bank/building society statement(must be dated within the last 3 months)
- A letter from a solicitor stating the date of completion on purchase or the property
- Driving licence – showing the name and current address within the relevant zone.

Proof of Vehicle Ownership

- Vehicle registration document (VRD) also known as log book, showing the name and address with the relevant zone.
- A copy of a valid insurance certificate or cover note, showing your name and address within the relevant zone.

Proof of Business

- Business Rate bill (must be dated within the last 3 months).

Carer Permit eligibility and proof documents required

If a resident is receiving short-term or long-term care in their own home and lives within a Resident Parking Zone they may be able to apply for a carer permit. This permit can be used by anyone who provides care, including friends and family members not just registered professionals. Applicants must be able to support their application with proof of residency and proof of need of a carer. Acceptable documents are listed below.

Proof of Residency

- Utility Bill e.g. gas, electricity, telephone, water etc. (must be dated within the last 3 months)
- A bank/building society statement(must be dated within the last 3 months)
- A Benefits Agency statement/pension book (must be dated within the last 3 months)
- A letter from a solicitor stating the date of completion on purchase or the property
- A valid Tenancy Agreement
- Your council tax bill for the current year
- Driving licence – showing the name and current address within the relevant zone.

Proof of requirement for carer

- Doctors letter
- Blue badge
- Letter from carer company confirming service provided.

Dispensation eligibility and proof documents required

If you require a dispensation due to working on a property within a controlled parking zone (Single/double yellow lines, free limited bays) and can demonstrate a clear operational need for your vehicle to be parked in that restricted area, you can apply for a dispensation that can be purchased in advance or on the day it is required. A dispensation can be issued on a daily or weekly basis.

Applicants must be able to support their application with proof of works being carried out. Acceptable documents are listed below:

- Contract for the work or,
- Invoice or planning permission.

Permit Costs

Please refer to below table which lists the current charges for all types of permits issued by this Authority. **These may be subject to changes and will be updated on TROs.**

	1st Permit	2nd Permit	3rd Permit	Daily	Weekly	Other
Residents Permit	£75	£125	£250	-	-	-
Business Permit	£300			-	-	-
Carer Permit	£25	-	-	-	-	-
Visitor Vouchers 3hr booklets of 5	-	-	-	-	-	£5
Visitor Vouchers 6hr booklets of 5	-	-	-	-	-	£10
Visitor Vouchers 12hr booklets of 5	-	-	-	-	-	£15
Visitor Vouchers 24hr booklets of 5	-	-	-	-	-	£20
Dispensations	-	-	-	£10	£30	-
Suspensions				£100 minimum subject to area and days required		
Healthcare Permit	£40					
Community Permit (Community Agency means a place of worship/religious establishment based within the permit parking zone)	Free	£125	-	-	-	-
Teachers Permit (limited to schools within a Zone)	£40	-	-	-	-	-
Tradesperson Permit (annual) for those working regularly in Slough)	-	-	-	-	-	£300

Temporary permit/temporary hire car permit

Temporary permits are used when residents within a zone are awaiting documentation to apply for an annual permit or when residents are using a courtesy/hire car. Permits can be purchased on a weekly or monthly.

Transfer of Permits

Permits cannot be transferred from one vehicle to another. When a resident changes their vehicle they must amend their details on their online account. A replacement permit will then be issued.

Refunds

Where a permit holder no longer requires their permit they should notify the parking office who can cancel the permit. All permits are non-refundable or exchangeable.

Permit Misuse

The council reserves the right to revoke any permit(s) issued to individuals who abuse the Resident Parking Scheme by:

- Tampering with a permit
- Supplying a permit to others who are not entitled to use them
- No longer meeting the qualifying criteria
- Payment not cleared.

The council may refuse to approve a permit to individuals who have failed to comply with the terms of a Resident Parking Scheme.

Parking Suspensions

Parking suspensions are for those who require an area suspended nearby a location to carry out work such as and not limited to removals, filming, special events, weddings and funerals, StreetWorks and for security reasons. Suspension notices will be placed adjacent to effected area advising drivers of the times/ days of operation. A Penalty Charge Notice will be issued to any unauthorised vehicle parked in a suspended area. Cost may vary for the type of suspension required, any loss of income will also be calculated in the overall cost. Please note a suspension application will need to be completed and approved prior to any work commencing, this may take up to 7 working days.

Alternative parking will have to be sorted if large numbers of resident permit bays are taken for certain amount of time however, permit refunds will not be considered.

Skips/Building materials on the Highway

If a resident requires a skip or to place building materials on the Highways an application would need to be completed online and a fee payable to the Streetwork Permit team or Highways, durations, costs and terms and conditions can be found on the applications form. Any skip requests in residential bays and on waiting restrictions will require approved by the Parking Team and will inform of any cost associated.

Provisions for Healthcare Workers

Healthcare permits are issued in Slough to NHS healthcare workers. Free paper permits are distributed and managed by the healthcare provider. The permit allows NHS workers to park in resident permit bays, yellow lines, loading bays, pay and display bays and limited waiting bays for 1 hour when carrying out their medical duties. The Authority is sent a list of valid permits monthly for enforcement purposes.

Provisions for Blue Badge Holders

Valid Blue Badge holders are permitted to park in residents' parking bays when a valid Blue Badge is correctly displayed, providing the bay has not been suspended. There is no time limitation.

Enforcement

Whilst the Council encourages all road users to comply with highway regulations, it accepts that the level of compliance is optimised and sustained through timely and effective enforcement to:

- Enforce parking contraventions in a fair and consistent manner for the benefit of all parking users
- Encourage sensible parking to improve access and protect public safety
- Provide safe parking places with clear markings and signage
- Ease congestion by keeping streets clear to enable smooth traffic flow.

A necessary and integral part of any Parking Scheme is that visible and effective enforcement action, to help ensure that the terms of the Traffic Regulation Order (TRO) are observed. The Council will undertake enforcement only where Civil Enforcement powers are enacted. Penalty Charge Notices/Fixed Penalty Notices will be served to all vehicles observed parking in contravention of the rules/times of any Parking Scheme.

Exemptions

The parking team receives requests for parking exemptions for events, funerals, religious festivals. These will be considered, and any cost associated to put an exemption in place, however this may not be to the detriment of residents permit scheme or cause any road safety issues, all requests will be carefully considered. Please note that parking for those that are visiting places of worship are not excepted from any restriction in place.

Low-income households

Households on Low Income will be able to apply for a reduced permit charge subject to providing evidence that they are on Universal Credit or other similar benefits recognised by the Local Authority. The permit fee will be reduced by £10 for the first permit/vehicle only and is not transferable.

Obstruction of Parking spaces

Any obstruction by resident placed on the Highway i.e. bins to save parking spaces outside properties will result in warning letters sent to permit holders and if continued removal from the scheme.

Footway Parking

The Council has a responsibility to keep footways safe to use, to maintain safe passage for pedestrians, rather than to facilitate parking. Parking on footways:

- Creates safety issues for pedestrians and can hide other vehicles particularly on bends, narrow roads and at junctions
- Creates an obstruction and hazard for the visually impaired, disabled and elderly people and those with prams and pushchairs
- Can cause damage to the footway.

Parking on footways would be considered in exceptional circumstances only where there is no impact on safety or pedestrian movement and where the underlying construction is suitable for vehicles.

Please note: This policy is subject to change due to best practice, legislation changes or Traffic Regulation Order changes but no restricted to. If the Council feels that residents are abusing the Residents permit schemes it is reasonable to remove households due to constant disregard of the scheme. Warning letters will be sent to households.

Appendix 2: Initial Equality Impact Assessment

Directorate: Place

Service: Place and Communities – Networks

Name of Officer/s completing assessment: Kam Hothi

Date of Assessment: 19 December 2022

Name of service/function or policy being assessed: Implementation of new Controlled Parking Zones (CPZ).

1. **What are the aims, objectives, outcomes, purpose of the policy, service change, function that you are assessing?**

The parking team receive daily requests for a number of projects via emails/ letters from residents, local businesses, councillors, emergency services and other external organisations. The schemes requested are: residents' permits, waiting restrictions, school keep clears, taxi ranks, bus lane/ bus gate restrictions and pavement parking schemes. The team has been delivering these types of schemes the past 15 years and the past few years have seen the increase of parking issues borough wide. To delivery adhoc schemes is only displaces parking to other areas which is making this process more difficult and not really solving the issues. As Local Authority we are responsible for keeping the road network clear of congestion and safe for all road users. Furthermore in order to change behaviours and reduce cars on the network, we need to change behaviours on car ownership.

In order for the Council to introduce new CPZs a number of road safety measures will be designed into the proposals and introduced to regulate driver behaviour. This will include the introduction of waiting restrictions in strategic places to encourage safe parking for all road users. Schemes will be designed and progressed in consultation with residents, Councillors, key stakeholders. This will be subject to the necessary approvals within the Council through the significant decision process.

Road safety improvements remains critical to improving the perception of the borough's roads to enable greater take up of use of sustainable modes particularly walking and cycling. Traffic accidents continue to contribute to increased congestion which can hinder economic productivity. Potential benefits of the scheme include creating a more inclusive environment and reducing road danger with the potential to enable more people to participate in active travel.

The scheme is supported by wider local Council policy including the Local Transport Plan where local sustainable modes and road safety are prioritised and congestion mitigated. Slough's more recently developed Transport Vision and Strategic Infrastructure Implementation Plan (2020) describes priorities relating to the need to mitigate rising congestion levels that are stifling local economic growth.

The safe movement of people on the network has long been a priority in order to deliver an integrated, sustainable transport solution in and across the borough.

2.	**Who implements or delivers the policy, service or function? State if this is undertaken by more than one team, service, and department including any external partners.** The Parking Development team will be delivering this programme and assistance from parking specialist for writing the Traffic Regulation Orders. The development of this scheme will be overseen by the Network Lead Place directorate, working closely with Highways and our Transport team collating data that will assist in the designing of the CPZs.
3.	**Who will be affected by this proposal? For example who are the external/internal customers, communities, partners, stakeholders, the workforce etc.? Please consider all of the Protected Characteristics listed (more information is available in the background information). Bear in mind that people affected by the proposals may well have more than one protected characteristic.** SBC will work closely with residents, businesses, members and all statutory consultees. The consultation materials will be available on SBC's website consultations pages and hard copies available if required. Local groups with an interest in these improvements will be consulted. In particular the measures are intended to improve parking and will be some specific improvements for pedestrians and other vulnerable road users, including those with visual or mobility impairments, these changes provide better access to roads and pavements. Furthermore, this scheme will allow householder to reconsider the ownership of multiple vehicles per household. However, it is acknowledged that improvements are required to protect vulnerable road users and are relied upon by certain protected groups more than others. The relevant groups are expected to be affected as follows: **Age:** All groups that drive and own a car will be affected by the introduction of this scheme. Improvements to safety and air quality will benefit children significantly through scheme improvements enabling a higher proportion of this group to cycle and walk to and from school in particular. Children are particularly impacted by poor air quality at the roadside and are also vulnerable to road danger, both of which the proposal aims to address. The proposals offer the potential for more physical activity, including play, in areas where facilities may be limited due to obstructive and dangerous parking, offering the potential to address issues of obesity and well-being. **Race:** All groups that drive and own a car will be affected by the introduction of this scheme. **Disability:** Public realm/road network has the effect of excluding disabled people. The proposal will seek to address this for example by establishing clear pedestrian access on pavements , safer crossing points which can improve mobility and access for disabled people.

	Lower Income Groups: This group is less likely to be working from home, less likely to have access to a private vehicle and so more likely to need to walk/cycle in a safe environment. However, those that do own vehicles will be affected by the cost of purchasing a permit. **Pregnancy and maternity:** There may be some specific impacts for this category, relating to access to healthcare and facilities for parents and also young children, particularly as pedestrians. **Religion and Belief:** Generally speaking, there are no specific impacts here. However, there may be some impacts, including better access to places of worship. **Gender Reassignment:** No specific impacts associated with this category. **Marriage and Civil Partnership:** No specific impacts associated with this category. **Sex:** No specific impacts associated with this category. **Sexual orientation:** No specific impacts associated with this category.
4	**What are any likely positive impacts for the group/s identified in (3) above? You may wish to refer to the Equalities Duties detailed in the background information**. The proposed will positively impact all as it allows more accessibility and a better customer experience. It will also provide safe and accessible road network for all, improve road safety in line with the Highway Code and other relevant legislation. The intended benefits include a change in traffic movements and flow, with an associated improvement to air quality. Also, an expected improvement to an individual’s ability to move through the area safely and improved access to sustainable modes.

5.	**What are the likely negative impacts for the group/s identified in (3) above? If so then are any particular groups affected more than others and why?** Low-income families that own a vehicle will have to pay for a residents permit to park.
6.	**Have the impacts identified in (4) and (5) above been assessed using up to date and reliable evidence and data? Please state evidence sources and conclusions drawn (e.g. survey results, customer complaints, monitoring data etc.)** The Parking team receive a significant number of parking complaints of which high proportion relate to pavements been obstructed, householders with multiple ownership of vehicles, junctions obstructed causing road safety and sightline issues and also near misses of accidents due to dangerous parking. Any relevant points will be captured and referred to scheme designers to ensure consideration of specific concerns, however, the information here is not extensive and there are no major points of reference relating to any specific group.
7.	**Have you engaged or consulted with any identified groups or individuals if necessary and what were the results, e.g. have the staff forums/unions/ community groups been involved?** At this stage, engagement has only been through members and residents that write in to raise complaints regarding parking issues. Future consultations related to the full scheme design will be undertaken as part of the legal process through the usual mechanism. One particular group that will be targeted will be schools so they understand the impact it will have on them and how they can work with the Authority to implement restrictions that will benefit all.
8.	**Have you considered the impact the policy might have on local community relations?** Road Safety is an important aspect of the Borough’s Transport Strategy. Road Safety interventions are essential in providing greater mobility and accessibility for all members of the community. The scheme will be designed to contain a comprehensive list of measures and proposals to have the overall effect of improving safety and accessibility. This will be achieved through more reliable journeys, improved safety leading to increased cycling and walking levels and all associated benefits. All of these impacts are expected to be valued by the community, and specific community groups, as referred to in section 4. The expected benefits arising from the improved air quality, reduced carbon emissions, reduced congestion levels, will all be particularly valuable in terms of greater social and environmental sustainability. Better, more reliable access for all with positive implications within the various communities.

9.	**What plans do you have in place, or are developing, that will mitigate any likely identified negative impacts? For example what plans, if any, will be put in place to reduce the impact?** As throughout this review, there are currently no negative impacts anticipated for any protected group, except on low income, whereby it may be considered this is another fee that they will need to pay to park their car outside their property. Any negative impacts will be reviewed and addressed accordingly. Engagement with the public increasingly takes place via online communications, and the various websites run by the Council will continue to play a vital role in the exchange of information and comments. However, as far as practically possible, greater input from community groups will be actively sought and welcomed by the Council, through current channels and new initiatives to be explored and implemented.
10.	**What plans do you have in place to monitor the impact of the proposals once they have been implemented? (The full impact of the decision may only be known after the proposals have been implemented). Please see action plan below.** The reporting procedure for such schemes are monitoring any further correspondence received by residents and members, permits issues and the enforcement of the area to ensure residents are protected from unauthorised drivers who are not permitted to park in zoned streets.

What course of action does this EIA suggest you take? More than one of the following may apply	
Outcome 1: No major change required. The EIA has not identified any potential for discrimination or adverse impact and all opportunities to promote equality have been taken	✓
Outcome 2: Adjust the policy to remove barriers identified by the EIA or better promote equality. Are you satisfied that the proposed adjustments will remove the barriers identified? (Complete action plan).	
Outcome 3: Continue the policy despite potential for adverse impact or missed opportunities to promote equality identified. You will need to ensure that the EIA clearly sets out the justifications for continuing with it. You should consider whether there are sufficient plans to reduce the negative impact and/or plans to monitor the actual impact (see questions below). (Complete action plan).	
Outcome 4: Stop and rethink the policy when the EIA shows actual or potential unlawful discrimination. (Complete action plan).	

Slough Borough Council

Report To:	Cabinet
Date:	27th February 2023
Subject:	E-Scooters and e-Bikes trial and scheme
Lead Member:	Cllr Mohammed Nazir, Transport & The Local Environment
Chief Officer:	Richard West
Contact Officer:	Savio DeCruz
Ward(s):	ALL
Key Decision:	YES
Exempt:	NO
Decision Subject To Call In:	YES
Appendices:	**A:** E-Scooter Rental Trial Evaluation **B:** Equality Impact Assessment **C:** Map of permitted riding areas in Slough

1. Summary and Recommendations

1.1. This report sets out the current status of the e-scooter trial rental scheme in Slough and includes an evaluation of the trial to date. Noting the popularity of the scheme previously, the proposal is to restart the trial, subject to a tendering exercise and the award of a new contract to the successful bidder. The new contract will include the provision of both e-scooters and e-bikes for public hire.

Recommendations:

Cabinet is recommended to:

a) Approve the restart of the e-scooter scheme in Slough, extended to include e-bikes, for a period of up to 4 years, to cover the national trial period up to May 2024 and any agreed trial extension by the Department for Transport (DfT) and subsequently the remainder of the 4-year term subject to the full legislation of e-scooters.

b) Approve the commissioning of a provider for the e-scooter/e-bikes trial.

c) Delegate authority to the Executive Director for Place and Community, in consultation with the Lead Member for Transport and the Local Environment, to approve the award of contract and final scheme operations.

d) Note that a follow-up report will be brought back to Cabinet after the national trial ends, to provide updates on the remaining trial period and any legislative and operational changes required by the DfT.

Reason:

The operation of the current local trial ended on 30th November 2022. This date was in line with the end of the contract with the provider at the time, Neuron Mobility. There is an opportunity to restart this popular scheme, in line with the most recent extension to the national e-scooter trial dates by the DfT to May 2024. Beyond this date, once the national trial evaluation has concluded, the Government plans to introduce legislation to regulate e-scooters[1]. However, the Government has yet to confirm the timelines for the national trial end date and the change of law to permit use.

Therefore, a new four-year contract to enable e-scooter and e-bike usage in Slough is recommended. The contract duration will cover the national trial period to May 2024 and beyond to when legislative changes have been made. In addition, the new contract specification will incorporate lessons learned from the local and national trial evaluations to date (between October 2020 to November 2022) and specify improvements for users and non-users with the continued emphasis on safety. Any legislative changes the government sets and any recommendations for operational changes will be presented again to Cabinet in a follow-up report to also include a full trial evaluation.

Commissioner Review

"Commissioners note the report."

2. Report

2.1. Introductory paragraph

The DfT invited local authorities to participate in a national e-scooter trial in July 2020. Slough's participation in the national trial commenced in October 2020 and after a competitive tender exercise, the Council awarded a concession contract to the selected e-scooter operator, Neuron Mobility with a contract end date of 30th November 2022. The DfT subsequently extended the trial end date from 30th November 2022 to the latest date now set to 31st May 2024.

A new tender exercise must now be undertaken to procure an operator to offer short term hires of e-scooters and e-bikes in the borough. Continuing in the national trial would require meeting the same conditions agreed previously with the DfT including a maximum fleet size (300 e-scooters) and the already defined trial area (see Appendix C for permitted riding areas).

Once Government legislation has been introduced to legalise e-scooter use, Slough's participation in a nationally run trial will transition to a borough-led e-scooter/e-bike scheme. While the Government's new legislation will determine operational standards, there may be an opportunity at this point to increase the scope of the local scheme to include, for example, additional e-scooters or e-bikes to the fleet or expand the riding areas to include the entire borough.

This report sets out the current status of the e-scooter trial rental scheme in Slough and includes key findings from the local and national evaluations. Whilst the national evaluation will inform the longer-term policy position of the Government, the local evaluation draws on safety, ridership levels and implications for users and also non-users. A key policy

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[1] https://lordslibrary.parliament.uk/e-scooters-the-road-ahead/

challenge remains the illegal use of private e-scooters which can contribute to a negative perception of this mode more widely and potentially skews some survey results.

Options for the future of a combined e-scooter and e-bike scheme have also been presented.

2.2. Objectives

The development of the necessary contract to restart the e-scooter scheme will contribute to the realisation of the following borough objectives.

2.2.1. SBC Corporate Plan Objectives

- A council that lives within our means, balances the budget and delivers best value for taxpayers and service users by ensuring that the correct governance and procurement processes are in place to provide robust and clear adherence to the requirements
- An environment that helps residents live more independent, healthier and safer lives by reducing congestion on the network, reducing reliance on cars and providing a reliable and low-cost transport option
- Enhanced quality of place for residents, employees and visitors, making a visible difference to people's lives in terms of connectivity, access to shopping facilities, places to eat, improved journey quality and help the quality of the local environment in the area

2.2.2. Local e-scooter trial Objectives

- Offer an alternative to making short journeys by car and reducing the number of single occupancy journeys by private vehicles, prioritised in the Local Transport Plan (LTP)
- Expand the choice for short journey connectivity to/from transport hubs, (addressing connectivity and accessibility issues)
- Provide an alternative travel option where other transport services may be difficult to access (addressing accessibility and equity issues).
- Offer an introduction to active travel by providing users with greater confidence to try out alternate options (addressing: public health objectives to encourage active travel)
- Provide information and evaluation data to guide future development of future mobility schemes (addressing wider national objectives relating to environment, health and economic outcomes)
- Align with the Low Emission Strategy, the Carbon Strategy, and the Local Plan (currently being updated)
- Contribute overall to improving local, regional and national social, economic and environmental outcomes

Under-pinning all Transport and related policies is a commitment to deliver modal shift, meaning facilitating a shift from private car to more environmentally sustainable modes of transport. The evaluation demonstrates that broadly the scheme to date has met its objectives while also supporting the Borough's Corporate Strategy and contributing to the national objectives.

As the scheme has matured, and in light of the evaluation and findings, including evaluation recommendations and references to safety in the SD on trial participation from September 2021, an additional revised trial objective *'To provide a safe mode of public* *transport'* will be added. At the time of the original tender, Neuron Mobility was selected due to their demonstrable commitment and experience where safety is prioritised. Riding reports including collision reports have been collated and submitted on a monthly basis to the Department for Transport.

A fully revised set of scheme objectives will be presented to Cabinet in the follow-up report, after legislation has changed to fully legalise the use of e-scooters and after final evaluation.

2.3. Evaluation

2.3.1. Data Capture

Two sources of survey data were captured and analysed. These findings were also considered within the context of the DfT's national trial evaluation (dated December 2022). The two surveys included:

(i) An online survey, issued by Neuron Mobility concluded in May 2021 and targeted e-scooter users. 100 unique responses were received.
(ii) Issued by SBC's Transport team, the second online survey ran between March and August 2022. Over 600 responses were received of which 86% were Slough residents. Exactly a third of respondents had used the Slough rental e-scooters while two thirds had not.

2.3.2. Key findings

3.

The evaluation Appendix A) assesses the e-scooter trial's performance against the Council's original trial objectives. This covers the period from October 2020 to 30th November 2022. An analysis of the available data showed that the e-scooter scheme has helped the Council to meet the scheme objectives and contributes to wider objectives.

The surveys provided insights into the impact of the trial, as follows:

Theme	Data Source	Result
Usage	*Neuron Mobility trip data*	• Overall the scheme was used very well with over 290,000 trips made in 2021.
	SBC Survey	• Half of all trips were for commuting journeys. • 49% of respondent's would not be persuaded to use an e-scooter.
	SBC Survey	• At the time of the survey, 40% of respondents did not feel that e-scooters should be encouraged relative to cars. The reasons being the need for group travel, carrying young passengers, luggage and longer distance travel.
Trip Distance	*Neuron Mobility trip data*	• The average walking distance per trip is 0.8 miles. The average trip distance for e-scooters in Slough is 1.24 miles, indicating purposeful journeys that would potentially would not have been walked.
Modal Shift – alternate modes to private car	*Neuron Mobility survey data*	• 38.4% of trips displaced car journeys, with 20% of trips were combined with public transport or car journeys. • Based on Neuron Mobility's data, over 200,000 car trips have been replaced e-scooter trips.

	SBC survey data	• 28% of users would otherwise have walked, where one sustainable mode is replaced by another. Greater work to encourage walking for short journeys to reinforce health benefits may be required. • 49% of respondents said that nothing would ever persuade them to ride an e-scooter. There is scope to expand the appeal of micromobility through extending options i.e. an e-bike hire scheme.
Perception of Safety – users	*Neuron Mobility survey data*	• 94% of respondents felt they understood the rules of riding safely indicating that information on how to use the e-scooters was clear. Rider penalisation should be introduced to target poor behaviour after investment in rider education.
	SBC survey data	• 58% of respondents have no safety concerns about using the e-scooters compared to 36% with concerns.
Perception of Safety – non-users	*SBC survey data*	• A mandatory parking model is welcome, with designated marked locations and penalties for non-compliant parking introduced. Pavement cluttering remained a key issue. Perceptions around safe use are complicated by the continued growth of private e-scooter use where user behaviour cannot be managed. The key safety concerns reported related to where scooters are used (on pavements at times, who is using them (young people/children accessing the e-scooters) and Parking (abandoned e-scooters).
	DfT National Evaluation	• Managing impacts on vulnerable road and pavement users - Partnership working is necessary with local disability forums to address the suitability of where e-scooters are parked.
Value for Money (addressing equity issues)	*SBC survey data*	• More respondents (42%) believed that the scheme provided good value for money than those who thought otherwise (36%). Other participating Local Authorities have introduced loyalty discounts, free pass promotions, concessions, pre-pay and subscriptions.

2.3.3. Sustainability

The success of the e-scooter scheme in Slough to date has shown extensive uptake of this mobility offer offering a zero emission travel option at point of use. In addition, Neuron Mobility operated electric vans to move the e-scooters around and service the fleet with both the van and e-scooters run on entirely renewable energy.

Within the local evaluation, there is evidence to indicate that e-scooters have, in some cases, replaced cars as the mode of choice for many short trips made within the borough. This is expected to contribute to a significant reduction in congestion on the road network, and reduction in CO^2 emissions, where journeys by e-scooter replace car or bus travel. Using this self-reported modal shift figure (38.4%) an indicative analysis, estimating the number of car kilometres used overall (based on the number and distance of trips recorded) shows that during the trial period over 66 tonnes of CO2 have been saved at point of use and over 200,000 car trips were replaced by e-scooter trips[2]. However,

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[2] e-scooter km travelled x car displacement rate x 160g per km

although the results show a reduction in emissions due to modal shift away from cars, it is of note that from the same survey findings showed that a third of e-scooter trips replaced walking trips which contradicts wider objectives to increase the numbers walking and cycling. The proposed inclusion of e-Bikes in the re-start of the scheme will offer an additional sustainable mode. Of note, the Council has committed to strengthen Active Travel infrastructure in the borough and preliminary designs for the A4 Cycle route are due to be presented to Cabinet in March. Coordination of infrastructure improvements, behaviour change incentives and facilitation is necessary to grow confidence in a relatively new scheme.

2.3.4. Safety

To date, Neuron Mobility reported that there have been 60 rider-only collisions and slight injuries (no hospital treatment reported), 1 moderate injury (outpatient), one severe injury (inpatient) and one fatality. Since 2019, a total of thirty-one deaths involving e-scooters, one in 2019, three in 2020, thirteen in 2021 and fourteen in 2022 (to early December) have been reported.[3] Of these, three fatalities were recorded in host trial boroughs, including Slough. A policy challenge remains the illegal use of private e-scooters, and the DfT has indicated that legislation to enable private e-scooter use may be introduced. Council communications have been issued to advise that private e-scooter use remains illegal except on private land and while educational measures have been deployed, greater enforcement is required.

Improvements to Safety continue to be a key focus for the trial. Neuron Mobility and the Council worked closely to promote safe riding and parking including three safety awareness events per year with Thames Valley Police. Messaging to reach all-users was increased to ensure first time riders understood how to ride responsibly, and helmets offered to all users. However, the survey results indicate that the majority of riders believed they understood the safety rules. Sanctions are therefore essential to enforce responsible riding including increased number of bans, or increased fines for misuse.

Survey responses from non-users have raised concerns about e-Scooters left carelessly on pavements, causing obstacles to pedestrians. Mitigation measures will be covered within the contract preparation for the re-start of the scheme and will consider fixed docking stations at specific locations.

2.3.5. National Trials evaluation

The national evaluation of e-scooter trials conducted by Arup for the Government shows that Slough has the 8th highest utilisation of the trials across the nation (out of 32 trials), indicating that the town is an attractive location to operate a scheme and to use e-scooters. The grand total of trips nationally was 14.5m over an 18 month review period. The evaluation covers a wide range of factors in considerable detail. Regarding safety, 5% of e-scooter users experienced a collision, due mainly to rider error, inexperience and lack of training.

2.3.6. Consultation with public bodies

The Transport team and Neuron have engaged frequently with Thames Valley Police since the start of the trial to discuss safety and enforcement. This has included joint campaigns, stakeholder events and direct responses to public concerns. Training events have been held to inform the public of safe e-scooter use and to eradicate misuse, via the use of technology and education. Neuron have also partnered with TVP in a local ‘day of action’

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[3] PACTS – Parliamentary Advisory Council for Transport Safety, March 2022

with one-on-one engagement with riders. Lessons learnt from all of these initiatives will inform the measures we will maintain and develop in ongoing partnership with TVP and the successful bidder in the tendering exercise.

The Transport team has engaged with the Royal National Institute for the Blind (RNIB) in order to better understand the safety implications, and we are looking at making improvements to the scheme based on their recommendations. Further engagement with the RNIB will be undertaken.

2.3.7. Summary

Noting the data collated from the operation of the scheme, and the related findings from the various surveys, the e-scooter scheme has been highly successful, certainly in terms of popularity of usage, and has contributed significantly to meeting the various objectives of the scheme. Lessons have been learnt throughout the period of operation, and improvements have been made by Neuron in partnership with the Council. There is now a particular focus on further measures to address safety concerns.

In proposing to restart the scheme, the expectation is that the popularity and safety of the scheme will continue, and that further enhancements will be made, including, notably, the provision of e-bikes as an additional mode to support choice for the public, and to further realise the objectives. Liaison with all relevant public bodies will continue.

3.1. Options considered

The e-scooter trial scheme was suspended on 30th November 2022 due to the end of the existing contract with the outgoing supplier. Regarding the future of e-scooter use in Slough, the following options have been considered:

Option	Description
A	Continue the preparations for the award of a new contract, to include a percentage revenue return, in order to restart the e-scooter scheme at the earliest opportunity. This is expected to be from Spring 2023.
B	Continue the preparations as in option (A), but also including e-bikes within the proposed hire scheme.
C	End of the trial outright and not to continue with any contract plans.

Based on the evaluation, e-Scooters are well used in the borough and recognised as a low cost and accessible form of transport. The scheme contributes to meeting the Council's objectives. The evaluation report also indicates high use, good adherence to safety and the potential for e-Scooters to change travel behaviour in favour of sustainable modes.

Option A would restart the e-Scooter trial, as operated previously, with a revenue return now included in the proposed new contract. This would entail inclusion of a revenue return in the proposed new contract.
Advantages: this would build on the success of the scheme to date, noting the popularity, and restoring an alternative, low-cost, easily understood, sustainable form of transport for public use across the borough. This would further contribute to the realisation of the Council's objectives, including generation of income, progress towards modal shift and all the related social and environmental benefits. Continuing with the tendering exercise for a new contract is necessary to ensure a successful, safe and self-funding scheme to be introduced.

The disadvantage here is that this does not include the additional benefits that would arise from the inclusion of e-Bikes in a new scheme. Hence **option A is not recommended.**

Option B would restart the e-Scooter trial, as in Option A, with the addition of e-bikes within the proposed e-scooter contract preparations. This would provide an additional sustainable mode of transport, which would further support the scheme objectives.
The disadvantage here is that the popularity of e-bike usage is unknown, since there has been no e-bike scheme in Slough to evaluate to date. Furthermore, inclusion of e-bikes in the contract preparations could potentially delay the re-start of the scheme.
Noting the additional benefits expected, however **option B is recommended.**

Option C would not restart the e-scooter trial scheme in Slough.
Some residents who are opposed to e-scooters on road safety grounds might see this as an advantage, however these issues can be addressed in changes to the specification and better enforcement.
Disadvantages of this option are failure to draw on the known popularity of the scheme, and no contribution to the various policy objectives set out above. **Option C is not recommended**.

3.2. Background

3.2.1. History of trial / DfT approvals / timeline

The DfT approved an e-scooter trial which commenced in Slough in June 2020. This was part of an emergency response to meet the transport and mobility needs of local areas and people whilst supporting a green recovery from the impacts of COVID-19. In July 2020, the DfT made regulations allowing trials of e-scooters.
The e-scooter operator, Neuron Mobility, was chosen after an open and competitive process that evaluated applicants' ability to meet safety standards, their experience and commitment to high operating standards. Neuron were initially contracted to work with the Council in October 2020.

As the trial progressed, the DfT extended the trial scheme to October 2021, then March 2022, then November 2022 and most recently to May 2024. The recently ended contract with Neuron had been extended to November 2022, after an exemption was permitted by the Council's Procurement team.

Before the announcement of the latest national trial extension by the DfT, to May 2024, officers had been working to the November 2022 date. This informed the end date for the contract between the Council and Neuron Mobility UK, the operator, which ended on 30th November 2022.

The Transport Service undertook an evaluation process, to assess user and non-used satisfaction with the scheme, the scheme's value to residents and also to take forward learning from the previous contract arrangement to apply to any new contract arrangement.

Due to the success and popularity of the scheme, the Transport Service was formally requested to propose a further exemption to extend the contract. This was considered by all relevant departments and was agreed in principle. Neuron Mobility were invited to extend the trial until the summer of 2023 however they declined this invitation. Hence, the Transport Service formally suspended the trial, and all e-scooters were removed from the public highway by Neuron Mobility at the end of November 2022.

Subject to Cabinet approval, it will be possible to restart the trial scheme in Slough once a tendering exercise has been completed and a new contract has been awarded. The DfT has confirmed that the Council can re-join after the current break in the trial.

Allowing for completion of the existing procurement exercise, and the award of a new contract, the likely date for a new contractor to be appointed is Spring 2023, with mobilisation of the scheme to commence as soon as practically possible after the award.

3.2.2. Inclusion of e-bikes in the proposed contract

In line with the DfT's national trials, the recently conducted trial scheme in Slough only included e-Scooters. The evaluation of the trial in Slough to date (see Appendix A) also only relates to this form of transport.

Given that the Slough trial has recently been suspended, and preparations are underway to facilitate the restart of the scheme, there is now an opportunity to include e-Bikes in the new contract, and hence to provide an additional mode of transport for public use. It is proposed, to fully explore the inclusion of e-Bikes within the new contract.

Noting that the evaluation relates mainly to e-scooters, there is currently no recent evidence available to support the introduction of e-Bikes in Slough. The benefits and disadvantages of e-Bikes will therefore be comprehensively reviewed, and only included in the new contract as long as this will not de-stabilise the success (financial and otherwise) of the e-Scooter scheme.

The evaluation does, however, recommend the use of e-bikes as part of the provision of micromobility options, in addition to e-scooters. This will increase the range of accessible travel options and maximise use of active travel infrastructure. A wider choice of mode will broaden the overall appeal of micromobility, and will also further strengthen the Council's aims to facilitate a safe and sustainable transport network. Furthermore, the use of e-bikes on the public highways is already fully legalised. Hence, the recommendations in this report cover the inclusion of e-bikes in the proposed restart to the scheme.

4. Implications of the Recommendation

4.1. Financial implications

4.1.1. The contract with Neuron Mobility UK which ended on 30th November was a zero-cost contract to the Council. There were some basic running costs (under £10k annually) to the Transport service, but these were covered by a DfT grant. Beyond 2022/23 no grant is available. Officer time to support the scheme's continuation will be covered by the proposed income from the new contract, via a revenue share requirement.

4.1.2. The proposed new contract to cover the extension of the trial and the subsequent post-trial period, is also a zero-cost contract to the Council. There will, however, be a requirement in the new tender documentation for a revenue share by the operator, to give the Council up to 7.5% of the revenue to the Council. This has been proposed following discussions with legal and procurement officers. The total amount of this return is subject to the success of the scheme and the number of e-scooter hires made by users.

4.1.3. An estimate of income from the scheme of around £37.5k/annum is expected, based on a projected £500k contract value per annum. There is an expectation that this will increase based on expansion of the service. However, these figures are illustrative only and not based on actual verified data of past volumes and the pricing structure of the previous contractor.

4.1.4. For each financial year from 2023/24 the expected income will be used to cover the annual costs of £3.5k, leaving an expected £34k surplus revenue. Future income received by SBC as part of the revenue share arrangement will be assessed on an ongoing basis. Projected subscription revenue achievable may vary and also take longer to build to the level assumed so should be viewed with some caution.

4.1.5. An additional income is expected from the inclusion of e-bikes within the scheme. The revenue percentage is expected to be in line with the percentage for e-Scooters, but this will be full considered in the preparation of the ITT. There is still a need, however, to fully assess the likelihood of financial viability of an e-bike hire scheme, and hence its likely take-up by operators seeking to run the e-scooter scheme.

4.2. Legal implications

4.2.1. The DfT made regulations in July 2020 to allow trials of e-scooters as part of a green approach to local travel and to mitigate the impact on public transport as people recommenced travel following the lockdown restrictions arising from the Covid-19 pandemic. The regulations for e-scooters apply in a similar way to e-bikes and are deemed to have a similar road presence and visibility as these. However, during the trials, e-scooters continue to be classed as motor vehicles and therefore there must be insurance in place and a driving licence to use one.
The operation of the e-Scooter scheme must comply with the Vehicle Special Order (VSO), to cover the completion of the trial. The VSO is granted to the Council by the DfT, and must be complied with by the operator.

4.2.2. A permanent Traffic Order (PTRO) under the Road Traffic Act (1988) is in place which authorises the use of e-scooters on all parts of the public highway for which Slough Borough Council is the traffic authority. This PTRO will remain in place subject to the e-Scooter trial re-starting in Slough. Should the trial not be re-started, the PTRO will be revoked.

4.2.3. The DfT published updated guidance in February 2022. This sets out requirements that local authorities may wish to consider including in their own trials, including:

- Number of e-scooters to be provided in trials
- Availability of training or helmets
- Specific areas where e-scooters can be parked to avoid e-scooters becoming an obstruction of other road users and pedestrians, particularly those with disabilities
- The use of geo-fencing to limit the trial area within the borough or to prevent use outside the trial borough's area
- The sharing of data between the local authority and e-scooter operator

Additional requirements have been added to those trials that are extended beyond November 2022. These include:

- a requirement for local authorities and operators to review current safety measures and consider improvements, including lower speed limits for new riders, parking incentives and penalties, safety events and publicity initiatives. Measures should also include those to improve the perceptions around e-scooter safety.
- Increasing the uptake and use of e-scooters by providing mandatory training for new users and offers of in depth rider training.
- Encouraging helmet use, including provision of helmet, encouraging use of own helmet and incentivising use.
- Reducing illegal use of e-scooters and anti-social behaviour by improving user identification and reducing illegal use within the rental scheme, including twin riding, pavement riding and parents unlocking e-scooters for children.
- Provision of user data to the police.
- Improving parking bays
- Continuing to monitor and evaluate the trial.

The Council has a duty under s.39 of the Road Traffic Act 1988 to carry out studies into accidents arising out of the use of vehicles and in the light of those studies, to take such measures as appear to be appropriate to prevent such accidents, including the dissemination of information and advice relating to the use of roads, the giving of practical training to road users, the construction, improvement, maintenance or repair of roads and other measures in exercise of powers for controlling, protecting or assisting the movement of traffic on roads.

4.3. Risk management implications

Description of risk	*Risk/Threats/Opportunities*	*Proposed future controls*
Community Support	Unfavourable response to the re-start of the scheme. Questioning by residents about consistency and the benefits / reliability of the rental service.	Further, comprehensive public engagement through feedback and Comm's messaging. Assessment of total number and type of complaints.
Scheme delivery team capacity	Inclusion of e-bikes in the ITT content is likely to cause some delay in completion of the ITT.	Additional requirements will be factored into a revised project plan.
Road safety	Potential further accidents involving e-Scooters.	There will be an emphasis in the ITT on safety measures, vehicle specification, improvement plans etc. Furthermore, thorough risk assessments and appropriate interventions will be required from bidders for the new contract.
Legal	Legal action as a result of road safety concerns.	The Insurance team has provided recommended levels of liability for the operators. This information will be included as a requirement in the contract. Further requirements and recommendations in Government guidance will be considered and incorporated into the new contract.

		Data sharing requirements in the contract will allow for further monitoring and evaluation and close liaison with the police to assist with enforcement.
Finance	The target revenue return of up to 7.5% of income is subject to performance of the scheme and final terms. There is also a risk that the e-Bike scheme will not be as financially viable as the e-Scooter scheme, and this could potentially reduce the overall income level ultimately received.	The revenue return requirement will be re-considered prior to finalising the ITT content. Inclusion of the e-Bike scheme will be fully reviewed and only finalised once all checks and assurances have been made. The contract will be tailored accordingly.

4.4. Environmental implications

4.4.1 Positive impacts expected

The e-scooter scheme is expected to reduce congestion and therefore to reduce carbon emissions and improve air quality across the borough. The environmental impacts are expected to be of benefit to all residents and visitors to Slough.

4.5. Equality implications

4.5.1. An Equalities Impact Assessment (EQIA) has been carried out on the operation of the e-scooter scheme to date in Slough, and on the anticipated impacts related to the proposed restart of the scheme. This is provided as **Appendix B** to this report.

The overall findings are as follows:

a) There are positive impacts from the e-Scooter trial and the proposed restart of the scheme for all groups identified *including users and non-users*

b) The e-Scooter trial has led to specific benefits for all who the e-scooter service in Slough, but amongst non-users the impacts are both positive and negative.

c) The e-scooters are relied upon by certain protected groups more than others. For example, younger people tend to use the e-scooters more than older people in Slough, and people with disabilities are more likely to be non-users than those without disabilities.

The positive impacts for all relate to:

- An improvement in the local air quality, supporting those most at risk from the impacts of pollution. Data from surveys conducted in Slough indicate that an estimated 670,000 fewer car miles have led to 66,000 tonnes of CO^2 saved and an improvement of air quality in Slough's AQIAs.

- A reduction in congestion and an improvement in the amenity of the town. An estimated 209,000 car trips have been avoided by people choosing e-scooters instead.

Examples of the positive impacts for specific groups, for users of the scheme, include:

- A more affordable travel option for people with low incomes and those without access to a car.
- Improved access to services, places of work and education, shops, healthcare, and other destinations.
- Greater modal choice and independence for those who do not have easy access to other transport services.

Examples of the negative impacts include:

- Pregnancy and maternity: There may be some specific impacts for this category, again relating to pavement access and the ability to push a pram / buggy around an improperly parked e-scooter. As such they are more likely to be affected by improper parking and dangerous riding of the e-scooters.
- People with sight disabilities and the elderly are also more likely to be affected by improper use (including poor parking) of e-Scooters and e-Bikes on the public highway.
- Exclusion from the trial due to barriers in terms of accessibility, affordability, language, and requirement for a smartphone, bank account or driving licence.
- Physical ability of older people to use e-scooters, and also the increased implications relating to accidents in terms of physical resilience and recovery.

The action plan in the EQIA specifically includes commitments to improvements in safety measures, for example in response to the needs of the elderly, people with disabilities and parents of young children, relating to e-Scooters and e-Bikes constituting obstacles when left on the public highway. This will be covered in the contract preparations and in ongoing monitoring and response. Solutions are expected to include docking bays, geo-fencing or alternative measures to improved parking controls, particularly in areas of high pedestrian use. All such measures will be subject to DfT guidance, ongoing public engagement, and financial viability, however safety requirements will be paramount.

A full, more detailed list of expected impacts of the e-Scooter trial – positive and negative is included in the EQIA document (Appendix B). This assessment includes the likely impacts of e-bikes within the scheme.

Subsequently, this assessment will be reviewed regularly and will seek to mitigate against any potentially adverse impacts with specific reference to protected groups who are disproportionately affected by the scheme. This will included ongoing engagement specifically with all relevant protected groups.

4.6. Procurement implications

The Council has an obligation to ensure procurement activity is carried out in accordance with (a) the Council's constitution; (b) the Contract Procedure Rules; and (c) the Public Contract Regulations (PCR) 2015.

A procurement business case to develop a new contract for the continuation of the e-scooter trial scheme, and the extension of the scheme subject to full legalisation of e-scooter usage by the DfT, was approved by the Procurement Board in October 2022.

The Transport Planning team will continue to engage with the Procurement team in the preparation of the Tender documentation. This will now include reference to e-bikes.

4.7. Workforce implications

4.7.1. Scheme management

The operation of the scheme including the physical management and maintenance of e-scooters and e-bikes, as well as the contracts with individual users, are the responsibility of the operator.

The internal management and administration of the scheme will continue to be covered by the Transport Planning team. The team will work with Finance colleagues in preparation for the inclusion of the Revenue return from the operator. The team continues to operate at and beyond capacity, and the resourcing requirements will need to be reviewed continually as the scheme progresses.

4.8. Property implications

4.8.1. None

5. Background Papers

SD: Suspension of E-Scooter Trial, issued 3rd November 2022

SD: E-scooter Trial Extension, (notification of continued participation, including data and evaluation after one year of operations. Issued September 2021

6. Appendices

Appendix A: E-Scooter scheme Evaluation Report

Appendix B: Equality Impact Assessment

Appendix C: Map of permitted riding areas in Slough

Slough E-Scooter Rental Trial Evaluation
December 2022

1. Purpose

The purpose of this evaluation is to assess the e-scooter trial's performance against the SBC's original objectives of the trial, and is for SBC's internal purposes only.

The Department for Transport (DfT) will separately be making their own evaluation of all e-scooter trials across England including this trial in Slough to inform potential national legislation. For the two separate evaluations, there are both common and separate data sources.

Due to the changed trial end dates made by the DfT, this evaluation has been undertaken to evaluate Slough's scheme between October 2020 and 30 November 2022. The findings of this evaluation will inform any future Cabinet recommendations.

2. Background and Context

As of June 2020, electric scooter ('e-scooter') trials were permitted in local areas across the UK, as part of an emergency response to meet the transport and mobility needs of local areas and people, whilst also supporting a green recovery. These trials are within the scope of the Department for Transport's (DfT) Emergency Active Travel Plan.

The Council submitted a successful application to participate in the trial.

Since October 2020, SBC has been hosting an e-scooter trial on behalf of the DfT. Rules of operation are defined centrally. The DfT will determine the legislation of e-scooters once all their data has been evaluated, and in the meantime, continue to regulate all aspects of e-scooter trials nationwide.[1]

Through a (no cost) Invitation to Tender exercise carried out between August and October 2020, nine suppliers tendered to run the trial for Slough. Eligible operators submitted their tender response to the Council's Invitation to Tender (Technical and Quality Questions) and the Council selected the Operator, Neuron Mobility to run the e-scooter trial in accordance with the terms of the Agreement, dated 13 October 2020. The Parties (SBC and Neuron Mobility) agreed that the terms of the Agreement were legally binding and agreed to comply with the terms of this Agreement for a nominal amount of one pound (£1).

The Agreement (1 year + 6 months) came into effect on the 16 October for twelve months, with a provision to extend the Agreement by a further six months. The Agreement lapsed in March 2022 and was extended for a second time until 30 November 2022. Both these extensions are a direct result of the DfT extending the end date for all trials across England to allow them to gather more evidence to inform national legislation. The latest date for the trial to end has been revised to 31 May 2024.

The DfT sets the reporting requirements that must be submitted periodically and which SBC coordinates. Under the current contract, the Operator retains any revenue generated through e-scooter use. While there are no cost implications for SBC, significant officer time is spent on reports, monitoring, and meetings paid for currently via the Capability grant – a revenue grant paid by the DFT to promote and facilitate active and sustainable travel. No further grant funding has been identified beyond March 2023 at this time.

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[1] https://www.gov.uk/government/publications/e-scooter-trials-guidance-for-local-areas-and-rental-operators/e-scooter-trials-guidance-for-local-areas-and-rental-operators

3. Strategic Alignment and Objectives of the Trial

Under-pinning all Transport and related policies is a commitment to deliver modal shift away from single occupancy vehicle use. E-scooters can be used to replace cars as the mode of choice for many short trips made within the borough. This is expected to contribute to a reduction in congestion on the road network, improved air quality and reduction in CO^2 emissions.

The e-scooter trial objectives were set out when the scheme was introduced in 2020, and evaluated in a follow up Significant Decision report titled Notice of the Department for Transport's extension to the e-scooter trial duration and SBC's continued participation (September 2021). The e-scooter scheme objectives support almost all of the outcomes of Slough's 5 Year Plan (2020-2025), and Slough's Recovery Plan (2022-2025). The mapping and the supporting evidence is shown in the Appendix 1.

The objectives of the e-scooter trial are to:

1. Offer an alternative to making short journeys by car (addressing Climate Change Strategy, LTP4 objectives, contributing to improving local, regional and national social, economic and environmental outcomes)

2. Expand the choice for short journey connectivity to/from transport hubs, (addressing connectivity and accessibility issues)

3. Provide an alternative travel option where other transport services may be difficult to access (addressing accessibility and equity issues)

4. Offer an introduction to active travel by providing users with greater confidence to try out alternate options (addressing public health objectives to encourage active travel)

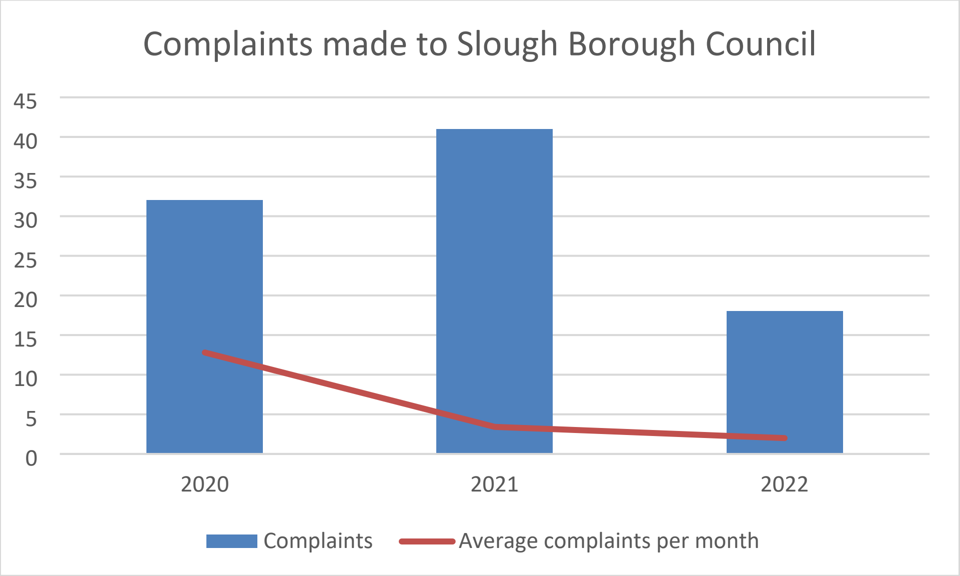
5. Provide information and evaluation data to guide future development of future mobility schemes (addressing wider national objectives relating to environment, health and economic outcomes)

4. Consultation and key metrics

Survey data has been captured to understand the value of the scheme to riders and residents more generally. This section shows the data capture and insights from the Council, with Section 5 showing insights derived from data sourced by Neuron.

Complaints

The graph below shows the 91 complaints that have been emailed directly to the Council throughout the scheme, rather than via Neuron. As 2020 and 2022 represent part years, the average complaints per month has been shown. Almost 13 complaints per month were received in 2020 immediately following the introduction of the scheme. The volume of complaints has steadily fallen to an average of 2 complaints per month in 2022.



The main themes of the complaints have been: parking, underage riding, and general objections to the scheme. Additional information on the themes of complaints have been gathered through the SBC survey and are shown in section **Error! Reference source not found..**

Rider and Non-Rider Survey Results (conducted by SBC)

SBC conducted an online survey between March and August 2022. The aim was to understand how e-scooters were used, who used them and concerns from non-users around their use. Over 600 responses were received of which 86% were Slough residents. Exactly a third of respondents had used the Slough rental e-scooters while two thirds had not.

The key findings from the survey below are highlighted.

4.1. The majority of e-scooter trips were for commuting

Question: For what purpose(s) do you use the Slough e-scooter rental trial scheme?

Option	Total	Percent
To / from work	110	18.27%
To / from the shops	67	11.13%
To / from social / leisure activities	69	11.46%
Personal business / health related visits	23	3.82%
Accompany a child to / from school	5	0.83%
To / from college/university	11	1.83%
Visit friends / family	28	4.65%
Other (please specify)	31	5.15%
Not Answered	401	66.61%

The two thirds of respondents who did not answer the question can be assumed to be the non-riders. Of the 33% of rider respondents, over half said they used the e-scooters for commuting. This is supported by Neuron's rider survey which shows that 46% of trips were for commuting.

The high proportion of shopping, social and leisure visits suggests that e-scooters can contribute to an economic boost to the town.

Question: On average, how long is each of your one-way journeys using the Slough e-scooter rental trial scheme?

Option	Total	Percent
Less than 1 mile	31	15.4%
Between 1 and 2.9 miles	136	67.66%
Between 3 and 4.9 miles	24	11.94%
5 or more miles	10	4.98%

This supports the telematics data in the Neuron survey that shows the average journey is 2.0 km (1.3 miles), and indicates that respondents are answering the survey thoughtfully and truthfully. In Transport terms, congestion is worsened due to the number of short car journeys on Slough's roads. A focus of Transport and Planning policy is to encourage a switch from private car, to more sustainable modes for these types of journeys.

4.2. Slough has the highest car displacement rate of any UK e-scooter trial

Question: If you could not use the Slough e-scooter rental trial scheme, what other mode(s) of transport would you use?

Option	Total	Percent
Car	107	24.77%
Taxi	82	18.98%
Motorbike	12	2.78%
Public bus	47	10.88%
Train	24	5.56%
Wheelchair	1	0.23%
Walk	121	28.01%
Other (please specify)	28	6.48%
None – I would not have travelled at all	10	2.31%

43.8% of respondents said that they would otherwise use a car or taxi instead of an e-scooter. This is broadly consistent with Neuron's two surveys (38.4% and 48.9%) and represents the highest car displacement of any trial in the UK. It can be attributed in large part to the higher proportion of commuters than leisure users relative to other towns and cities.

The 28% that would have otherwise walked is a concern, where one sustainable mode is replaced by another. Greater work to encourage walking for short journeys may be required to reiterate the associated health benefits. However, provision of a low-cost travel option for residents remains important particularly in areas not well served by buses.

4.3. Most riders believed the scheme provides good value for money

Question: Do you consider that the Slough e-scooter rental trial scheme fees provide good value for money?

Option	Total	Percent
Yes	85	42.3%
Not sure	43	21.4%
No	73	36.3%

More respondents believed that the scheme provided good value for money than those who thought otherwise. This may be in part due to the passes (3 day, weekly and monthly) which provide progressively better value for money than the pay as you go rate. The passes include 90 minutes of riding per day, with the PAYG rate applying from 91 minutes. However the allowance on the monthly pass was reduced from 90 minutes to 30 minutes per day in April, which resulted in some negative feedback:

“The monthly pass was great until they changed the time limit from 90 mins a day to 30 minutes a day. I live on the edge of Burnham, walk to the Britwell area and then travelled by e scooter to my work place in Central Slough. The journey is around 20 minutes each way, and was cheaper and easier than using a car. Since changing to 30 minutes a day then a charge of 18ppm is uneconomical so I have reverted back to driving every day.”

The implication for future micromobility schemes in Slough is that value for money is important, not only through passes, but also through loyalty discounts, concessions, pre-pay and subscriptions.

Any contract renewal should ensure that changes to the rates must be agreed with the Transport team and the commercial nature of the arrangement rebalanced to ensure continued value for money for Slough’s residents.

4.4. The overwhelming majority of riders believed they understood the rules

Question: Do you understand the rules relating to the Slough e-scooter rental trial scheme (e.g. minimum age, holding of a driving licence, helmets, where you are allowed to ride and park)?

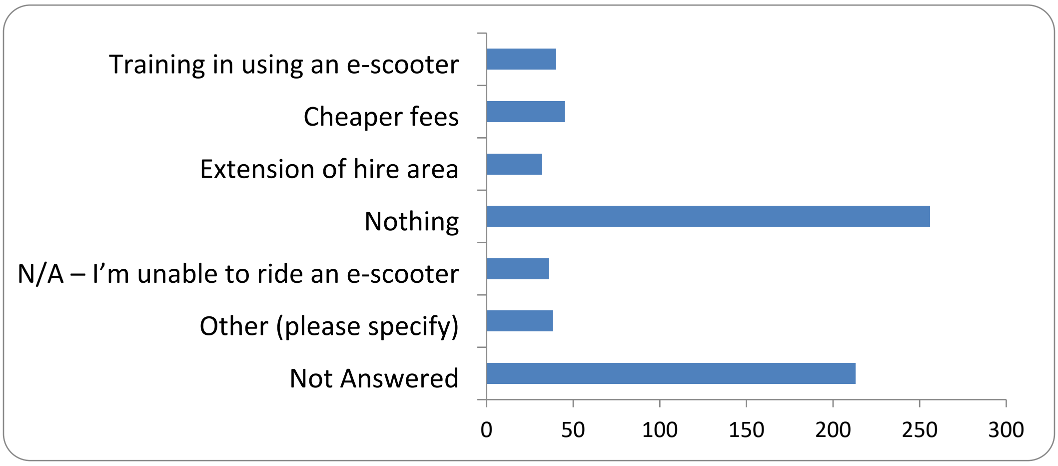
Option	Total	Percent
Yes	189	94.0%
Not sure	6	3.0%
No	6	3.0%

It should be noted that there may be some selection bias here, i.e. those riders who have responded to this survey are more likely to be engaged with the scheme and know the rules, than those who are less engaged. But if the result is credible (and 0 suggests minimal bias) then this is a very positive outcome for the scheme, and suggests that the education and awareness activities are having an effect. Neuron ran three ScootSafe events per year with Council officers, undertake some partnering with Thames Valley Police and also educate riders using the app, with quizzes and notification reminders.

The implication for future micromobility schemes in Slough is that once the operator has sufficiently invested in rider education, their resources should then be focused on rider penalisation to target poor behaviour. Careful procurement and contract management should be exercised here because the incentives of the operator and Council may not be aligned: the operator will be less willing than the Council to impose penalties on riders, given they stand to lose future revenue from doing so, and do not suffer the associated negative externalities on the wider community.

4.5. Almost half (49%) said that nothing would ever persuade them to ride an e-scooter

Question: What would encourage you to use the Slough e-scooter rental trial scheme?



This response is surprising as it suggests that increased affordability, training and geographical reach would only encourage 19% of people to ride an e-scooter. Almost half will never be won over.

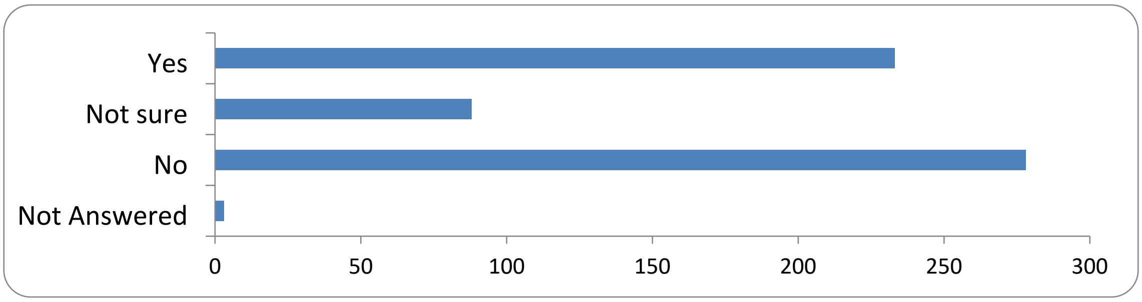
The implication for future mobility schemes is to have a range of options (e.g. e-scooters and (e)bikes) to broaden the appeal of micromobility. It also strengthens the case for further active travel infrastructure.

4.6. Most people said e-scooters should not be encouraged relative to cars

Question: Should e-scooters be encouraged, as a cleaner, more sustainable and less congesting mode of transport than cars?

This result is broadly reflective of the answer to the question "Should e-scooters continue to be allowed in Slough after the trial scheme ends?" with ~40% of respondents answering yes to both questions.

Many of the respondents quoted the use case as a reason for why e-scooters could not replace cars in all circumstances (e.g. group travel, young passengers, luggage, longer distance travel etc.).



This survey response goes against objective 1 of the scheme: to reduce car use and congestion by replacing short car journeys with sustainable modes.

4.7. To reduce parking complaints, a mandatory parking model should be adopted with visible markings on the ground (similar to London)

Question: In the future, where should rental e-scooters be allowed to park when not in use?

Option	Total	Percent
1. Anywhere within the relevant zone, with no restriction	34	5.65%
2. Anywhere within the relevant zone, if left in a tidy and safe manner and not obstructing anyone	206	34.22%
3. Not sure	12	1.99%
4. Only in designated locations, marked on the ground	117	19.44%
5. Only in designated fixed docking stations	230	38.21%
6. Not Answered	3	0.50%

While the most popular responses were options 2 and 5, there are risks to both. If 2 is selected, then there is a greater risk around parking compliance. i.e. riders leaving them inconsiderately, consciously or not. If 5 is selected, then the costs of the scheme increase (civils works to install e-scooter racks) and demand falls because the physical locking and unlocking of e-scooters makes the hire process more complex and less convenient.

Implication for future mobility schemes is that option 4 should be chosen. Designated, marked locations are a workable compromise between options 2 and 5, and should be supported with tough penalties for non-compliant parking.

4.8. Most riders did not have safety concerns

Question: Do you have any safety concerns about using the Slough e-scooter rental trial scheme?

Option	Total	Percent
Yes (please give more details in question 19)	72	35.8%
Not sure	12	6.0%
No	117	58.2%

4.9. But amongst the wider community, most had negative perceptions of safety issues

Question: Are you aware of any safety issues relating to the Slough e-scooter rental trial scheme?

Option	Total	Percent
Yes (please give more details in question 19)	358	59.5%
Not sure	66	11.0%
No	175	29.1%
Not Answered	3	0.5%

Within the survey, there was an option to provide freeform feedback on the scheme in general. The word cloud below summarises the 500 comments submitted by respondents. The most common words receiving a larger font (note that the words e-scooter, e-scooters, scooter and scooters were excluded to better see the themes).

Theme 1: Where e-scooters are ridden. "Pavements and roads" was the most common theme, with many comments suggesting that segregated cycle lanes are an important part of the solution.

"I think in a place like Slough, with wide roads and cycle pavements, they are ideal…. I was surprised just how intolerant other road users are, especially buses while using the bus lanes."

"They are a danger to pedestrians when they ride on pavements. They use all pavements not just the ones that allow cycles. When they ride on the road they hold up traffic because they ride so far away from the kerb avoiding drain covers."

"The roads infrastructure creates conflict between e-scooter users and others like cyclists, pedestrians and motorists."

"If e-scooters use should continue then they require decent infrastructure to ride on. This would have to be a segregated cycle path as e-scooters and bikes will not be safe on the road unless drivers seriously change their behaviour"

Theme 2: Young people. The words "young", "kids" and "children" also came through strongly suggesting that more needs to be done to prevent children accessing the e-scooters.

"Young kids ride two a time, no helmets in the path, fast, no sound. I have nearly been run over on numerous occasions … Older teenagers pay for the kids to do it!"

"Seen up to 3 school kids on one e-scooter. No regard for their own safety or the public's… Under 16 years should not be allowed on e-scooters but still manage to bypass the system to use them."

Theme 3: Parking. Although the word “parking” was not common - and didn’t feature significantly in the word cloud - many respondents reported parking issues using other words (e.g. left, lying, dumped, abandoned etc.)

“The main problem with the scooters however in Slough is that they are just abandoned anywhere, normally in the middle of the pavement blocking the way.”

“The e-scooters get dumped anywhere, blocking pavements. If they are parked on the pavement and it is windy and they blow over, they can block part of the road.”

“e-scooters left lying around everywhere, especially on narrow pavements and become a trip hazard or elderly and kids.”

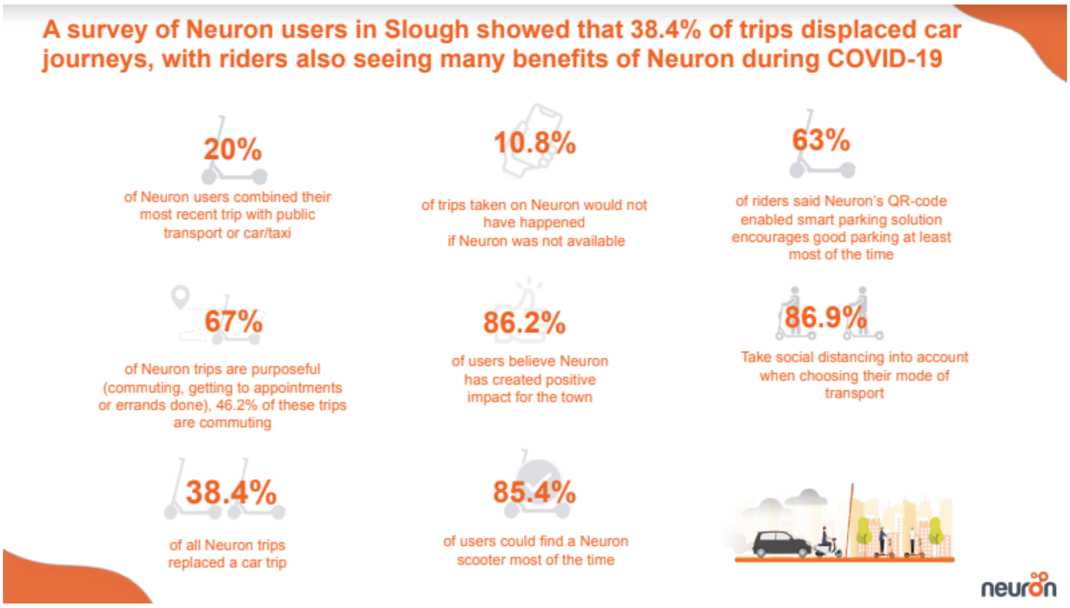
5. Neuron Mobility Survey and Data Collection

The following information should be only used for internal reference and remains commercially sensitive.

All data presented in Section 5 of this evaluation has been provided by the Operator, Neuron Mobility and is self-reported however, analysis based on the figures has been undertaken by the Transport team in Slough.

5.1. Rider Survey Results (conducted by Neuron Mobility)

The below infographic is from the latest survey of riders in Slough that was conducted by Neuron Mobility in May 2021 and received over 100 responses.



A survey of Neuron users in Slough showed that 38.4% of trips displaced car journeys, with riders also seeing many benefits of Neuron during COVID-19

20% of Neuron users combined their most recent trip with public transport or car/taxi

10.8% of trips taken on Neuron would not have happened if Neuron was not available

63% of riders said Neuron's QR-code enabled smart parking solution encourages good parking at least most of the time

67% of Neuron trips are purposeful (commuting, getting to appointments or errands done), 46.2% of these trips are commuting

86.2% of users believe Neuron has created positive impact for the town

86.9% Take social distancing into account when choosing their mode of transport

38.4% of all Neuron trips replaced a car trip

85.4% of users could find a Neuron scooter most of the time

neuron

While riders are naturally more likely to support the scheme than non-riders, many of the results are encouraging, in particular:

- 10.8% of riders wouldn't have made the trip at all had it not been for the e-scooter.
- 38.4% of e-scooter trips replaced a car trip
- 20% of trips were combined with public transport or car

5.2. Trip volumes

The table below shows a strong demand for the e-scooter rentals with over 290,000 trips were made in 2021. There is considerably less seasonal variation than is typical of other e-scooter schemes across the UK. 2022 saw 40% more trips in July than January and demonstrates the extent to which residents and commuters now rely on this mode throughout the year.[2] This supports the survey responses in 4.1 that show at least half of trips were for commuting. The average trip time of 10.5 minutes and average trip distance of 2km is indicative of purposeful journeys potentially that would not otherwise have been walked[3]. This supports the survey responses that in 4.2 that show less than a third of e-scooter trips replaced walking trips.

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[2] 2022 offers the best seasonality comparison as trip demand was less distorted by Covid restrictions than 2021.
[3] The DfT National Travel Survey 2020 shows that the average walking distance per trip is 0.8 miles (1.3km).

Year	Month	Trips	Avg trip duration (mins)	Avg trip distance (km)	Total trip distance (km)
2020	October	7,999	13.6	2.1	17,043
2020	November	17,567	11.6	1.9	33,720
2020	December	13,153	10.1	1.8	23,164
2021	January	8,185	10.0	1.8	15,127
2021	February	8,512	10.5	1.9	16,076
2021	March	15,417	10.7	2.0	30,478
2021	April	24,036	10.6	1.9	45,668
2021	May	27,348	9.9	1.9	51,961
2021	June	31,859	10.1	1.9	60,532
2021	July	36,853	10.0	1.9	70,021
2021	August	33,765	10.1	1.9	64,154
2021	September	31,006	10.1	1.9	59,380
2021	October	28,576	10.3	1.9	55,267
2021	November	24,541	10.7	2.0	48,178
2021	December	20,247	10.5	1.9	39,049
2022	January	17,872	11.1	1.9	34,705
2022	February	16,356	12.8	2.2	35,839
2022	March	21,687	12.4	2.2	48,091
2022	April	21,009	12.0	2.2	46,714
2022	May	22,388	10.3	2.1	46,868
2022	June	21,464	10.3	2.1	45,636
2022	July	23,628	10.0	2.1	49,951
2022	August	22,521	9.7	2.1	46,746
2022	September	22,845	9.3	2.0	45,580
2022	October	23,639	9.2	2.0	47,007
2022	November	1,332	9.1	2.0	2,628
Grand Total		**543,812**	**10.5**	**2.0**	**1,079,584**

5.3. Sustainability

The table below shows how during the trial, over 66 tonnes of CO2 have been saved and over 200,000 car trips were replaced by e-scooter trips. This is a very conservative estimate because:

i) the lowest of 3 car displacement rates, 38.4% has been applied (49%, 38.4% and 44% were taken from the 2 Neuron surveys and 1 SBC survey respectively); and

ii) no intermodal journeys have been considered. i.e. the additional CO2 savings arising from displacing a longer car journey with public transport plus an e-scooter for the first / last mile has not been factored in.

Metric		Notes
Trips to date	543,812	
Distance to date (km)	1,079,584	
Distance to date (miles)	670,821	
Car displacement rate	38.4%	Self-reported from the latest Neuron rider survey. More conservative than the SBC rider survey (43.8%) and the first Neuron rider survey (48.9%).
Car trips displaced	208,824	Trips to date x Car displacement rate

kg CO2 saved	66,330	e-scooter km travelled x car displacement rate x 160g per km

Neuron Mobility also operated electric vans to move the e-scooters around and service the fleet. Both these and the e-scooters run on 100% renewable energy. They also operate a 24/7 service – undertaking some of this activity at night further minimises congestion during peak travel times.

5.4. Safety

Both Neuron and the Council have worked closely together to promote safe riding and parking of e-scooters. This activity includes on-street education and awareness, in-app training and shock notifications, and publicity of both in local media outlets.

To date, Neuron Mobility have reported that there have been 60 rider-only collisions and slight injuries (no hospital treatment reported), 1 moderate injury (outpatient), one severe injury (inpatient) and one fatality. This equates to 0.28 hospitalisations per 100,000km travelled. Both the severe injury and fatality are under investigation.

5.5. Education and awareness

Neuron have run three safety awareness events per year, sometimes with SBC and/or Thames Valley Police. These aim to directly engage with riders and the wider community on safety-related themes (helmet safety, safe riding, safe parking etc). While in-person events have their place, they cannot match the reach of in-app education.

Riders must answer a safety quiz before their first ride, and are incentivised to do so periodically with discounts. Several changes have been made during the scheme for example:

- In response to public health concerns around Covid-19, in-app reminders were introduced to remind riders to wear gloves and wash their hands
- In response to bad parking reports, the end-trip parking checklist was changed so that every rider must take a photo of their parked e-scooter after every ride
- In-app shock notifications were introduced to remind riders that dangerous riding may lead to prosecution and points on their driving licence

However as can be seen in section 4.4, the vast majority or riders believed they understood the rules. So sanctions are crucial to promote responsible riding.

5.6. Rider behaviour, complaints and sanctions

With any transport mode user behaviour cannot be 100% controlled, and there are risks to riders as well as the wider community. One gauge of the community impact is the number of complaints received. These are received via two channels:

i) By email to the Council
ii) By email, phone, website or smartphone app

During the scheme, 91 reports have been received directly by the Council (with no formal complaints made) and 504 reports have been received by Neuron Mobility[4]. The vast majority (85%) are received by Neuron

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[4] Note that included in these figures will be complaints made to both Neuron and the Council simultaneously, thus the two totals are not mutually exclusive.

because they have four reporting channels, and because these contact details are available on every e-scooter. The table below shows the action taken by Neuron in response to these reports.

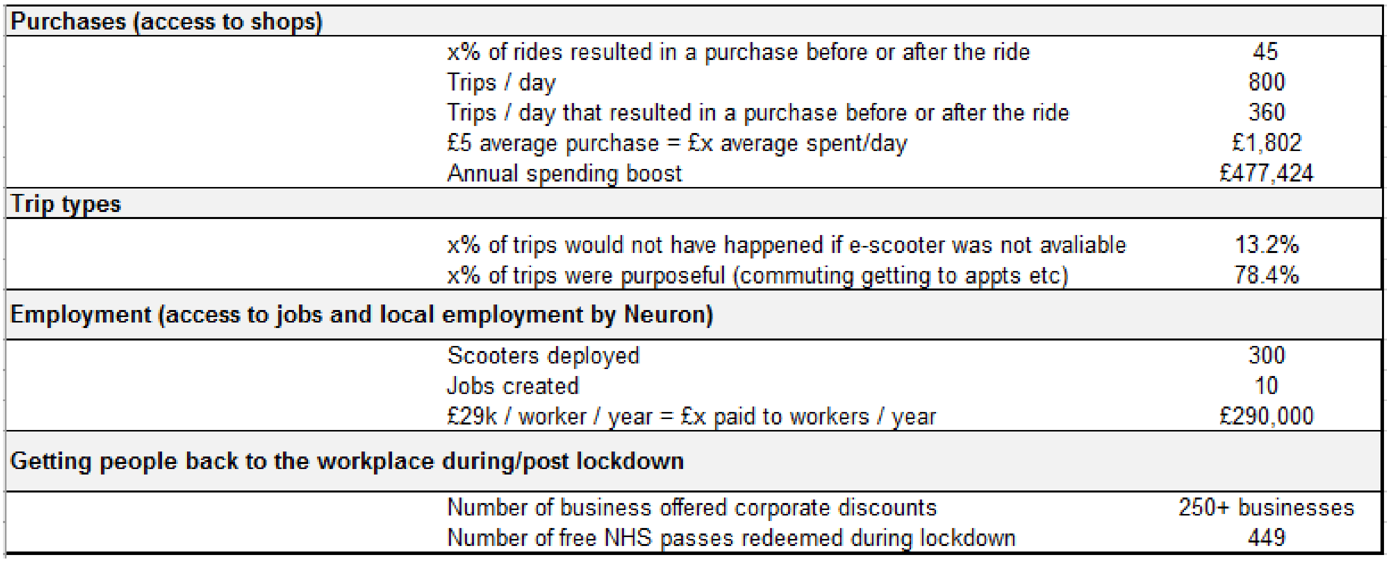
Complaints received by Neuron and Action taken		**Drop-off rate**
Riding Breach Reports	504	31%
Actionable Riding Breach Reports	156	58%
Warning Emails	90	
Suspensions	19	
Bans	6	

5.7. Economic contribution

Neuron recently released a report on the economic contribution of e-scooters entitled "Shared Rides, Shared Wealth"[5]. Within it are a series of claims, including that riders spend £17.30 at local business per e-scooter trip. Upon request, Neuron were unable to provide evidence to support this claim.

Instead, we have taken the survey result that 45% of rides resulted in a purchase before or after the trip, and applied a more conservative assumption of £5 per average purchase. When applied to annual trip volumes, this produces an estimated contribution to the local economy of almost £0.5m p.a.

When combined with the £0.3m employment contribution (from Neuron employees), this represents a total economic contribution of £0.8m. The below table sets out the breakdown of this quantifiable economic contribution across two categories: employment and improved access to shops.



Purchases (access to shops)		
	x% of rides resulted in a purchase before or after the ride	45
	Trips / day	800
	Trips / day that resulted in a purchase before or after the ride	360
	£5 average purchase = £x average spent/day	£1,802
	Annual spending boost	£477,424
Trip types		
	x% of trips would not have happened if e-scooter was not avaliable	13.2%
	x% of trips were purposeful (commuting getting to appts etc)	78.4%
Employment (access to jobs and local employment by Neuron)		
	Scooters deployed	300
	Jobs created	10
	£29k / worker / year = £x paid to workers / year	£290,000
Getting people back to the workplace during/post lockdown		
	Number of business offered corporate discounts	250+ businesses
	Number of free NHS passes redeemed during lockdown	449

Source: Neuron Rider Surveys, Neuron trip and employment data, SBC analysis

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[5] Shared Rides, Shared Wealth: Neuron Prosperity Report, September 2022

6. Conclusion and recommendations

The evidence shows that the trial is meeting its original objectives in terms of offering an alternative to short car journeys, increasing travel choice, offering an introduction to active travel and providing valuable lessons learned for future schemes. The scheme has experienced very strong uptake, which have supported these objectives, not least that more e-scooter trips replace car journeys in Slough (39%) than anywhere else in the UK.

However, like other trial e-scooter schemes in the UK, opinion is divided on its impact on the wider community. Almost 50% of survey respondents said that nothing would ever persuade them to ride an e-scooter, and most respondents said that e-scooters should not be encouraged relative to cars – a view contrary to the objectives of the trial, local policy and national policy. The fact that 94% of riders felt they understood the rules, yet only 23% of reports were actioned with as much as a warning email suggests that there may be many cases of riders knowingly breaking the rules without fear of any recourse.

The e-scooter trial provides valuable implications for future micromobility schemes in Slough. These recommendations are:

i) Ensure value for money by asking the operator to commit to a fixed user pricing structure during the tender process
ii) Enable a revenue return within any new contract to ensure SBC Officer time is funded
iii) User education should be predominantly in-app (as the medium with the highest reach), and ongoing
iv) Set detailed KPIs for all relevant metrics to drive improved operator performance. Particularly on sanctioning poor riding and parking behaviours
v) To reduce parking complaints, a mandatory parking model should be adopted with visible markings on the ground (similar to London) and funded by the Operator
vi) Offer a range of accessible affordable micromobility options (e.g. e-scooters and (e)bikes) to broaden the appeal of micromobility and maximise use of active travel infrastructure.
vii) Undertake regular surveys to understand the impact of the e-scooter scheme on the riders and wider community

Appendix 1 – Mapping of E-Scooter Scheme Objectives to Slough Borough Council's 5 Year Plan and Recovery Plan

	E-Scooter Scheme Objectives	Slough 5 Year Plan 2020-2025					SBC Recovery Plan 2022-2025				Evidence base
		Outcome 1 - Slough children will grow up to be happy, healthy and successful	Outcome 2: Our people will be healthier and manage their own care needs	Outcome 3: Slough will be an attractive place where people choose to live, work and stay	Outcome 4: Our residents will live in good quality homes	Outcome 5: Slough will attract, retain and grow businesses and investment to provide opportunities for our residents	Priority 1: A council that lives within our means, balances the budget and delivers best value for taxpayers and service users	Priority 2: An environment that helps residents live more independent, healthier and safer lives	Priority 3: A borough for children and young people to thrive	Priority 4: Infrastructure that reflects the uniqueness of Slough's places and a new vision for the town centre	
1	Offers an alternative to making short journeys by car. *Addressing: draft Climate Change Strategy, LTP4 objectives, contributing to improving local, regional and national social, economic and environmental outcomes.*	✓	✓	✓		✓	✓	✓		✓	• 77% of households have access to a car (2011 census). • 28.5% of carbon emissions in Slough derive from Transport (draft climate change strategy) • SBC has 4 Air Quality Management Areas (AQMAs) • 38.5% of e-scooter journeys replaced car journeys (most conservative estimate of 3 surveys) • Over 200k car trips replaced by e-scooter trips resulting in 66 tonnes of CO2 saved (most recent rider survey) • E-scooter scheme has been zero cost to the council, while offering significant economic benefits.
	Expand the choice for short journey connectivity to/from transport hubs (i.e. rail to e-scooter. *Addressing connectivity and accessibility issues*	✓	✓	✓		✓	✓	✓		✓	• E-scooters offer convenient first / last mile options and connect residents and commuters with the bus and rail stations and to employer districts (Segro / Poyle) • 20% of e-scooter trips are combined with public transport (rider survey) • E-scooter journey patterns show how north-south connectivity has been improved particulary to / from Britwell
3	Provide an alternative travel option where other transport services may be difficult to access. *Addressing accessibility, equity issues.*	✓	✓	✓		✓	✓	✓			• Low car ownership within central Slough, south of Slough town centre and in Britwell. • Public transport connectivity is good but low frequency and congestion can lead to journey delays. • 10.8% of journeys made on e-scooters would not have happened at all had the e-scooter not been available. Demonstrates how e-scooters are filling an unmet need for many. • Most riders thought the scheme offered good value for money
4	Offer an introduction to active travel by providing users with greater confidence to try out alternat options. *Adressing public health objectives to encourage active travel.*		✓	✓		✓		✓		✓	• Levels of excess weightin in adults is worse than England agerage. • The under 75 mortality rate from cardiovascular diseases is worse than the England average • The % of physically active adults is 55.8% with the England average 66.3% • Over 10,000 riders have used the e-scooter scheme in Slough • DfT classes e-scooters as active travel
5	Provide information and evaluation data to guide future development of future mobility schemes. *Addressing: wider national objectives relating to environment, health and economic outcomes.*			✓		✓		✓			• 80 ETRO objections to the scheme relating to safety and use • The trip and demographic data supplied to the DfT will help shape direction on national legislation for e-scooters and other LZEV (low-speed zero emission vehicles) • Other lessons learnt are outlined in Section 6 of this report and will help guide future micromobility schemes in Slough

EQUALITY IMPACT ASSESSMENT

The Equality Act 2010 requires all public bodies, including local authorities, to show “due regard” to the impact their policies and procedures have on people from different groups. This includes gender, race, religion, age, disability, sexual orientation and gender identity. We also have a responsibility to foster good community relations. Although they are not a legal requirement, conducting a basic assessment will allow you to look at the possible implications of a policy or procedure, and take any mitigating action if appropriate.

Remember:

- Equality Impact Assessments (EIAs) should be carried out on **relevant** policies and procedures. Not all policies or procedures will require them. If you are unsure if one is required, please contact the Equality and Diversity Manager on 01753 875069 for advice.
- Assess any potential impacts, positive and negative, in a proportionate way and with relevance
- Make decisions that are justified, evidenced, relevant and identify any mitigating proposals
- Prioritise expenditure in an efficient and fair way
- Have a record showing that the potential impacts have been considered and that decisions are based on evidence

It is important the EIA is carried out at the earliest opportunity to ensure that you have the time to undertake any additional work that will inform your decisions, for example community engagement.

All relevant committee reports should include an equalities impact assessment. This will ensure that equalities considerations are available for members to consider as part of the formal decision-making process. If your EIA is part of a Cabinet Report, please forward it to Democratic Services, along with your other committee paperwork. It usual to publish the EIA with the other public papers in advance of a committee meeting. Please also remember to complete the EIA section of the report checklist and the EIA summary section on the report itself.

If you have any questions or concerns, please contact the Equality and Diversity Manager on 01753 875069.

Equality Impact Assessment

Directorate: Place	
Service: Strategy and Infrastructure – Transport	
Name of Officer/s completing assessment: Eddie Hewitt and Nisha Durgacharan	
Date of Assessment: 2nd February 2023	
Name of service/function or policy being assessed: E-Scooter Rental Trial and E-Bike rollout	

1. What are the aims, objectives, outcomes, purpose of the policy, service change, function that you are assessing?

As of June 2020, electric scooter ('e-scooter') trials were permitted in local areas across the UK, as part of an emergency response to meet the transport and mobility needs of local areas and people, whilst also supporting a green recovery. These trials are within the scope of the Department for Transport's (DfT) Emergency Active Travel Plan. **The Council submitted a successful application to participate in the trial, and since October 2020, has been hosting an e-scooter trial on behalf of the DfT.** The DfT will determine the legislation of e-scooters once all their data has been evaluated, and in the meantime, continue to regulate all aspects of e-scooter trials nationwide.

A bike loan scheme was delivered by ITS until September 2022 when the contract expired. The scheme was not generating any revenue and the infrastructure and bikes needed updating, therefore a decision was made to not renew the contract and re-tender to include a new scheme that included e-bikes and e-scooters. An e-bike scheme has never been delivered in Slough.

The e-scooter and e-bike scheme objectives support almost all of the outcomes of Slough's 5 Year Plan (2020-2025), and Slough's Recovery Plan (2022-2025). The objectives of the e-scooter trial are to:

1. Offer an alternative to making short journeys by car (addressing Climate Change Strategy, LTP4 objectives, contributing to improving local, regional and national social, economic and environmental outcomes)
2. Expand the choice for short journey connectivity to/from transport hubs, (addressing connectivity and accessibility issues)
3. Provide an alternative travel option where other transport services may be difficult to access (addressing accessibility and equity issues)

	4. Offer an introduction to active travel by providing users with greater confidence to try out alternate options (addressing public health objectives to encourage active travel) 5. Provide information and evaluation data to guide future development of future mobility schemes (addressing wider national objectives relating to environment, health and economic outcomes) **The e-scooter trial and e-bikes scheme will be re-tendered in early 2023, for a period of 2+1+1 years. This provides an opportunity to include the findings of this EIA as formal tender requirements in the contract. As can be seen from the recent consultation on the e-scooter rental scheme, there are impacts on groups beyond the user base, and views are often divergent and strongly held.**
2.	Who implements or delivers the policy, service or function? State if this is undertaken by more than one team, service, and department including any external partners. **Slough Borough Council and the e-scooter operator/e-bike operator (previously Neuron Mobility) are jointly responsible for delivering a successful e-scooter / e-bike scheme. Ultimately, Slough Borough Council is accountable to its residents for the e-scooter trial and potential ongoing combined scheme, and providing data to the Department for Transport (DfT).**
3.	Who will be affected by this proposal? For example who are the external/internal customers, communities, partners, stakeholders, the workforce etc. Please consider all of the Protected Characteristics listed (more information is available in the background information). Bear in mind that people affected by the proposals may well have more than one protected characteristic. **The overall finding to date is that the e-scooter trial has led to improvements for all who the e-scooter service in Slough, but amongst non-users the impacts are both positive and negative.** **The e-scooters (and e-bikes in future) are/will be relied upon by certain protected groups more than others. The relevant groups are expected to be affected as follows:** **Age:** Younger people tend to use the e-scooters and e-bikes more than older people in Slough. Factors that may be behind this include how e-scooters and e-bikes are accessible via a smartphone app, the perceived risk of using an e-scooter and the physical ability required to ride one.

Disability:
As above, people with disabilities are more likely to be non-users than those without disabilities. As such they are more likely to be affected by improper parking and dangerous riding of the e-scooters. This is true of many different types of disability including the partially sighted, the mobility impaired, and those with unseen disabilities.

Pregnancy and maternity:
There may be some specific impacts for this category, again relating to pavement access and the ability to push a pram / buggy around an improperly parked e-scooter.

Race:
No specific impacts associated with this category.

Religion and Belief:
No specific impacts associated with this category.

Gender Reassignment:
No specific impacts associated with this category.

Marriage and Civil Partnership:
No specific impacts associated with this category.

Sex:
Men tend to use e-scooter rental services more than women. A recent study by Steer Group and Dott, found that in the UK, 78.6% of users were male, slightly higher than the European average of 75.5%.[1] It is likely that the Slough userbase is also mainly male, and this hypothesis should be validated in future surveys.

Sexual orientation:
No specific impacts associated with this category.

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[1] Closing the Gender Gap, Steer Group, April 2022, link

	It should also be noted that the rental scheme is inaccessible for some due to specific requirements needed to take part. To use any rental e-scooter scheme in the UK, a provisional or full drivers' licence is required as set by the Government. The percentage of people holding driving licences will vary by protected characteristic and so it is likely that some groups will only experience the impacts of the service (positive and negative) as a non-user rather than as a user. *Details relating to the nature of the various, expected impacts are set out in sections 4 and 5 below.*
4.	What are any likely positive impacts for the group/s identified in (3) above? You may wish to refer to the Equalities Duties detailed in the background information. The positive impacts for all groups identified above *including users and non-users*, are likely to be: • An improvement in the local air quality, supporting those most at risk from the impacts of pollution. Data from surveys conducted in Slough indicate that between 38.4% and 48.9% of e-scooter journeys would have otherwise been taken in a car. Using the lower rate of 38.4%, this has resulted in an estimated 670,000 fewer car miles, 66,000 tonnes of CO^2 saved and an improvement in air quality (percentage amount to be confirmed) in Slough's AQIAs. • A reduction in congestion and an improvement in the amenity of the town. An estimated 209,000 car trips have been avoided by people choosing e-scooters instead. The positive impacts for all groups identified above *who use the service*, are likely to be: • A more affordable travel option for people with low incomes and those without access to a car. Most (63.7%) of the e-scooter users considered the scheme to offer good value for money.[2] • Improved access to services, places of work and education, shops, healthcare, and other destinations. A survey conducted by Neuron found that 10.8% of trips would not have been made at all had the e-scooter not been available.[3] • Providing more transport choice for those who do not have easy access to other transport services. • An enjoyable form of transport that could improve people's mental health. Survey data from micromobility operator Spin found that 70% of respondents believe riding an e-scooter via a hire scheme helps improve their mental health and that people have highly positive associations with how they feel when they ride a hired e-scooter[4]

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[2] Slough Borough Council e-scooter rental survey, August 2022

[3] Neuron e-scooter survey

[4] https://www.spin.app/blog-posts/good-for-the-planet-good-for-the-mind-70-percent-of-e-scooter-hire-scheme-users-say-riding-helps-improve-their-mental-health

- A legal mode of transport for those who wish to travel by e-scooter, and who may otherwise illegally ride a private e-scooter

Nb the above lists of likely benefits are not exhaustive.

Other likely benefits or aspects which are particularly relevant to the specific groups identified are as follows:

Age

London Cycling Campaign states that for older people, e-scooters provide an opportunity to improve independence for those who would not otherwise be able to complete a longer journey by foot or bicycle[5]. These views are supported by research from the University of Salford which found that e-scooters can provide a kind of mobility aid for people with otherwise limited mobility[6].

Disability

As above, similar benefits will arise as for older people. Some groups such as Transport for All, and TfL's Independent Disability Advisory Group state that e-scooters can be beneficial for those with low energy.[7]

Pregnancy and those with young children

Consultation conducted by TfL with Tommy's, a group representing pregnant women, highlighted that e-scooters could aid women who are suffering from pelvic pain, but that this is likely to be limited. A report from the World Health Organisation on air pollution and child health highlighted that air pollution is a major environmental health threat and children are the most vulnerable to it.[8] The report also highlights that pregnant women who are exposed to polluted air are more likely to give birth prematurely, and have small, low birth weight children. The report found that children who have been exposed to high levels of air pollution may be at greater risk for chronic diseases such as cardiovascular disease later in life.

Race

Further studies will be carried out as part of the e-scooter and e-bike scheme to see if there is a correlation between lower car ownership or lower income and Race.

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[5] https://www.london.gov.uk/about-us/londonassembly/meetings/documents/s82223/Appendix%202%20-%20Micromobility%20and%20Active%20Travel%20in%20the%20UK.pdf

[6] http://usir.salford.ac.uk/id/eprint/62888/1/Sherriff%20et%20al%202022%20E-Scooters%20in%20Greatrer%20Manchester%20-%20Second%20Interim%20Report%20revised.pdf

[7] https://content.tfl.gov.uk/rental-e-scooter-trial-oct-2022.pdf

[8] https://unfccc.int/news/polluted-air-affects-more-than-90-of-children

Religion and Belief

Further studies will be carried out as part of the e-scooter and e-bike scheme to see if there is a correlation between lower car ownership or lower income and Race.

5. What are the likely negative impacts for the group/s identified in (3) above? If so then are any particular groups affected more than others and why?

There are several likely negative impacts to the above groups. These have been grouped into four main impacts, with the groups most likely affected mapped to each impact.

1) **Exclusion from the trial due to barriers** in terms of accessibility, affordability, language, and requirement for a smartphone, bank account or driving licence. Hypotheses and evidence:
    a. Those on low incomes find the cost of using e-scooters a deterrent to use
    b. Older people, people on low incomes and people with disabilities are less likely to have a driving licence, smartphone or bank account which is needed to use the e-scooters

    Affected groups: Older, disability, low income, homeless, refugees

2) **Accidents whilst riding a rental e-scooter or e-bike** and subsequent higher level of injury than other groups. Hypotheses and evidence:

    a. Older people have reduced bone density which can lead to more severe breaking of bones

    b. Younger people can have less road and safety awareness

    c. Centre of balance changes for pregnant women which increases risk of falls and more at risk to wrist/ankle injuries due to softened ligaments. Tommy's, a pregnant women's group, told TfL that e-scooters need to be used with care by pregnant women as their centre of balance changes as their pregnancy develops and risks of falls increase. While no such accidents have been reported in the Slough trial, this remains a risk factor.

    Affected groups: Older, younger, pregnancy

	3) **Severity of injury to pedestrians** resulting from a collision with a rental e-scooter or e-bike. This could be due to improper riding or parking such as pavement riding, parking outside of bays where e-scooter/e-bikes become street clutter. There is a risk of both e-Scooters and e-Bikes being left carelessly by users on the pavement, thus causing obstacles, with particular implications for the relevant protected groups identified. a. As above, pregnant women and older people can suffer disproportionally from a collision or fall b. Younger people can have less road and safety awareness c. Impingement on pavement space can make it more difficult for people with disabilities to get around d. People with disabilities and older people may find it more difficult to see, hear and move out of the way of e-scooters *Affected groups: Older, younger, pregnancy, disability* 4) **Fear of going out** due to perceived risk of a collision with a rental e-scooter a. Fear of experiencing a collision for these groups can lead to a loss of independence for getting around b. Pregnant women may feel 'extra safety conscious'
6.	Have the impacts indentified in (4) and (5) above been assessed using up to date and reliable evidence and data? Please state evidence sources and conclusions drawn (e.g. survey results, customer complaints, monitoring data etc). In preparing the revised e-scooter and e-bike ITT and contract, the Council has taken into account all relevant and available data sources, including data from Neuron, the former e-scooter operator. Some data from Neuron has not been obtained, and so this should be captured in future Council surveys, and via the successful operator as part of the next phase of the trial. This data includes demographic data on the Slough riders, the number of unique riders to date, and detailed breakdown of accidents (times, locations, demographics etc). The analysis of this data is therefore not yet complete. Regarding other sources: The Council's e-scooter consultation has proved to be the best source of information for many of these impacts, with the free text response box providing evidence and examples of these impacts. The main themes of these responses were: • Where e-scooters are ridden (including objections to riding on both the pavement and road) • Young People • Improper parking

	Responding to customer complaints has also formed part of the impact assessments. The main themes of these complaints, as reference in the e-scooter evaluation report, have been: • improper parking, • underaged riding and • general objections to the scheme. The next phase of the trial will provide the council with a richer dataset to evaluate many of these impacts on specific groups.
7.	Have you engaged or consulted with any identified groups or individuals if necessary and what were the results, e.g. have the staff forums / unions / community groups been involved? Groups consulted • Ward councillors (Neuron and officers have consulted Councillors as required) • Neighbourhood Watch Groups (Neuron have participated in these as required) • Thames Valley Police. Both Neuron and Council Officers have collaborated closely on specific issues during and prior to the scheme starting • Schools and colleges. Neuron placed no parking zones around these institutions to prevent parking at school drop-off and pick up times. These activate only during these times to limit disruption to users at other times. • Disability groups – Council officers have had meetings with RNIB and are planning to engage directly with different stakeholders to understand the needs of this group. Survey responses indicated that there is concern amongst non-users that pavements will be blocked, due to e-Scooters being left carelessly. Mitigation measures are referred to in section 9 below. Groups not consulted • Pregnancy / maternity groups • Older and younger groups Where council resource has not allowed for consultation with specific groups, secondary research of other e-scooter trials has helped identify likely impacts on these groups. The intention is to engage with these groups where possible, and that this engagement will continue throughout the remainder of the trial.

8.	Have you considered the impact the policy might have on local community relations? Through the revised mitigations in Q9 below, the next phase of the trial is expected to lead to marked improvements in community relations]. This will be supported by ongoing engagement and further consultation as and where appropriate.
9.	What plans do you have in place, or are developing, that will mitigate any likely identified negative impacts? For example what plans, if any, will be put in place to reduce the impact? • Council Officers to carry out visual audits to ensure compliance with the contract • Tougher sanctions on those who are not compliant • Contract preparation will include requirements for safety improvements, including commitment to measures to improve safety of parking. To address the specific issue of e-Scooters and e-Bikes being left carelessly placed across the pavement (and hence being an obstacle to pedestrians), all appropriate mitigation measures will be put in place. Full consideration will be given to the installation of fixed docking bays for parking of e-Scooters as well as e-Bikes, particularly in areas of high footfall including prominent town centre locations, and geo-fencing for other less heavily accessed locations and routes. Mitigation measures will be in line with DfT guidance and ongoing engagement with the community, particularly representatives of protected groups, including (but not limited to) RNIB and similar groups, as well as community police officers. In the first instance, all mitigation measures will be fully explored and confirmed as part of the contract preparation. This will take into account the overall attractiveness of the proposition to potential bidders to run the scheme, however safety will remain paramount in all aspects of operations.
10.	What plans do you have in place to monitor the impact of the proposals once they have been implemented? (The full impact of the decision may only be known after the proposals have been implemented). Please see action plan below. • Council Officers to have regular monitoring meetings with the operator • Improved reporting – frequency and detail of the reporting to ensure the it meets the requirements set out in the contract • Site visits across the borough to assess usage and operations of the e-Scooters and e-Bikes, including parking and interaction of the e-vehicles with pedestrians / road users.

What course of action does this EIA suggest you take? More than one of the following may apply	
Outcome 1: No major change required. The EIA has not identified any potential for discrimination or adverse impact and all opportunities to promote equality have been taken	
Outcome 2: Adjust the policy to remove barriers identified by the EIA or better promote equality. Are you satisfied that the proposed adjustments will remove the barriers identified? (Complete action plan).	✓
Outcome 3: Continue the policy despite potential for adverse impact or missed opportunities to promote equality identified. You will need to ensure that the EIA clearly sets out the justifications for continuing with it. You should consider whether there are sufficient plans to reduce the negative impact and/or plans to monitor the actual impact (see questions below). (Complete action plan).	
Outcome 4: Stop and rethink the policy when the EIA shows actual or potential unlawful discrimination. (Complete action plan).	

Action Plan and Timetable for Implementation

At this stage a timetabled Action Plan should be developed to address any concerns/issues related to equality in the existing or proposed policy/service or function. This plan will need to be integrated into the appropriate Service/Business Plan.

Action	**Target Groups**	**Lead Responsibility**	**Outcomes/Success Criteria**	**Monitoring & Evaluation**	**Target Date**	**Progress to Date**
Assess any impact e-bikes and e-scooters will have on disability groups by setting up stakeholder forum/meetings. Specific reference to parking of e-	Disability groups/RNIB	Nisha Durgacharan	• Regular stakeholder meetings • Reduction in complaints from disability groups	Surveys Stakeholder engagement meetings	September 2023	Met with RNIB and had initial discussions. Further meetings planned with a transport advisor at

scooters / e-bikes (as obstacles) on the public highway including footways.						RNIB
Identify local groups to carry our surveys (again, specific reference to obstacles on the public highway).	Pregnancy/Maternity groups. People with sight disabilities. The elderly.	Nisha Durgacharan	- Regular surveys - Discussion sessions at relevant groups	Surveys	September 2023	
Provision within the ITT documentation for the contract to include all necessary safety improvements. This will be in line with the DfT guidance and ongoing public engagement.	All, with specific focus on people with disabilities, parents of young children, and the elderly.	Nisha Durgacharan	Comprehensive documentation suite including reliable and legal contract, in line with Procurement guidelines, attractive to potential bidders and overall fit for purpose.	ITT / Contract preparation and bid evaluation	February to April 2023	In progress
Installation of mitigation measures, expected to include fixed docking bays and	All, with specific focus on people with disabilities, parents of young children, and the elderly.	Nisha Durgacharan	Safe practices on the public highway, with minimum risk to all pedestrians, with particular focus on specific protected	Reports and ongoing monitoring / site visits	Installation of measures – part of the mobilisation for the start	ITT preparation in progress

geo-fencing. (with reference to above contract commitments and related requirements, including financial viability).			groups.		of scheme operations	
Post start-up and ongoing monitoring of the scheme impacts. Regular reporting and scheme management meetings between SBC and the Operators.	All	Nisha Durgacharan	Compliance with safety requirements. Limited need for further intervention. Successful scheme operation overall.	Reports and ongoing monitoring / site visits		June 2023 onwards
Ensure SBC website is updated with information for disability groups on e-Scooters and e-bikes.	All	Nisha Durgacharan	• Information available for all on website.		June 2023	RNIB have provided us with information which we can adapt and use.

Name: Eddie Hewitt
Signed: E. C. T. Hewitt

(Person completing the EIA)

Name: Misha Byrne, Transport Lead

Signed:

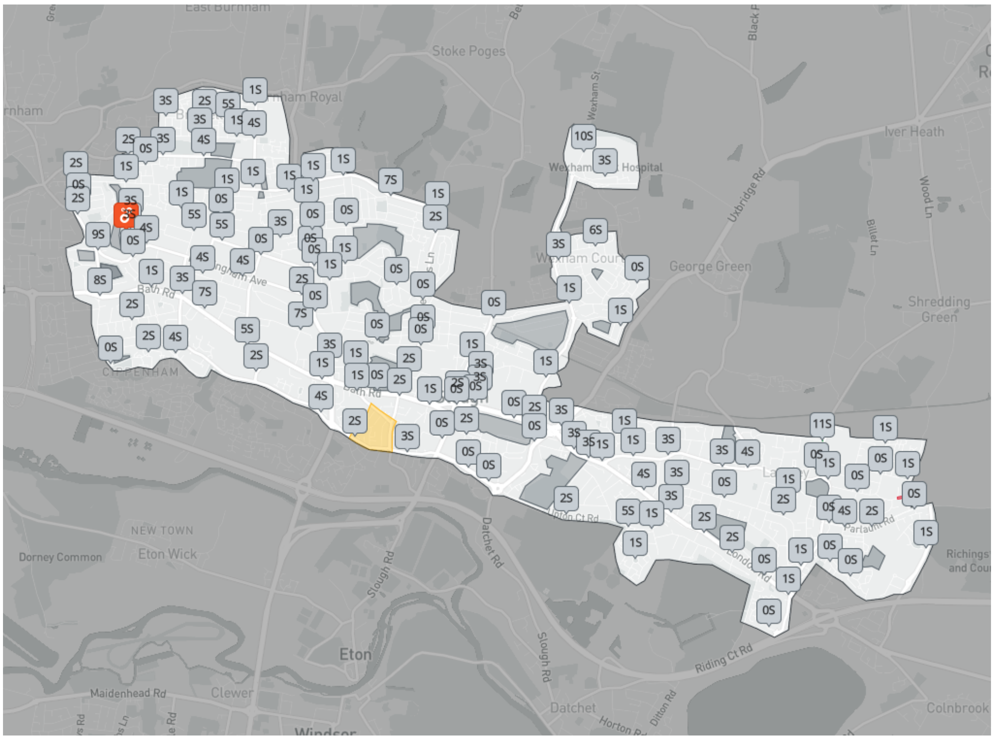
……………………………………………………(Policy Lead if not same as above)

Date: 2nd February 2023

Appendix C: Map of permitted riding zones in Slough

The map below indicates the areas covered in the existing e-scooter trial, with “no riding zones” shaded grey and “go slow zones” shaded yellow.

The map below shows the current parking bays within the operating area.



Slough Borough Council

Report To:	Cabinet
Date:	27th February 2023
Subject:	CCTV Services
Lead Member:	Cllr Balvinder Bains
Chief Officer:	Richard West
Contact Officer:	Ketan Gandhi AD Community and Public Protection Garry Tallett GM Community Safety, Housing Regulation & Enforcement
Ward(s):	All
Key Decision:	YES
Exempt:	NO
Decision Subject To Call In:	YES
Appendices:	**Appendix A** – Equalities Impact Assessment **Appendix B** – Letter from Thames Valley Police **Appendix C** – Letter from the Police Crime Commissioner

1. Summary and Recommendations

1.1 This report requests approval for the discontinuation of our dedicated CCTV team and the transfer of responsibility for public facing CCTV from Slough Borough Council to Thames Valley Police (TVP) with effect from 1 January 2024. This will avoid annualised costs of £630k and bring an annualised budget saving of £105k. Redundancy (if any) and decommissioning costs will be met from a restructuring provision set up through the capitalisation direction. One-off costs to fund the service between 1 April 2023 and 31 December 2023 will be provided for from other one-off budgets/in year savings to enable the ongoing saving to be secured.

1.2 The discontinuation of our dedicated CCTV team will mean that incidental services currently provided by the CCTV team will be returned to become the responsibility of the originating SBC service or be discontinued altogether. This report sets out the issues involved and the alternative arrangements which will be put in place on or before 31 December 2023.

Recommendations:

Cabinet is recommended to: -

a. Approve the cessation of responsibility for all public facing CCTV from 1 January 2024.

b. Note that a further report will be presented in the Autumn to Overview and Scrutiny Committee and to Cabinet to review SBCs role in our joint commitment with Thames Valley Police to community safety from 1 January 2024 onwards. This will not involve any financial commitment by the Council to CCTV.

Reason:
Public facing CCTV is a valued service currently provided by the Council as part of our joint commitment with Thames Valley Police to community safety. The Council's financial situation is such that it needs to review all services to determine whether they are cost effective and whether there are other options, including partnership options to achieve the same aims. Thames Valley Police wish to have a single public facing CCTV service across the whole of the Thames Valley and already provide CCTV in several local authority areas within the Thames Valley area. Appendix 3 sets out that TVP will look to take responsibility for public facing CCTV in Slough from 1 January 2024 and that, in the meantime, their strong preference is that SBC continue to provide 24/7 monitoring of CCTV in public spaces.

Commissioner Review

Commissioners note that these proposals are included in the budget savings proposed for the next financial year so the programme will need to be delivered or compensating savings identified.

2. Report

Introductory paragraph

2.1 SBC currently provide and operate a CCTV camera estate across the public realm, the transport network and Council buildings. Provision of public facing CCTV contributes to the Council's wider duties in relation to prevention of crime and disorder, however there is no specific duty to provide a CCTV service. TVP have been consulted on the proposal and have responded in a letter appended at Appendix B – Letter from Thames Valley Police and a letter appended at Appendix C – Letter from the Police Crime Commissioner.

2.2 The council's Corporate Plan includes the following priorities which are supported by the decisions described in this report: -

- **A council that lives within our means, balances the budget, and delivers best value for taxpayers and service users** – the proposal in this report enables a continuation of the valued public facing CCTV service through collaboration with Thames Valley Police while making significant cost savings.

2.3 Options considered: -

Option	Description
A	Slough Borough Councils responsibility for public facing CCTV would stop on 1 April 2023. All SBC public facing CCTV equipment, the SBC CCTV control room equipment and access to the SBC CCTV control room will be given to Thames Valley Police for the interim period in which they want to continue to use them, if any, and contracts to maintain equipment and data lines will be novated to Thames Valley Police where they wish this to be the case. **This will bring SBC budget savings of £105k/annum in 2023/24 and** avoids net expenditure of £632k less £105k budget savings = £527k. (see Section 3.1). It brings one off costs of £30k decommissioning costs + worst case redundancy provision of £255k = £285k **This option is not recommended.** Our strong partnership with the Police and other agencies in collaborating to improve public safety in Slough would be undermined by a decision to stop providing 24/7 monitoring of public facing CCTV in Slough before TVP have established an alternative system for providing this; TVP need until 1 January 2024.
B	Slough Borough Council to continue to provide 24/7 live monitoring of public facing CCTV footage until 31 December 2023. Thames Valley Police would provide an alternative system from 1 January 2024. **This will also bring SBC budget savings of £105k/annum in 2023/24 BUT will bring a one-off cost of £473k to provide a CCTV control room until 31 December 2023** + £30k decommissioning costs + worst case redundancy provision of £255k = £758k. Redundancy (if any) and decommissioning costs will be met from a restructuring provision set up through the capitalisation direction. The £473k one-off costs to fund the service between 1 April 2023 and 31 December 2023 will be provided for from other one-off budgets/in year savings to enable the ongoing saving to be secured. **This option is recommended**. It provides TVP with sufficient time to mobilise an alternative 24/7 monitoring arrangement for CCTV in Sloughs public places. It would also provide a longer period over which to put in place and test the robustness of alternative Careline arrangements to support vulnerable adults.

Background

2.4 The Crime & Disorder Act 1998 (CDA98) requires each local authority to exercise its functions to prevent crime and disorder. As part of this, the Council has chosen to operate a 24/7 live monitoring and recorded footage public facing CCTV service at locations across the borough which aims to: -

- Reduce fear of crime, anti-social behaviour, and aggression.
- Reduce violent or aggressive behaviour.
- Detect crime and provide evidential material for court proceedings.
- Protect property and assets.

- Encourage greater use of the borough's public spaces.
- Monitor scene of accidents and liaise with the Emergency Services.
- Monitor fire incidents and liaise with the Emergency Services

2.5 Public facing CCTV cameras are defined as cameras in the public space in which the public have an expectation to be monitored by some form of surveillance equipment with a low expectation of privacy. Monitored for the purpose of reassurance, public safety and the prevention and detection of crime: -

This would include: -

- Town centre & public Highway
- Parks & open spaces
- Non private dwellings, housing estates, public rights of way, entrance exit points, lifts and lift lobby's

This would not include: -

- Traffic enforcement cameras

Cameras in the following environments would continue to be managed by the Council as recorded footage cameras for Council purposes with footage shared with the Police on request: -

- Council owned buildings
- Internal council building cameras
- Bollard operating cameras
- ANPR camera at SBCs Chalvey Household Waste and Recycling Centre
- Cameras mounted on SBC vehicles including Refuse Collection Vehicles
- Re-deployable cameras owned by SBC

2.6 Some local authority areas have no public facing CCTV footage. Other areas have a mixture of recorded footage and live monitoring sometimes provided by the Police and sometimes by the Council: -

Local authority Area	**Is public space CCTV monitoring provided?**	**Who Provides it?**	**Hours of live monitoring**	**Is recorded footage available**	**Number of CCTV staff posts**
West Berkshire	No	N/A	None	No	None
Wokingham	No	N/A	None	No	None
Bracknell Forest	No	N/A	None	No	None
Reading	Yes	Police (TVP)	c12 hrs/day	Yes	4
Milton Keynes	Yes	Police (TVP)	c8hrs M-F	Yes	2
Cherwell	Yes	Police (TVP)	c12 hrs/day	Yes	4.5
West Oxfordshire	Yes	Police (TVP)	c12 hrs/day	Yes	4
Oxford	Yes	Police (TVP)	c12 hrs/day	Yes	4
Bucks – Aylesbury	Yes	Police (TVP)	c12 hrs/day	Yes	4
Bucks - Wycombe	Yes	Council	c12 hrs/day	Yes	4
South Oxfordshire	Yes	Council	c12 hrs/day	Yes	4
Vale of White Horse	Yes	Council	c12 hrs/day	Yes	4
RBWM	Yes	Council	24 hrs/day	Yes	9

2.7 Our 24/7 CCTV team currently provide several incidental services which could be provided by others should the CCTV team be discontinued. The table below sets out the services currently provided by the CCTV team and identifies how they would be provided in the future (also see section 3.7 Workforce Implications). Paragraph 2.8 provides additional information relating to Careline: -

Dedicated CCTV team current work	**Future means of provision**
24/7 live monitoring of public facing CCTV footage to aid the Police for both ‘live’ incidents and evidence gathering	Thames Valley Police to provide new equipment in Slough and carry out this work as part of their service across the Thames Valley operating out of their control centre, currently Milton Keynes.
Retrieval of recorded footage taken by CCTV cameras at Council premises and from vehicle cameras used by the DSO	This will return to become part of the duties of the Building Management Team and/or, where relevant, the DSO Operational Management Team and the Housing Management Team. Software will need to be added to computers used by relevant officers to view recorded CCTV footage. Training and audit will be provided to ensure compliance with data protection legislation
Answering calls to Careline from analogue pendant holders	All users to be provided with a digital pendant alarm which will be triaged by another organisation “Appello”
Answering calls to the ASB hotline	Calls will be directed to a dedicated mobile phone number which will be answered by a Duty Officer 24/7. There will be no additional staff cost to the Council as this activity will be absorbed within existing officer resources.
Answering calls from customers stuck in Herschel MSCP and Hatfield MSCP	Calls will be directed to the Council’s Parking Contractor, currently Saba.
Point of contact for the Council’s Emergency Planning Team	Where Emergency Planning is a multiple agency activity including the Police, Fire and Health Authorities then the CCTV service provided by Thames Valley Police will replace the Council’s CCTV service in aiding the management of emergency response to incidents as they arise. Council only emergencies may receive support from the Police CCTV but if this is not forthcoming then other means of communication would need to be relied upon in the same way as for those locations where there is no CCTV footage (most of the borough does not have CCTV coverage)
24/7 monitoring of Fire Alarms, Intruder Alarms and Lift Alarms for	This will return to become part of the duties of the Building Management Team and/or, where

Dedicated CCTV team current work	Future means of provision
SBC Buildings including some housing stock	relevant, the DSO Operational Management Team and the Housing Management Team
Reporting of Fly tipping & graffiti	This is a duplication of other means of reporting these occurrences and will be discontinued
Holding of keys for various sites for out of hours access	This will return to become part of the duties of the Building Management Team and/or, where relevant, the DSO Operational Management Team and the Housing Management Team

2.8 **Careline** - Adult Social Care offer pendant alarms, through a contract with Berkshire Community Equipment Service (BCES), to residents to access help and support in an emergency as a 24-hour service. Original pendant alarms are analogue alarms and contacts from these are currently triaged by SBC's 24/7 CCTV team. Since October 2022 any new requests for a pendant alarm have been provided with a digital alarm which are triaged by another organisation "Appello". Both triage services provide access to the Responder service that is contracted by Adult Social Care in cases where a resident does not have a named contact that can support. It is planned to do a full digital switchover which will see all residents with an analogue pendant alarm issued with a digital alarm as soon as possible allowing the analogue system to be discontinued. This is being project managed so that there is no dependency on SBC's CCTV team beyond 1 January 2024. Demobilisation activities include advising callers that the service is being discontinued along with arranging for them to receive a digital pendant. We will make direct contact with those customers for whom we have records. It is critical that we don't allow the opportunity for a vulnerable person who relies on an analogue device to be "missed" and not provided with a digital analogue device before the analogue system stops on 1 January 2024. An exhaustive review of all phone numbers contacted by our Careline system will be triaged with our other data sources to identify any gaps. These numbers will then be contacted to determine whether these people need to be provided with a digital pendant / alternative arrangement to serve their needs beyond 31 December 2023.

3. Implications of the Recommendation

3.1 Financial implications

3.1.1 The table below illustrates that we will make an annualised budget saving of £105k considering savings in recharge budgets and making provision to provide and maintain CCTV cameras and equipment for viewing footage at Council buildings, Depots, and on-board cameras.

Budget Savings	
Budgeted Net Spend	71,100
Available Recharge budgets	63,400
Cost for internal CCTV	-30,000
Savings to offer	**104,500**

3.1.2 The gross costs of continuing to provide public facing CCTV would be £632k. By discontinuing the service these costs will be avoided and will result in a budget saving of £105k.

3.1.3 Technology moves very quickly and it is felt likely that TVP will erect new cameras rather than keep existing cameras. However, some of the equipment is new and may be retained and use of existing poles will be encouraged. Where this is the case then fair value should be achieved and/or the cost to remove and dispose of equipment and poles will be avoided. The one-off cost to remove and dispose of SBC public facing CCTV cameras and poles where not needed and the control room equipment at Claycots School, including making good, is estimated to be £30k.

3.1.4 If all CCTV staff are made redundant then the one-off cost would be £255k. Also see, 3.7 Workforce Implications below.

3.1.5 The one-off cost of £473k to provide a CCTV control room until 31 December 2023 + £30k decommissioning costs + worst case redundancy provision of £255k = £758k. Redundancy (if any) and decommissioning costs will be met from a restructuring provision set up through the capitalisation direction. The £473k one-off costs to fund the service between 1 April 2023 and 31 December 2023 will be provided for from other one-off budgets/in year savings to enable the ongoing saving to be secured.

3.2 Legal implications

3.2.1 Section 6 of the Crime and Disorder Act 1998 requires public bodies in a local authority area to formulate and implement a strategy for the reduction of crime and disorder in the area (including anti-social and other behaviour that adversely affects the local environment), a strategy for combatting the misuse of drugs, alcohol and other substances in the area and a strategy for the reduction of re-offending in the area. Section 17 of the Crime and Disorder Act 1998 places a duty of local authorities when making decisions on the exercise of its functions to have due regard to the likely effect of the exercise of those functions and the need to do all that it reasonably can to prevent crime and disorder in its area, and misuse of drugs, alcohol and other substances in its area and re-offending in its area.

3.2.2 The Police, Crime, Sentencing and Courts Act 2022 contains a new serious violence duty which applies to a range of public bodies. The duty requires services to work together to share information and to target their interventions, where possible through existing partnership structures, to prevent and reduce serious violence within their local communities. The Government has also announced an intention to amend the Crime and Disorder Act 1998 to make serious violence an explicit priority for Community Safety Partnerships. The legislation is only partially in force and draft guidance has been issued. The draft guidance confirms that there should be a multi-agency partnership approach to collaboration, safeguarding children, undertaking strategic needs assessments and information sharing. The draft guidance contains sections on each public body, including local authorities, emphasing the key roles they play in sharing data, conducting preventative work, leading public health commissioning, and supporting early intervention initiatives.

3.2.3 The above statutory frameworks show the critical role that the Council plays as part of a wider community safety partnership, however it is not the principal body responsible for investigation and detection of crime and as TVP cover a much wider area and are already managing CCTV systems for other local areas, it is best placed to become the lead authority. If there is a delay in implementing the transfer, TVP will have the ability to pay the Council to continue to monitor the system until the transfer can take place.

3.2.4 On an initial review, it is unlikely that staff will transfer to TVP and therefore there may be some redundancy costs if staff cannot be redeployed in other areas. This will be considered further as part of project implementation, see section 3.7 Workforce Implications below.

3.3 Risk management implications

The following key risks have been identified and will be included in the CCTV demobilisation project risk register: -

Risk	**Rating**	**Mitigation**	**Residual risk**
CCTV control room equipment was purchased in 2012 and is end of life with a high risk of failure	High	Decommission at the earliest opportunity	Low
Approximately 50% of public facing cameras are end of life with a high risk of failure	High	Decommission at the earliest opportunity	Low
TUPE - Based on the recharging regime for CCTV services, staff will not transfer to TVP under TUPE and therefore there may be some redundancy costs if staff cannot be redeployed in other areas.	Medium	A TUPE transfer without the proper information can result in losses at a tribunal so this is an avoidable risk. See 3.7 Workforce Implications - further work will take place over the forthcoming weeks and months to thoroughly evidence how staff time has been, is currently and, over the remaining months, will be spent. We will also review the volume of work which will need to be absorbed by other SBC officers as part of their duties with the transfer of internal CCTV work back to the services. These exercises will inform a final decision on whether TUPE applies. If needed, appropriate redundancy consultation must take place with each affected individual, including provision of sufficient time to allow	Low

Risk	Rating	Mitigation	Residual risk
		opportunity for redeployment to other services.	
The Crime & Disorder Act 1998 (CDA98) requires each authority to exercise its functions to prevent crime and disorder.	Medium	Slough has a robust and effective Safer Slough Partnership in place to fulfil this function. It is recommended that a further report be brought to cabinet in October 2023 to review SBCs role in our joint commitment with Thames Valley Police to community safety from 1 January 2024 onwards	Low
The public may perceive that the public facing CCTV provision is being reduced / stopped.	High	A Communication plan to allay any public concern will be developed.	Low
Failure to transfer all careline users from analogue devices to digital devices by 31 December 2023	High	This is being project managed to ensure that it is achieved, see para 2.8	Low
Failure by TVP to meet the deadline of 1 January 2024 to have established an alternative CCTV provision	Low	This is being projected managed in collaboration between TVP and SBC and is well underway. In the unlikely event that there is delay then SBC would be prepared to continue to provide a service on behalf of TVP providing that TVP met all costs	Low

3.4 Environmental implications

3.4.1 There are no environmental implications.

3.5 Equality implications

3.5.1 In accordance with the equality duty, an equalities impact assessment has been undertaken, and is provided as **Appendix A**.

3.6 Procurement implications

3.6.1 The CCTV service has a series of contracts for maintenance of equipment and with communications companies for provision of data and telephone lines. These will need to be terminated or novated to Thames Valley Police if they wish.

3.6.2 Where equipment is to remain for monitoring of Council buildings, depots, and on-board vehicle cameras then a planned procurement programme for maintenance and replacement will need to be provided for.

3.7 Workforce implications

3.7.1 Initial meetings, with respect to the discontinuation of our CCTV Control Room, took place with staff, management and the Unions on 9 November 2022 and the 22 December 2022. Based on the recharging regime for CCTV services it is felt unlikely that staff will transfer to TVP and therefore there may be some redundancy costs if staff cannot be redeployed in other areas. However, it is essential that this is demonstrated, or shown not to be the case, by detailed review and analysis of what time is spent on each of the activities carried out by the team, both in the past, the present and in the future through to 31 December 2023, including: -

- Careline – responding to requests from vulnerable adults for assistance.
- Requests to review recorded footage by the police.
- Requests to review recorded footage by internal Council departments.
- Requests to respond to Car Parking issues – raising of barriers etc
- Requests to support Emergency Planning
- Responding to issues relating to fire, security and lift alarms
- Viewing of live footage of public places
- Viewing of live footage of Council premises

Data gathering and interviews with staff members will take place over the forthcoming weeks and months.

3.7.2 Fortnightly demobilisation meetings, with attendees from each of the departments affected including People Adults (Careline), Housing, Building Management and the DSO, started on the 26 January 2022. On an initial review, it is felt unlikely that CCTV staff will transfer to these departments. CCTV work was previously carried directly by the services before it was centralised in 2017 and staff still exist in these services who previously managed and are familiar with this work. However, it is essential that the actual volume of work now required is thoroughly understood so that a fully informed final decision can be taken. Detailed review and analysis of how work can be absorbed into the role of existing officers in these departments or not will be carried out over the forthcoming weeks and months.

3.8 Property implications

3.8.1 CCTV monitoring of Council buildings will continue but will be predominantly recorded footage only. There is the opportunity to view live footage, where camera systems allow this, providing that there is merit in doing so and providing that it can be absorbed into the duties of existing officers. An example would be remotely monitoring the delivery of items at the Chalvey Depot by the DSO operational team rather than being physically present.

4. Background Papers

- None

Appendix A – Equalities Impact Assessment

EQUALITY IMPACT ASSESSMENT TEMPLATE

SUMMARY RAG RATING

The outcome of this EIA has been assessed to be:	🟩

SECTION 1:

Title	**PL-2324-46 - Stop SBC funded CCTV Monitoring of public spaces**
What are you analysing? • What is the policy/project/activity/strategy looking to achieve? • Who is it intended to benefit? Are any specific groups targeted by this decision? • What results are intended?	Public facing CCTV will continue to be provided but it will become the responsibility of Thames Valley Police with effect from 1 April 2023. There may be an interim period where TVP pay for SBC to continue to provide public facing CCTV until they are ready to mobilise their new system. The service will continue so there is no impact on residents. CCTV is likely to support certain groups more than others for instance younger people may be at more risk of knife crime or gang crime, women and girls may be at more risk of violent crime and certain ethnicities may be more at risk of crime in a public place There may be a TUPE transfer of staff depending on the nature of the new service provided by TVP. If not, then CCTV staff will be at risk of redundancy and the SBC HR policies will be followed to bring about redeployment wherever possible.
Details of the lead person completing the screening/EIA	(i) Full Name: Ketan Gandhi / Garry Tallett (ii) Position: Ketan Gandhi - AD Place Regulation Garry Tallet - Group Manager – Community Safety, Housing Regulation & Enforcement (iii) Unit: Place & Community Directorate (iii) Contact Details: ketan.gandhi@slough.gov.uk
Date sent to Finance	6/10/2022
Version number and date of update	V4 – 05/01/2023

You will need to update your EIA as you move through the decision-making process. Record the version number here and the date you updated the EIA. Keep all versions so you have evidence that you have considered equality throughout the process. However only the most updated version will be saved in the Equalities SharePoint folder.

SECTION 2: Do you need to complete a full Equality Impact Assessment (EIA)?
Not all proposals will require a full EIA, the assessment of impacts should be proportionate to the nature of the project/policy in question and its likely impact. To decide on the level of detail of the assessment required consider the potential impact on persons with protected characteristics.

2.1 **Please provide an overview of who uses/will use your service or facility and identify who are likely to be impacted by the proposal**

- *If you do not formally collect data about a particular group then use the results of local surveys or consultations, census data, national trends or anecdotal evidence (indicate where this is the case). Please attempt to complete all boxes.*
- *Consider whether there is a need to consult stakeholders and the public, including members of protected groups, in order to gather information on potential impacts of the proposal*

Equality Characteristic	Current or expected make up of service users	Over-represented or Under-represented relative to overall size in local population?
Gender	There are no specific service users – CCTV monitors whomever passes through the areas of coverage	Slough population 49% female 51% male
Ethnicity		Slough population BAME 54%
Disability		9.9% of adult Slough residents report they live with a disability
Sexual orientation		Slough population Heterosexual: 95.2% Homosexual: 0.6% Bisexual: 0.6% Other: 0.4% Don't know/refuse: 3.1%
Age		Slough population 24% under 15 77% over 15
Religion or belief		Slough population Buddhist 0.5% Christian 41.2% Hindu 6.2% Jewish 0.1% Muslim 23.3% Other religion 0.3% Sikh 10.6%
Gender Identity		Unknown
Pregnancy/Maternity		Unknown

Marriage/Civil Partnership		Unknown

2.2 Are there any groups with protected characteristic that are overrepresented in the monitoring information relative to their size of the population? *If so, this could indicate that the proposal may have a disproportionate impact on this group even if it is a universal service.*	Given that there will be a change in provider from SBC to TVP, there may be a perception amongst some of the protected characteristic groups that crime and being at risk may increase. This in current times may be particularly pertinent to women and girls and young people generally. A communications campaign will set out what we are doing and why and provide assurance that a public facing CCTV service will continue to be provided by the Police directly rather than via Slough Borough Council. Thames Valley Police remain of the view that CCTV coverage of public spaces within Slough is an essential tool in the prevention and detection of crime in the Borough. Information provided by Thames Valley Police indicates that whilst CCTV is a deterrent for crime to take place and provides public reassurance of safety in all areas, the evidence indicates that CCTV is most effective in car parks, housing complexes and residential areas. It is less effective in preventing crime in town or city centres. Live CCTV coverage can have a part to play in deploying police to prevent crime from occurring. Recorded CCTV footage is used as evidence to support the investigation of crime which has been committed and to help bring perpetrators to justice.
2.3 Are there any groups with protected characteristics that are underrepresented in the monitoring information relative to their size of the population? *If so, this could indicate that the service may not be accessible to all groups or there may be some form of direct or indirect discrimination occurring.*	CCTV monitors whomever passes through the areas of coverage, no analysis is carried out as to which groups pass through the areas of coverage.
2.4	**Does the project, policy or proposal have the potential to disproportionately impact on people with a protected characteristic? If so, is the impact positive or negative?**

	None	Positive	Negative	Not sure
Men or women	☒	☐	☐	☐
People of a particular race or ethnicity (including refugees, asylum seekers, migrants and gypsies and travellers)	☒	☐	☐	☐
Disabled[1] people (consider different types of physical, learning or mental disabilities)	☒	☐	☐	☐
People of particular sexual orientation/s	☒	☐	☐	☐
People in particular age groups (consider in particular children, under 21s and over 65s)	☒	☐	☐	☐
People who are intending to undergo, are undergoing or have undergone a process or part of a process of gender reassignment	☒	☐	☐	☐
Impact due to pregnancy/ maternity	☒	☐	☐	☐
People of particular faiths and beliefs	☒	☐	☐	☐
People on low incomes*	☒	☐	☐	☐

2.5	**Based on your responses, should a full, detailed EIA be carried out on the project, policy or proposal**
	Yes ☐ No ☒
2.6	**Provide brief reasons on how you have come to this decision?**
	Public facing CCTV will continue to be provided but it will become the responsibility of Thames Valley Police with effect from 1 April 2023. There may be an interim period where TVP pay for SBC to continue to provide public facing CCTV until they are ready to mobilise their new system. Other CCTV monitoring is for Council buildings, depots, and on-board vehicle cameras. This will continue, with no material changes, but will be provided by individual Council services rather than through a central CCTV team.

If the answer in 2.5 above is “No” then sections 3 and 4 are not required to be completed.

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[1] Disability discrimination is different from other types of discrimination since it includes the duty to make reasonable adjustments.

SECTION 3: ASSESSING THE IMPACT

In order to be able to identify ways to mitigate any potential impact it is essential that we know what those potential impacts might be. Using the evidence gathered in section 2, explain what the potential impact of your proposal might be on the groups you have identified. You may wish to further supplement the evidence you have gathered using the table below in order to properly consider the impact.

Protected Group		Positive impact?			Negative impact? If so, please specify the nature and extent of that impact	No specific impact	If the impact is negative how can it be mitigated? Please specify any mitigation measures and how and when they will be implemented	What , if any, are the cumulative effects of this decision when viewed in the context of other Council decisions and their equality impacts
		Eliminate discrimination	Advance equality	Good relations				
Gender	Men							
	Women							
Race	White							
	Mixed/Multiple ethnic groups							
	Asian/Asian British							
	Black/African/Caribbean/ Black British							
	Gypsies / travellers							
	Other ethnic group							
Disability	Physical							
	Sensory							
	Learning Difficulties							
	Learning Disabilities							
	Mental Health							

Protected Group		Positive impact?			Negative impact?	No specific impact	What will the impact be? If the impact is negative how can it be mitigated? (action)	What are the cumulative of effects
		Eliminate discrimination	Advance equality	Good relations				
Sexual Orientation	Lesbian, gay men, bisexual							
Age	Older people (50+)							
	Younger people (16 - 25)							
	Children (under 16)							
Gender Reassignment								
Impact due to pregnancy/maternity								
Groups with particular faiths and beliefs								
People on low incomes								

SECTION 4: ACTION PLAN

4.1 Complete the action plan if you need to reduce or remove the negative impacts you have identified, take steps to foster good relations or fill data gaps.

Please include the action required by your team/unit, groups affected, the intended outcome of your action, resources needed, a lead person responsible for undertaking the action (inc. their department and contact details), the completion date for the action, and the relevant RAG rating: R(ed) – action not initiated, A(mber) – action initiated and in progress, G(reen) – action complete.

NB. Add any additional rows, if required.

Action Required	**Equality Groups Targeted**	**Intended outcome**	**Resources Needed**	**Name of Lead, Unit & Contact Details**	**Completion Date (DD/MM/YY)**	**RAG**
Enter additional rows if required						

THIS SECTION TO BE COMPLETED BY THE RELEVANT SERVICE MANAGER

FULL NAME: **Ketan Gandhi**…………………………………………………………………..

SERVICE AREA: Place Regulation………………………………………………….

EMAIL: ketan.gandhi@slough.gov.uk………………………………………………..

DATE (DD/MM/YYYY): 6/01/2023……………………………………………..

Lee Barnham B.Sc. (Hons), M.St. (Cantab)
Superintendent
Local Police Area Commander

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19 December 2022

Garry Tallett
Slough Borough Council
Observatory House
Windsor Road
Slough
Berkshire

Dear Garry

The future of CCTV coverage in Slough

I have been asked to write on behalf of Thames Valley Police in respect of the proposal to withdraw Slough Borough Council CCTV coverage in the town at the end of March 2023. It is intended that this letter will be provided to Cabinet for their consideration.

Thames Valley Police position

It is the position of Thames Valley Police that CCTV coverage of public spaces within Slough is an essential tool in the prevention and detection of crime in the Borough.

The evidence base supporting the effectiveness of CCTV

In 2015 (and updated in October 2021), the College of Policing published a meta-analytic review based on three separate reviews of the use of CCTV in different circumstances incorporating a total of 130 academic studies focusing on the effectiveness of CCTV in reducing crime in the UK and globally (Closed-circuit television (CCTV) | College of Policing). Overall the analysis concluded that CCTV contributes to an overall reduction in crime with a very strong effect impact on crime.

In the first review CCTV was associated with a statistically significant decrease in crime. Across a range of settings crime was found to have decreased by 13% in locations where CCTV was present compared with locations where there was no CCTV coverage. The first review found:

“The studies in Review one looked at the effectiveness of CCTV on different crime types. The meta-analysis showed that drug-related crimes decreased by 20% (six studies) and vehicle and property crime decreased by 14% (23 studies and 22 studies respectively) in places that had CCTV compared to those that did not. No overall statistically significant effect was observed for violent crime (29 studies) or disorder (six studies).”

Importantly, the analysis also found that overall the presence of CCTV did not lead to displacement of crime elsewhere.

The review found that CCTV works by:

- increasing offenders' perception of the risk of getting caught
- increasing the actual risk of getting caught
- encouraging the public use of an area and affecting the criminals' perceptions of risk (by increasing informal surveillance by the public)
- improving citizen awareness to take additional precautions
- signalling improvements in the area to the public and encouraging community pride
- supporting the effective deployment of security staff to incidents
- reducing the number of criminal opportunities

The evidence indicates that CCTV is most effective in car parks, housing complexes and residential areas but less effective in preventing crime in town or city centres.

As well as preventing crime there is evidence that CCTV is also valuable as an investigative tool. Ashby (2017) analysed just short of 252,000 crimes recorded by British Transport Police that occurred on the British railway network between 2011 and 2015. CCTV was assessed as useful in 65% of cases where it was available. Useful CCTV was associated with significantly increased chances of crimes being solved for all crime types except drugs/weapons possession and fraud.

Our experience of the importance of Slough Borough Council CCTV in detecting crime in the Borough

The practical experience of investigators working in Slough supports the academic research that CCTV is a valuable investigative tool in many different contexts. Where CCTV provides coverage of an incident or set of events it gives investigators an unequivocal insight into what took place. Even in cases where it is not possible to identify an individual, CCTV provides critical evidence in respect of what people were doing, how they were behaving, their direction of travel and helps to identify distinguishing features (such as clothing). This is often more reliable than witness evidence which relies on the ability of someone to recollect a sequence of events in some detail after the fact and is often time-limited. Witness evidence also relies on an individual being willing to provide a statement to the police and, ultimately, being prepared to give evidence in court.

CCTV not only assists in identifying suspects and witnesses but also in tracing missing people and assessing crowd flow and density in public order/public safety situations.

There are countless examples of cases in Slough where CCTV has provided critical evidence or, in some cases, been the only evidence on which to build a prosecution. The following examples alone were recited to me by just one Detective Sergeant working in CID:

Murder of Mr. Aziz, Trelawney Avenue, Slough

The homicide was captured in full by CCTV leading to the identification and arrest of the suspects. A 16 year old boy was recently convicted of murder.

Grievous Bodily Harm, High Street, Slough

The victim was slashed with a knife following an altercation in a shop. CCTV showed parts of the incident and zoomed in on blood at the scene before it became contaminated. A suspect was convicted and is currently in prison.

Series of assaults in Chalvey and the High Street on 28/08/22

Thames Valley Police received a number of calls from members of the public regarding a number of incidents of violence in which members of the public had seemingly been attacked in an unprovoked manner. These reports spanned from RAGSTONE ROAD to the HIGH STREET, SLOUGH. The calls were received between 2045 and 2145 hours. Initially, due to the distance between Ragstone Road and the High Street and limited information known, these incidents were not immediately linked.

By the time officers attended the scene there were no victims or suspects to be found. As a direct result of the CCTV provided, police confirmed that these were a linked series of incidents and led to the identification of two suspects and one victim of assault. The suspects were subsequently arrested and charged (awaiting trial) for the following offences:

- Grievous Bodily Harm with intent
- Attempt Assault occasioning Actual Bodily Harm
- Threats to kill
- Use threatening / abusive words and behaviours x 2
- Criminal Damage

Attempted murder, Baylis Park

A serious assault took place in Baylis Park. CCTV captured the assault leading to the arrest of a suspect who has been charged, remanded and awaits trial.

Residential Burglary and associated Fraud, Chalvey

CCTV captured images of the suspect and footage from Chalvey provided critical evidence leading police to the offender.

Sexual Assault in Chalvey

CCTV footage captured a serious sexual assault taking place. The suspect was arrested, charged and pled guilty.

Arson, Empire Cinema, Slough

CCTV helped put a timeline together for the movements of a female alleged to have poured petrol in the fire exit of EMPIRE cinema on the High Street. The female and a further male suspect were charged with conspiracy to commit arson with intent to endanger life. The male has pled guilty.

There will be many other examples which will be equally serious or less serious but these 7 cases alone illustrate the importance of CCTV in the detection of crime.

It is important not to underestimate the value of CCTV in helping residents to feel safe. Indeed, residents quite often ask for more rather than less CCTV coverage.

Thames Valley Police request

On the basis of this evidence we would ask Cabinet to consider retaining the CCTV coverage in Slough until such time as the PCC can take control.

Yours sincerely

Lee Barnham

POLICE & CRIME COMMISSIONER THAMES VALLEY
Matthew Barber
Police & Crime Commissioner
for Thames Valley

Office of the Police & Crime Commissioner
The Farmhouse, Thames Valley Police HQ
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Stephen Brown
Chief Executive
Slough Borough Council

By Email

25th January 2023

Dear Stephen,

It was good to see you at Arbour Park earlier this month. I look forward to continuing the close working relationship between Slough BC, Thames Valley Police and my office and hope we can finalise a date soon to meet and discuss in more detail.

I am writing in relation to the forthcoming decision by the council on the future of CCTV in the Borough. I am well aware of the financial challenges facing Slough BC and in the public interest will continue to work constructively to support the council wherever possible. As I have set out publicly I hope to establish a Thames Valley-wide CCTV partnership which will see financial contributions from both the police and local authorities in order to provide a greater level of public protection. It is clear however that the timing of the proposal for Slough Borough Council to discontinue the current CCTV system at the end of March is driven entirely by the financial problems within the council.

Your officers have been good enough to share the draft Cabinet report with my office and Thames Valley Police in order to finalise a workable proposal. I would reiterate the point that I made during a meeting with Slough Council officers on 18th November last year that the earliest Thames Valley Police would be looking to take on responsibility for CCTV in Slough is 1st January 2024. This would allow for the necessary procurement and preparation of control rooms.

Therefore I would restate my strong preference would be for Slough Borough Council to continue providing the much needed CCTV in Slough on the current basis until 1st January 2024. This will allow TVP to properly transfer to a new system and monitoring arrangements.

I need not stress how important the provision of CCTV is to public safety and how vital a tool it can be to the police in deterring and detecting violent and acquisitive crime.

If the Cabinet feel that they cannot prioritise funding for this important contribution to community safety within Slough then I would consider a request from the Council to allow funding provided by my office through the Community Safety Fund to be used to support the continuation of CCTV by Slough Borough Council until Thames Valley Police are in a position to move to a new system from 1st January 2024.

I would not welcome the transfer of the existing system before this date as it would be driven by the council's financial considerations, rather than the best interests of delivering a stable transfer to a new system and control room. If this situation were to arise, obviously my office and the Force would make every effort to ensure the continued provision of CCTV within Slough, although where this may incur additional costs I may have to review the allocation monies from the Community Safety Fund for the year 2023/24.

I am pleased that in addition to work on CCTV and the Knife Angel, we have also been successful in securing additional funding from the Home Office to support Slough Children First to play their part in Operation Deter. As ever I am happy to discuss our continued work together to make Slough a safer place to live.

Yours sincerely,

Matthew Barber
Police & Crime Commissioner

Slough Borough Council

Report To:	Cabinet
Date:	27th February 2023
Subject:	Library Services
Lead Member:	Cllr Christine Hulme - Children's Services, Lifelong Learning & Skills
Chief Officer:	Richard West
Contact Officer:	Liz Jones
Ward(s):	All
Key Decision:	YES
Exempt:	NO
Decision Subject to Call In:	YES
Appendices:	**Appendix A** – Library Service Plan 2022-27 **Appendix B** – Equalities Impact Assessment **Appendix C** – Library building staff rota 2023/24

1. Summary and Recommendations

1.1 The March 2022 Cabinet Report - Slough Library Service Plan and new delivery model, agreed a **Library Service Plan 2022-27 (Appendix A)** based on the findings of a public consultation. In summary it was agreed to provide a reduced hours Library Service from 4 buildings within the borough largely attended by Library staff and to reduce the library publication budget to deliver an overall saving of £400,000. Due to the need to test the changes in terms of sharing buildings and income generation, the model was agreed on an interim basis and for a report to be brought back to Cabinet in 12 months to provide further recommendations on how best to deliver library services within the Council's constrained financial position in 2023-24.

1.2 This report recommends that in 2023-24 we deliver a predominantly self-service library service from 4 buildings within the borough (The Curve, the Britwell Hub, Cippenham Library and Langley Library) with the amended operating hours set out in in paragraph 2.16.1, maintain an on-line library offer and refresh and expand volunteering opportunities in the Service to deliver a further budget saving of £276,000.

Recommendations:

Cabinet is recommended to: -

a. Approve a library model of predominantly self-service library service from 4 buildings across the borough (The Curve, Britwell Hub, Cippenham Library and Langley Library) with the opening hours set out in paragraph 2.16.1.

b. Receive a report at July 2023 Cabinet to review the performance of the library service in the first 2 months of the 2023/24 operating model, including performance against planned opening hours and the blend of footfall across the opening hours.

Reason:
This operating model will allow the Council to meet its statutory duty to provide a comprehensive and efficient library service and its best value duty.

Commissioner Review

Commissioners have no observations on this report.

2. Report

Introduction

2.1 Councils have a statutory duty to provide library services as described in the Public Libraries and Museums Act 1964. This duty requires councils to deliver a "comprehensive and efficient" library service. There are no prescriptive definitions in the Act about what constitutes a comprehensive and efficient service. However, case law has determined that if any significant changes are made to how a library service is delivered, the council must follow a fair process to locally determine what a comprehensive and efficient library service looks like and what it delivers. This includes considering local needs and consulting with the public when devising a new way of delivering services.

2.2 A 12-week public consultation concluded on the 20 January 2022 and informed the March 2022 Cabinet agreement to the **Library Service Plan 2022-27 (Appendix A).** The key findings of the library consultation were that:

- The library service is highly valued by library members.
- More than 80% of library transactions take place through self-service kiosks.
- 70% of all items issued (hard copy and e-resource) are from the children's library.
- Respondents like the idea of co-locating other Council services with the current library buildings.
- Young People value study space, where they can talk about issues, and access on-line materials.
- Our on-line service is growing but is not widely known about.
- People would value the opportunity to become volunteers in the library service.
- The library service should consider the diverse needs of the population, including use of the library at home service, the availability of materials for residents for whom English is not a first language and the options of outreach work.

2.3 The consultation results demonstrate the need to publicise online resources and improve volunteering opportunities, as well as ensuring that effective services are delivered in buildings.

2.4 The strategic aims in the Library Plan, agreed at March 2022 Cabinet, were informed by public consultation. The model adoption last year was approved on an interim only basis and Cabinet is now being asked to make further changes following a review of that model. The original consultation responses have informed this review, and the new model continues to deliver on the strategic aims set out in the Library Plan: -

2022 – 2027 Library Plan work areas	**Impact of proposed model (February 2023)**
High quality support for adults and children to support literacy and encourage a love of reading for pleasure.	Library staff will be available at 3 current library locations throughout each week (with a rota of staff availability on Saturdays) to provide high quality literacy support to residents. In-library events to promote a love of reading will be delivered and, where appropriate will be enhanced by the addition of volunteers to provide more 1-on-1 support to residents who require this.
Make sure the right library services are delivered in the right way in the right locations ensuring that the physical building spaces and events are fully accessible, supporting those with additional needs.	Library services will be available at all 4 current library building locations. Library staff will be available in-person at consistent and planned times at 3 locations throughout the week. Britwell Hub library will be predominantly self-service with library staff available by phone if other SBC staff overseeing the library area are unable to support customers with library specific queries. All Library staff have had training in using basic Makaton to communicate with residents and the EIA will be used to identify other training needs associated with supporting residents with additional needs. This will include reviewing customer flow to identify “quiet times” at library buildings and advertise these so residents who find busy spaces challenging know when they may find it more comfortable to access the building.
Encourage residents of all ages to make use of our library service to improve their wellbeing and personal development.	The Library Service will still participate in the UK-wide literacy programme “Summer Reading Challenge” aimed at children and young people. This has been our premier engagement event for driving both library

	membership for young people but also to increase borrowing by this age group. Focussing on volunteer recruitment will allow the service to deliver a range of events like book clubs, poetry clubs etc. to encourage adults to use the library service. Further promotion of the on-line library resource will also encourage adults who are working when the library buildings are open to still borrow books and magazines etc.
Increased range and diversity of on-line resources and support for residents to use these virtual resources, making sure that no resident is excluded from accessing the on-line world.	The publications budget will remain at £90k per annum allowing the Library Service to continue to purchase a range of physical books and on-line resources. Focussing on recruiting volunteers will also increase the capacity of the service to offer low-level and informal support for residents needing guidance and confidence to access the digital world.
A range of exciting, relevant and enjoyable events hosted by library services.	The service will continue to deliver a Summer Reading Challenge each year specifically aimed at school-age children. Staff working with volunteers will also be able to continue to host events such as "Rhyme Time", storytelling, book clubs etc. The new model includes a focus on securing additional external funds (sponsorships and grants) to support the delivery of literacy-based events.
Increased opportunities for volunteering in our library service and highly professional volunteers working with all library users.	Operational challenges in 2022 meant that the recruitment of volunteers did not take place. The 2023/24 service delivery model includes a staff post with a clear remit to work with partners to recruit, retain and engage with volunteers. Clear volunteer role descriptions are being developed for each of the service areas that would benefit from and be of interest to volunteers (Library at Home service, library events and library digital support).
Improved collection and use of data to make sure our decisions are based on evidence.	The proposed model maintains various software licences which allow the service to efficiently collect data about footfall in

	each library, borrowing activity and use of IT equipment.
Strong engagement with residents to help us shape the service and promote events, activities, and library resources.	In addition to quantitative data collected electronically, the new model will also allow the service to implement a regular series of light-touch customer engagement activities to help the service flex in response to customer demand. The proposed model also strengthens the relationship between the library service and other services delivered from these buildings so anonymised customer feedback can be shared.
We provide and spend a publications budget in line with councils in our most similar group and review our building opening times to ensure value for money.	The publications budget will remain at £90k per annum which maintains Slough's position as being in-line with the spend per head of population of councils in our most similar group.

2.5 The following tables evidence that:

- The number of library visits is half that enjoyed pre-pandemic but is growing.

Library visits	**Apr 2019 to Mar 2020**	**Apr 2020 to Mar 2021**	**Apr 2021 Mar 2022**	**Apr 2022 to Dec 2023**	**Pro-rata Apr 2022 to Mar 2023**
Library visits	629,222	90,752	229,287	226,520	302,027

Note: A two-week manual visit count took place in December 2022 at the 2 libraries open till 7pm, the Curve and Cippenham. From 5pm at Cippenham and 6pm at the Curve visit figures dropped by an average 92%. While this is only a small sample over 2 weeks this is supported by staff comments across the year and visible evidence in each library site

- The % use of self-serve has grown and is currently 93%
- The % of books issued to children is stable at around 75%

Library book issues	**Apr 2019 to Mar 2020**	**Apr 2020 to Mar 2021**	**Apr 2021 Mar 2022**	**Apr 2022 to Dec 2023**	**Pro-rata Apr 2022 to Mar 2023**
Total book issues	363,433	54,350	257,686	228,179	304,239
Self serve and online issues	325,989	0	223,844	212,361	283,148
% self serve to total issues	9O%	0%	87%	93%	93%
Children's book issues	266,361	39,001	197,828	171,002	228,003
% children's to total issues	73%	72%	77%	75%	75%

- New customers joining the library each year is growing towards pre-pandemic levels

New customers joining the library

New members	
2019-2020	7,621
2020-2021	0
2021-2022	4,832
April 2022- Dec 2022	4,835
Pro-rata Apr 2022 to Mar 2023	6,447

- The summer reading challenge (July to September) remains an important part of what we do.

Year	Participants	Budget spent	Comments
2019	3,604	£13,785	
2020	200	£550	Covid lockdown so online offer only. Limited success
2021	2,533	£9,410	
2022	1,976	£3,375	Theme was Science which did not prove as popular as expected
2023			Theme is Sport and games bringing partnership opportunities with active communities and community development teams

Population figures latest census 0-15 years is 39,828 which is 26% of total population of Slough 149,577. Attainment at KS1 (age 7) for reading, literacy maths and science are lower than across the South East 15.9 compared to 16.2. Approximately 23% of children 0-19 are in relative low-income families compared to 19% across England. Approximately 55% of under 5s achieve the expected development compared with 63% South East and 58% across England.

2.6 The council’s Corporate Plan includes two priorities which are supported by the decisions described in this report:

- **A council that lives within our means, balances the budget, and delivers best value for taxpayers and service users** – the proposal in this report balances the views of residents with the statutory duty to provide a comprehensive and efficient library service while contributing a saving of £276,000.

- **A borough for children and young people to thrive in** – the proposals in this report will ensure that the library service continues to promote and deliver a love of literacy for young people in the borough. The proposals will also help support the aspiration to support more of our residents to access better paid jobs by improving skills and reducing barriers to employment.

2.7 Options considered: -

Option	Description
A	**Provide the 2022/23 Libraries operating model in 2023-24** To provide library services from 4 library locations (The Curve, Langley, Britwell and Cippenham), largely attended by dedicated library staff, at the opening hours agreed in the March 2022 Cabinet Report. Provide a publications budget of £90,000 and develop our on-line library offer and the use of volunteers.

	This option meets the statutory duty to provide a comprehensive and efficient library service, but it does not address the ongoing financial pressures faced by the council. There would be no 2023/24 library savings. The Council has a duty to demonstrate best value in its services and this should be measured by reference to social, environmental, and economic value. As this model does not deliver any further savings, it is arguable that it is not meeting its best value duty to continuously improve and deliver cost effective services. **This option is not recommended.**
B	**Proposed 2023/24 Libraries operating model** To deliver a predominantly self-service library service from 4 buildings within the borough (The Curve, Britwell Hub, Cippenham Library and Langley Library) at the amended opening hours set out in paragraph 2.16.1 The Principal Libraries Outreach Officer will prioritise recruitment, retention, and co-ordination of library volunteers in addition to sourcing external resources, including sponsorships, grants and partnership working, to support services to improve literacy. Volunteers will complement both the outreach programme (especially the Library at Home service) and the building-based offer. A publications budget of £90,000 will be provided and the on-line library service will be developed. This option meets the statutory duty to provide a comprehensive and efficient library service and contributes a saving of £276,000. It also meets the Council's best value duty by delivering a saving and takes account of residents' views of the value of library buildings in different localities within the Borough. **This option is recommended.**
C	**Option C – Close Cippenham Library but otherwise adopt Option B** The library service is not dependent on specific buildings. Cippenham Library has been identified as a building which may be attractive to the property market and could be sold. The decision to sell or to retain the building is yet to be determined. Option B proposes a meanwhile use as a building with a library area within it with the option to locate other staff and other services into it should that be the outcome of the Office Accommodation Strategy which is yet to be finalised. There would be additional savings of c£40,000 in library staff salary costs should we close Cippenham Library in 2023/24 or if, like Britwell, a predominantly self-service library supported by staff from other services (non-library staff) was provided. We have been unable to get commitment from other services to permanently locate their staff in this building for 2023/24 at the time of writing as other services are themselves working on budget savings. There would be additional savings to the building management budget of c£70k/annum if the building was closed (less security costs of c£10k while it remains an SBC building) and the Council would receive a capital receipt for the sale of the building. See Section 3.1 for building costs for each of our buildings which currently include a library area.

Background

2.8 The Council must deliver significant levels of savings over the next few years, as well as disposing of surplus assets to reduce its borrowing levels. We have started work on a comprehensive estates strategy which will explore the condition costs and uses of all Council operational buildings. As part of this work we will shape a long-term plan for the delivery of services including libraries. Whilst this work is progressing best use will be made of the available buildings and the library service will operate from The Curve, Langley Library, Cippenham Library and the Britwell Hub subject to long term decision on these buildings utilisation.

2.9 Under our Asset Disposal Strategy, the Council needs to rationalise its buildings and look to use them for multiple uses. This may reduce the amount of floor space to be dedicated to library areas and increase the number of officers from other services who can support the opening, closing and day-to-day operation of the building, however no decision has been made about this at this time.

2.10 Library services are a statutory service delivered by local authorities under the duty described in the Public Libraries and Museums Act 1964. This duty requires councils to deliver a “comprehensive and efficient” library service. There are no prescriptive definitions in the Act about what constitutes a comprehensive and efficient service. However, case law has determined that if any significant changes are made to how a library service is delivered, the council must follow a fair process to locally determine what a comprehensive and efficient library service looks like and what it delivers. This includes considering local needs and consulting with the public when devising a new way of delivering services.

2.11 In 2021 the council carried out a robust assessment of local need, consulted the public about how library services could be delivered in the future and completed an Equality Risk Assessment. Analysis of the results of all these exercises informed the production and agreement to the Library Service Plan 2022-27 (Appendix A) which highlights the following key aims for the service to deliver: -

- Improved literacy and love of reading for all residents
- Affordable services available to all users
- Levelling up opportunities for all residents

2.12 The Library Service Plan 2022-27 goes on to describe how these key aims will be implemented and what residents can expect to see by 2027:

- ✓ High quality support for adults and children to support literacy and encourage a love of reading for pleasure.
- ✓ Make sure the right library services are delivered in the right way in the right locations ensuring that the physical building spaces and events are fully accessible, supporting those with additional needs.
- ✓ Encourage residents of all ages to make use of our library service to improve their wellbeing and personal development.
- ✓ Increased range and diversity of on-line resources and support for residents to use these virtual resources, making sure that no resident is excluded from accessing the on-line world.

- ✓ A range of exciting, relevant, and enjoyable events hosted by library services.
- ✓ Increased opportunities for volunteering in our library service and highly professional volunteers working with all library users.
- ✓ Improved collection and use of data to make sure our decisions are based on evidence.
- ✓ Strong engagement with residents to help us shape the service and promote events, activities, and library resources.
- ✓ We provide and spend a publications budget in line with councils in our most similar group and review our building opening times to ensure value for money.

2.13 Several local authorities have experimented with unattended, remotely overseen libraires, using technology to replace staff. Library members are given swipe cards to get in and out of the building and CCTV surveillance provides security. These trials have been problematic for several reasons including: -

- Failure of door entry systems either locking Library members in or out.
- Theft and damage – CCTV cameras only provide an element of deterrence.
- Fear of attack and actual attack - CCTV cameras only provide an element assurance.
- Automated systems are designed to not allow under 16s to access on their own for safeguarding reasons, but this is not fool proof.
- The cost to equip a library with the necessary technology is c£100k per building and requires ongoing revenue budget to maintain equipment and capital provision to replace equipment in the future.

2.14 For the reasons above, remote, electronic monitoring of our libraries does not fit our current circumstances. However, limited intervention/oversight of library areas by core library staff and/or limited intervention/oversight of library areas by staff from other services located in or adjacent to a library area could provide an alternative low-cost approach.

2.15 A reduced number of library staff, together with a commitment from other services to locate staff within library buildings, would support a predominantly self-service library service from 4 library buildings in 2023/24 during the amended hours set out in paragraph 2.16.1. Staff from other Council services will assist the small number of borrowers who are unable to use the self-service kiosks or who are unable to access digital services using the publicly available IT when Library staff are not present. Clear process guides are being reviewed by library staff to ensure that customers receive a good level of library service regardless of which staff member they speak to. The self-service library opening hours set out in paragraph 2.16.1 are dependent on officers from the services set out below: -

- Building Management, Community Learning & Skills and the Registrar Service continuing to locate staff at The Curve. This has been agreed with the services as a continuation of current practice for the time being.
- Building Management, Customer Service and the Housing Need Service continuing to locate staff at the Britwell Hub. This has been agreed with the services as a continuation of current practice for the time being.

Proposed 2023-24 Library services operating model

2.16 It is recommended that the Library Service Plan 2022-27 (**Appendix A**) be delivered through 4 mechanisms: -

2.16.1 **The first** is to deliver a predominantly self-service library service from 4 physical libraries within the borough for an average of 141 hours/week at the actual times and with the dependencies set out below. **Appendix C** provides further detail on library staff numbers supporting these opening hours and what additional support and contingency is available to mitigate library staff absences due to holidays and sickness. This addresses the lessons learnt during 2022/23 and provides assurance of a robust operating model in 2023/24.

2023/24	The Curve	Britwell	Langley	Cippenham
Monday	9am-5pm Part other officer dependency	9am-5pm Full other officer dependency	10am-5pm	Closed
Tuesday	10am-6pm Part other officer dependency	9am-5pm Full other officer dependency	10am-5pm	10am-5pm
Wednesday	9am-5pm Part other officer dependency	9am-5pm Full other officer dependency	10am-5pm	10am-5pm
Thursday	9am-5pm Part other officer dependency	9am-5pm Full other officer dependency	Closed	10am-5pm
Friday	9am-5pm Part other officer dependency	9am-5pm Full other officer dependency	10am-4pm	Closed
Saturday	10am-5pm Part other officer dependency	10am-4pm* *Last Saturday of the month only	10am-4pm* *Last two Saturdays of the month only	10am-4pm* *First 2 Saturdays of the month only
Sunday	Closed	Closed	Closed	Closed

For comparison the self-service hours in the intended 2022/23 operating model were an average of 152 hours per week at the times set out below: -

2022/23	*The Curve*	*Britwell*	*Langley*	*Cippenham*
Monday	*8am-5pm*	*9am-5pm*	*2pm-7pm*	*Closed*
Tuesday	*8am-7pm*	*9am-5pm*	*9am-1pm*	*12pm-7pm*
Wednesday	*8am-7pm*	*9am-5pm*	*1pm-5pm*	*9am-1pm*
Thursday	*8am-7pm*	*9am-7pm*	*1pm-5pm*	*1pm-5pm*
Friday	*8am-5pm*	*9am-5pm*	*1pm-5pm*	*1pm-5pm*
Saturday	*10am-5pm*	*12pm-4pm*	*12pm-4pm*	*12pm-4pm*
Sunday	*Closed*	*Closed*	*Closed*	*Closed*

- **The Curve**, William Street Slough SL1 1XY is Slough's iconic cultural centre, right in the heart of the town. It currently houses a library, Slough Museum pods, performance space (The Venue), community learning spaces, computer suites, exhibition space, office accommodation for library and community learning staff and the Register Office including a purpose-built wedding room.

The building has a large footprint and 3 floors. Facilities Officers open and close the building and a minimum of 1 Facilities Officer is permanently in attendance while the building is open. The presence of these staff allows a predominantly self-service Library service to be provided with a reduced number of dedicated library staff also in attendance.

- **The Britwell Centre**, Wentworth Avenue, Slough, SL2 2DS is a community centre incorporating a library, office accommodation, Council services, meeting rooms, learning opportunities, community activities, café, volunteering opportunities and a community garden. A medical centre also operates from the same site.

  Facilities Officers open and close the building and a minimum of 1 Facilities Officer is permanently in attendance while the building is open except on Saturdays. A Customer Services Agent is in attendance in the foyer area from 9.30am to 5pm Monday to Friday. The presence of these staff allows a predominantly self-service Library service to be provided without the need for dedicated library staff to be in attendance.

- **Langley Library**, Trelawney Avenue, Slough SL3 7UF currently houses a library, customer service access point, interview room and small workroom / staff area.

  Facilities officers open and close the building but are not in attendance while the building is open. Customer Services currently offer appointments from this location, but this is subject to cancellation. At the time of writing, the library can only open for a predominantly self-service Library service when we have library staff in attendance since no staff from other services consistently work from the building. Library staff will attend and be present in this building for the hours advertised unless and until officers from other services become available to assist.

- **Cippenham Library**, Elmshott Lane, Slough SL1 5RB is a library which includes a Play and Learn Room and an Activities Room which were funded by the Big Lottery Communities Lottery Fund and provide safe indoor and outdoor play areas for children's activities.

  Facilities officers open and close the building but are not in attendance while the building is open. Customer Services currently offer appointments from this location, but this is subject to cancellation. At the time of writing, the library can only open for a predominantly self-service library service when we have library staff in attendance since no staff form other services consistently work from the building. Library staff will attend and be present in this building for the hours advertised unless and until officers from other services become available to assist.

2.16.2 The proposed 2023/24 opening times have taken responses from the public consultation and the evidence from library staff over the past 12-months and pre-Covid into consideration: -

- Although the consultation responses suggested that “evening” openings would be popular, the experience of library usage both pre-Covid and over the last 12-months is that there is very limited use of the library buildings after 6pm. The

Curve remains the busiest location at later times and the community libraries were the least used. It is proposed that the library area at the Curve will stay open to the public until 6pm once a week.

- The afternoons are consistently the busiest times for active library borrowing, private study time and use of IT.

- More than 70% of all borrowing is from the children and young people's section of the library and this tends to take place after 3pm on weekdays and on Saturdays.

- Literacy events are usually hosted in the morning (e.g. school groups, parent & toddler activity etc) which is why it is important to retain buildings being open and accessible between 10am and lunchtime where we can. There is increased borrowing when these activities take place.

- The Council must deliver both a *comprehensive* service (meeting the needs of residents) and an *efficient* service (provides best value for money). The service has identified the optimal times to keep the buildings open balancing best use of existing staff with those times when the libraries are most visited. At the current time Cippenham and Langley libraries will not be open every weekday. The proposed operating hours make best use of existing staff and reduce dependency on limited hour's part time staff during the week. This provides a robust and reliable operational model but means that we are not able to keep all libraries staffed and open 6 days a week. We will extend opening hours if we are able to secure formal co-location of other services into buildings with library areas during 2023/24 and/or where we are able to sustain a reliable cohort of volunteers who can work alongside other staff during these extended hours.

- With the reduced library staff cohort and the absence of staff from other services to support Saturday opening we propose to open on Saturdays as follows: -

    - The Curve will be open every Saturday. This is the main central library in the borough and drives customer footfall to support the wider town centre economy.

    - Britwell library will be open on the last Saturday every month.

    - Cippenham will be open for the first two Saturdays each month.

    - Langley will be open for the last two Saturdays each month.

- In addition to allowing library activities on Saturdays these openings will also allow activities like councillor surgeries to take place in local communities, reinforcing these buildings as important community assets.

- The frequency of Saturday openings will be reviewed considering future availability of volunteers once a strong pool has been established. Our priority will be to increase Britwell Hub openings to two Saturdays every month as soon as we can.

- All library openings on Saturday are currently dependent upon Facilities Officers opening and closing buildings.

2.16.3 **The second** is to use library staff to deliver community events to improve literacy, promote the on-line library offer and drive-up membership of the library service. The team will work with partner organisations across Slough including schools, nurseries, Children's Centres, Adult Social Care, Everyone Active, Home Slough and other voluntary and community groups, to deliver a programme of literacy-based outreach events and activities such as Rhyme-time, storytelling, poetry clubs, book clubs and Summer Reading Challenge. The service will also deliver and promote the Library at Home service for residents unable to get to an event or permanent building (this will be a significant part of the service supported by volunteers).

2.16.4 **The third** is for library staff to review and enhance the on-line library offer to ensure accessing on-line publications is easy, that reserving or renewing hard-copy publications and joining on-line is easy, that using self-service kiosks is easy and by constantly updating and refreshing information and guidance about the on-line offer.

2.16.5 **The fourth** delivery mechanism is to focus the role of the Principal Libraries Outreach Officer to prioritise recruitment, retention, and co-ordination of library volunteers in addition to sourcing external resources, including sponsorships, grants and partnership working, to support services to improve literacy. The aim will be to deploy volunteers into each library building on each day to augment the predominantly self-service library offer. Volunteers will also support the delivery of outreach events, especially the Library at Home service.

2.16.6 The service level described in this report will be delivered using paid library staff. Volunteers will not be used to replace staff but will be able to help deliver additional value. For example, library staff may be able to offer a short period of time to customers who need help to access specific digital services, but volunteers will be able to offer more time and help the customer gain confidence in accessing a range of digital services. Where staff deliver a literacy event the addition of volunteers will mean all attendees can receive additional input and have a more interactive experience.

2.16.7 Because volunteers are not required to deliver core services, we have not set a recruitment target. The Library Service will be testing two volunteer recruitment methods. The first is direct recruitment by the service, specifically by engaging with the residents who expressed an interest via the public consultation. A small number of volunteers is likely to be recruited by the end of 2022/23 with a larger number specifically wanting to support the Summer Reading Challenge in 2023. The second method is to work with a voluntary sector partner which will act as a volunteer agency on behalf of the Library Service. It is anticipated that another cohort of volunteers will be secured via this route in early 2023/24.

2.17 The budget for purchasing publications (hard copy and e-resources) will remain at £90k annum to maintain spend just within the CIPFA most similar group.

3. Implications of the Recommendation

3.1 Financial implications

3.1.1 This report is seeking approval of the proposed 2023-24 Library operating model which will see adoption of a predominantly self-service Library service in 4 buildings (Local Access Points) with library areas in them overseen by library officers and/or officers from other services to ensure safety and security.

3.1.2 The available budget for 2022/23 for Library services is £958k. This is made up of staffing costs of £834k and non-staffing costs of £124k. The library staff budget needed to run the predominantly self-service Library service in 2023/24 is £558k (supported by occasional use of staff from other services to intervene/provide oversight at zero cost to the library service) + non staffing costs of £124k = £682k. This gives a saving to the library budget of £276k.

3.1.3 The savings will be made by not recruiting to vacant library officer posts. There will be no redundancies.

3.1.4 The library service is not dependent on specific buildings. No building management financial savings or asset sale receipts have been assumed in these proposals. However, it should be noted that if any current building including a library area is permanently closed this would bring building-based savings including repairs, maintenance, business rates, insurance, utility costs and facilities officer's time. Indicative building management costs are set out in the table below: -

Location	**Repairs & Maint.**	**FO Costs & Mgt Fee**	**Business Rates**	**IT Asset Costs**	**Heat, Light & Power**	**Total**
Langley Library	£24,422	£8,884	£26,112	£11,977	£14,729	**£86,124**
The Curve	£167,792	£86,801	£386,560	£44,241	£261,690	**£947,084**
Britwell Hub	£43,190	£59,026	£66,560	£12,157	£37,704	**£218,638**
Cippenham Library	£22,155	£9,138	£15,843	£11,977	£14,219	**£73,332**

Note - if a library area is discontinued, then the building costs remain unless the building is closed/sold. Costs to keep a building secure would be incurred should services be removed before a building is sold.

3.2 Legal implications

3.2.1 Library services are provided under the Public Libraries and Museums Act 1964, section 10 of which places a duty on the library authority to provide a: "comprehensive and efficient library service for all persons desiring to make use thereof". Further detail is provided in the Act as follows:

library authority shall in particular have regard to the desirability -

(a) of securing, by the keeping of adequate stocks, by arrangements with other library authorities, and by any other appropriate means, that facilities are available for the borrowing of, or reference to, books and other printed matter, and pictures, gramophone records, films and other materials, sufficient in number, range and quality to meet the general requirements and any special requirements both of adults and children; and

(b) of encouraging both adults and children to make full use of the library service, and of providing advice as to its use and of making available such bibliographical and other information as may be required by persons using it.

3.2.2 Case law has interpreted what a "comprehensive and efficient" library service may mean in practice. This includes confirming that it does not mean that every resident lives close to a library, instead meaning that the service is accessible to all residents using reasonable means, including digital technologies. An efficient service should make best use of the assets available to meet its core objectives and vision, whilst recognising the constraints on council resources. Any decision about the library service should be embedded within a clear strategic framework which draws on evidence about needs and aspirations across the diverse communities of the area. The availability of resources is highly relevant to the question of what constitutes a comprehensive and efficient library service and where reductions are required due to a financial crisis, whether on a local or national level, this should be considered in any review of library services.

3.2.3 The Department for Digital, Culture, Media & Sport (DCMS) has published guidance, which should be considered and followed. The guidance makes clear that a comprehensive and efficient library service will differ between councils and will depend on the needs of each area. It is the role of councillors and local officials to determine how much they spend on libraries and how they manage and deliver their services, but this must be done: -

- In consultation with their communities
- Through analysis of evidence around local needs
- In accordance with their statutory duties (these being wider than the specific duty set out above and including wider statutory duties, including duties under the Equality Act and best value duties)

3.2.4 When making public law decisions, the Council should take account of all relevant information, including the statutory framework, the financial position of the Council, the consultation results from 2021/22, and the equality impact of the decision. When proposing to change and to reduce services it is not uncommon for the majority of respondents to disagree with the proposal. Cabinet should take these views into account but must make a decision that is reasonable taking account and balancing of all relevant information.

3.3 <u>Risk management implications</u>

The following key risks have been assessed and are included in the directorate risk register.

Risk	**Rating**	**Mitigation**	**Residual risk**
As the Council closes buildings in the future and relocates office-based staff into remaining buildings, the floor space available for library areas	High	The library service is not dependent on specific buildings. Alternative options for providing a physical library can be explored including use of	Medium / Low

Risk	Rating	Mitigation	Residual risk
in The Curve, The Britwell Centre, Cippenham Library and the Langley Hub may need to reduce.		foyer areas at Leisure Centres and other retained community buildings.	
Facilities Officers and/or Customer Services staff are withdrawn from Britwell Hub so are unable to support the predominantly self-service Library servcie by providing occasional intervention and oversight of library areas	Medium	A Corporate approach needs to be taken to where savings are best taken and if the collaboration with the library service proved to conflict the opportunity to make a bigger saving for Facilities or for Customer Services then consequential changes to the library service may need to be agreed as part of these proposals.	Low
Facilities Officers are withdrawn from The Curve so are unable to support the predominantly self-service Library service by providing occasional intervention and oversight of library areas	Medium	A Corporate approach needs to be taken to where savings are best taken and if the collaboration with the library service proved to conflict the opportunity to make a bigger saving for Facilities, then consequential changes to the library service may need to be agreed as part of these proposals.	Low
The Library Service does not provide a comprehensive and efficient service and the council.	Medium	Throughout the process of carrying out the Needs Assessment, EIA and consultation there has been close liaison with HB Public Law. There have also been regular discussions with Department of Digital Culture, Media and Sport to receive guidance on how to deliver a robust plan. The EIA Action Plan commits the service to carry out regular, light touch surveys to test and evaluate if usage of library services is being affected.	Low

Risk	Rating	Mitigation	Residual risk
Increase in waiting times for publications to be available due to limited stock. Mitigated by managing expectations through communications.	High / Medium	Identifying good practice from other councils in the most similar group to implement in Slough. This could include, for example, book donation schemes.	Medium / Low

3.4 Environmental implications

3.4.1 The benefit of being able to walk to a local library was mentioned by many respondents to the consultation. Keeping the four buildings to provide library service and promoting the on-line services available will reduce the need for users to drive to locations to receive library services. The public consultation exercise found that 60% of library users walk to library buildings (Q7 of consultation). Some residents did raise concerns about lack of parking at The Curve, but this location is well served by public transport being less than a 5-minute walk from Slough Bus Station and Train Station. Bus stops are also close by on Wellington Street, High Street and Windsor Road.

3.5 Equality implications

3.5.1 The library service carried out an Equality Impact Assessment (EIA) in September 2021 as part of a Needs Assessment. This EIA included an action plan to ensure that any equality implications were mitigated and managed. The EIA was updated considering the public consultation for the March 2022 Cabinet Paper and has been updated again for this Cabinet Paper (Appendix B).

3.5.2 The recommendation to operate the library service in four buildings, The Curve, The Britwell Centre, Cippenham Library and Langley Hub addresses the concern raised by users who were unable to drive or easily use public transport that not having a library within walking distance would reduce their access to the service (see 3.4.1 above with 60% of library users walking to a library building).

3.5.3 The recommendation to adopt the service plan will ensure that the service seeks out more volunteers to develop the overall service offer to allow an expansion of the Library at Home service for residents who have disabilities that mean they are unable to leave their homes. Work to understand in detail the actual demand from residents to volunteer in the library service began in 2022. Initial drop-in information sessions for residents who responded to the public consultation expressing an interest have been held. Work is now beginning with Slough Council for Voluntary Services (SCVS) to refine the volunteer recruitment process.

3.5.4 Maintaining a publications budget of just £90,000 will mean that careful consideration about what resources to buy, to ensure a good range of material for children and babies, non-English readers/speakers, and material for users with sensory impairments (large font, Talking Books etc.), will have to be made. The service management team will continue to seek out best practice from other councils and professional bodies to make sure our service is making appropriate choices of material to stock including procurement options such as consortium purchasing.

3.6 Procurement implications

Not applicable.

3.7 Workforce implications

3.7.1 The recommendations in this report will not see redundancies. The savings will be made by not recruiting to vacant library officer posts.

3.8 Property implications

3.8.1 This proposal is recommending that all current buildings which include a library area continue to provide a library area as part of the shared services collocating in the building unless or until the building is sold.

3.8.2 As the Council closes buildings in the future and relocates office-based staff into remaining buildings, the floor space available for library areas in The Curve, The Britwell Centre, Cippenham Library and the Langley Hub may need to reduce.

4. Background Papers

- None

Appendix A

Slough Library Service Plan 2022-2027

CONTENTS

Appendix A

Introduction from Lead Member

Dear residents of Slough,

I am a passionate champion for our library service in Slough. I believe that this service has a vital role to play in improving the lives of our residents over the next 5 years. This service plan began to be implemented in 2022/23. Where possible I have updated the plan in light of what we delivered and learnt during that year to help us improve the service over the next 4 years.

Our library service is at the heart of our communities, whether that be in a building or via our on-line library. We want both offers to be welcoming and inviting, inclusive and accessible providing space for people to study, to attend creative clubs, to meet authors, to play and relax. Our library service should allow our residents to access a great range of books, e-resources, newspapers, and magazines. We want our library service to support people of all ages who are looking for work by providing excellent IT facilities and volunteering opportunities to help develop their skills and build their CV. Our library service is a place where residents can learn about their local area and research family history. We want our library service to help young children prepare for attending school, allow students to find a quiet space to study and be a place where residents can access lifelong learning opportunities. We also want our library service to work with our arts and culture partners to enrich creativity across Slough. Our well trained and experienced staff, supported by volunteers, will help you access the services you need.

This is my vision for the library service in Slough. We already deliver lots of my vision already, but this plan will help us focus on making sure we are doing this in the most effective and efficient way possible. Slough Borough Council will continue to face a challenging financial situation over the next 5 years, and we can’t commit to continuing to use all of the buildings currently used to provide library services, but we are committed to making sure our library service is comprehensive, accessible, and meeting local needs.

I was so impressed that during 2020 and 2021 when the country was in lockdown, our library service adapted to make sure we could still deliver a service under very challenging circumstances. This has led us to re-think how a modern library service could operate and has taught us a lot about what is possible, from delivering services in different ways, to rethinking which buildings we need and what space we need to dedicate to the library service in those buildings which we are able to continue to provide. This plan makes sure that we just don’t go back to where we were before the pandemic, we want to go further and design a service that we can be very proud of. We need to make sure our future library service is modern, vibrant, and sustainable. I want us to find ways to provide library services within our localities and to develop our excellent partnership with organisations across Slough to keep bringing good services to you.

In late 2021 we carried out a thorough Needs Assessment and large-scale public consultation about the future of our Library Service. The results of this work and the Equality Impact Assessment that sits alongside them means we are now in a position to set out our high-level aims for the service and the areas that we will be working on over the next five years.

Your responses to the consultation survey identified that the most important things you look for in a library service are being able to borrow books, including books from the Children's section, and having a library service within walking distance from where you live. You also told us that it was important that our library service was efficient, and this includes spending a reasonable amount on new books as well as seeing if other organisations could work from buildings in which we provide a library service to help spread the cost of running the buildings. The third consideration you wanted us to prioritise was to make sure our library service was open on days and at times that suited you.

Taking all this into account we will now focus on delivering these three high-level aims:

- Improved literacy and love of reading for all residents
- Affordable services available to all users
- Levelling up opportunities for all residents

This plan will summarise how we will achieve these aims by focussing on 8 key work areas.

Key work areas - What will residents see by 2027?

At the end of the period covered by this plan our aim is that residents will see our Library Service delivering the following:

- High quality support for adults and children to support literacy and encourage a love of reading for pleasure.
- Make sure the right library services are delivered in the right way in the right locations ensuring that the physical building spaces and events are fully accessible, supporting those with additional needs
- Encourage residents of all ages to make use of our library service to improve their wellbeing and personal development.
- Increased range and diversity of on-line resources and support for residents to use these virtual resources, making sure that no resident is excluded from accessing the on-line world.
- A range of exciting, relevant and enjoyable events hosted by library services.
- Increased opportunities for volunteering in our library service and highly professional volunteers working with all library users.
- Improved collection and use of data to make sure our decisions are based on evidence.
- Strong engagement with residents to help us shape the service and promote events, activities, and library resources.
- We provide and spend a publications budget in line with councils in our most similar group and review our building opening times to ensure value for money.

Introduction to Slough Library Service

This plan is about improving and promoting the opportunities that our library service can offer and placing this at the heart of our community. We are fortunate in Slough to have a strong foundation to build from[1].

Throughout 2022/223 our library service continued to be delivered from 4 main buildings; The Curve, Britwell Hub, Langley Library and Cippenham Library. Satellite children's libraries remained at 3 Children's Centres (Chalvey Grove, Vicarage Way and Wexham). As well as these physical spaces we continued to offer an extensive range of resources available on-line; in 2019/20 over 100,000 e-resources were borrowed from Slough library service. Our libraries offer more than just somewhere to borrow hard copy and electronic publications. Over 66,000 hours of computer time were booked by library users during 2019/20 and 67,000 visits were made to attend an event or activity in one of our buildings.

Our on-line resource is available 24/7, but pre-Covid our physical library service was open for over 200 hours per week. Our staff were available at for all of those 200 hours. We also deliver a small "Library at Home" service for users unable to get to a building from which we provide library services supported by a small number of volunteers.

In common with all local councils, we have to make sure that all our services, including our library service delivery best value for money. The current financial challenge faced by the council means that we will have to check more often what we do, where we do it from and how we do it to make sure this service continues to be comprehensive, relevant, and efficient. One of the ways we will do this is to make sure we deliver core services well and that we compare favourably with the library service delivered by our "Most Similar Group" of councils. At the very least we want to be aligned with this Most Similar Group.

The Needs Assessment and public consultation we carried out in 2021/22 has led us to ask ourselves questions about the best ways to deliver a library service in the future. Do we need to change the times our physical library service is open? Do library staff need to be available at all buildings used to provide our Library Service at all times? Can we deliver events and activities from different locations? How can we increase our volunteering opportunities? Are there other council services or partner organisations who could share space in buildings which we use to provide our library service? What more can our library service do to support the council's aspiration to move to "digital by default" service delivery? Should we bring our spend on publications in-line with our most similar councils?

Our plan sets out our high-level commitment to answering some of these questions whilst making sure we continue to deliver a comprehensive and efficient service for local library users now and in the future.

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[1] Slough Library Service Needs Assessment 2021/22 – Slough Borough Council

Our key foundations: ***Improved literacy*** *and love of reading for all residents*

Encouraging, enabling, and promoting a love of reading will be at the core of our library service. We will do this by continuing to offer a wide range of books and publications both hard copy and e-resource and by hosting events and activities that help both children and adults who are developing a love of reading and improving their literacy levels.

It is estimated that around 16% of adults in England have "very poor literacy skills" [2] and the UK government says that this means 16% of adults have a reading age equivalent to that of an 11-year-old[3]. Mencap estimates that at least 1.5million people in the UK have some form of learning disability[4]. For both children and adults these issues can have a serious impact on their wellbeing as well as their ability to access information that can have a serious impact on their life chances such as finding job or support for their health.

Slough library service will build confidence in reading and writing for our residents by providing a safe real-life and virtual spaces where people can develop their literacy skills. The library service will focus on expanding opportunities to work with people who would benefit from additional support.

Our library service will remain inclusive and open to all. We will continue to provide free access to books and other reading materials, IT, events, and activities that inspire and engage residents to improve literacy levels and enjoy reading for pleasure. Slough library service will be a knowledge hub and support residents to connect with other services and organisations.

- High quality support for adults and children to support literacy and encourage a love of reading for pleasure.
- Encourage residents of all ages to make use of our library service to improve their wellbeing and personal development.

We will work with early years providers, parents, schools, and community groups to support children to be school ready, develop their literacy skills, support education catch-up and continue to provide a safe space for young people to study and learn outside of the classroom. Our library staff will be available to provide support at times that are most popular for users. We have reviewed the times buildings will be open to balance the resources available with the demand from our residents. During 2022/23 we learnt that our staff resource was not sufficient to deliver the opening times we originally aspired to. We recognise that this meant we were unable to open all libraries at the times we originally aimed for, and we have learnt from that experience. In 2023/24 we are introducing new opening hours that we are confident can be delivered by library staff. Where there are dependencies on other council teams to make sure a library building can open, we have taken the difficult decision to not open these libraries on those particular days of the week. This means we can be confident about giving reassurance to residents that libraries will be open when we say they will be.

We will partner with a range of organisations which support adults to improve their literacy skills for their everyday lives. This will have a positive impact on job opportunities, aspirations, and independence.

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[2] Adult Literacy Trust Adult literacy | National Literacy Trust

[3] Simone: dyslexic user - GOV.UK (www.gov.uk)

[4] Learning Disability Research and Statistics | Mencap

- Make sure the right library services are delivered in the right way in the right locations ensuring that the physical building spaces and events are fully accessible and support those with additional needs.

We will actively encourage other services to co-locate in buildings from which we provide our library service so that there are a number of reasons for residents to come to a building. Part of the co-location offer will be organisations cross promoting the other facilities and services available at the location. We will also seek out opportunities for library services and events to be delivered from other locations outside of the buildings used for the library service. This will help ensure library services reach out to communities and individuals who may not be current library users.

2022/23 saw many council services start to review how, when and where they delivered their services to residents and customers. This resulted in no new co-location opportunities being delivered in this year. As the results of these broader service reviews become known we will search out opportunities to promote co-location in library buildings. An example of this has been the review of Children's Centres; once the consultation on a range of options has finished, we will work with Children's Centres to explore the possibility of these two services working even more closely together in the future.

- Increased range and diversity of on-line resources and support for residents to use these virtual resources, making sure that no resident is excluded from accessing the on-line world.

Slough's online collections and resources like Ancestry UK as well as our wide range of e-books, e-newspapers and e-magazines increased in popularity during lockdown, and we will respond to this change in customer borrowing patterns. Our staff and volunteers will be able to support residents in low-key, informal ways to be comfortable and confident using these on-line resources as well as accessing council services via digital routes. Wherever possible our library service will actively support and promote the work of Community Learning and other training providers to encourage residents to access formal training and up-skilling to use digital, virtual and e-resources.

- A range of exciting, relevant and enjoyable events hosted by library services.

The library service already runs a wide range of events and activities to encourage residents of all ages and abilities to enjoy reading and use the range of services on offer. We will work with local partners and volunteers to develop relevant and enjoyable programmes of events and activities for all ages, to ensure that our current and future library users can develop a lifelong love of reading and use of the library service.

- Increased opportunities for volunteering in our library service and highly professional volunteers working with all library users.

Our desire to increase volunteering opportunities will help us achieve two important aims. The first is to support our committed staff team in delivering events and activities to inspire a love of reading in our residents. The second is to improve literacy and a love of reading in our increased volunteer cohort and demonstrate to these individuals the benefits to their own wellbeing, health, and employment outcomes of a love of reading and engaging positively with their community.

During 2022/23 we kept in touch with residents who had told us they would be interested in volunteering in the library service. We have started to work with partners in the voluntary and community sector to use their expertise in creating interesting and useful volunteer roles and their expertise in recruiting volunteers. A small number of new volunteers have been recruited; more have said they want to support the Summer Reading Challenge. We will aim to recruit more volunteers throughout 2023/24.

- Improved collection and use of data to make sure our decisions are based on evidence.

We will use the data we collect about borrowing and event attendance in Slough, and data from our Most Similar Group of councils to inform our decisions. This could be about what publications to buy and stock, what events to host or which partners to work with and what hours we should have dedicated library staff available to support residents improve their literacy and reading skills.

We will continue to develop and use a variety of methods to provide us with in-depth information about our stock management choices including: our own system data on users' borrowing choices and preferences, information from our suppliers, market analysis on national reading trends, alongside direct engagement, and feedback from residents.

- Strong engagement with residents to help us shape the service and promote events, activities, and library resources.

Library users are at the heart of the service. So, it is important that the service we are offering reflects the diverse interests and needs of our residents. We will look at new ways for residents to share their views and get involved in helping to shape the service, help inform the resources on offer, and provide regular feedback and input.

- We spend an amount of our budget on publications aligned to that spent by councils in our Most Similar Group and will review our building opening times to ensure value for money.

Ensuring value for money is a key consideration now for all council services including our library service. Over the coming 5 years the Council's financial situation will mean that we are unable to aspire to be in the top quarter of our similar councils in terms of spending on library publications (Slough is currently second in our most similar group of councils) but we will aim to align ourselves within the range of spend made by others within our Most Similar Group. Our choice of titles and formats will be carefully considered taking local data, assessments, and insight from residents into account.

We will offer residents a choice of accessing books and attending events in real life, and on-line. Our on-line offer will be available at all times, and the buildings from which we provide our library service will be open at times that suit you. We will publish and promote the times buildings providing library services are open and when dedicated staff will be available to help and support adults and children to develop a love and joy of reading.

Our key foundations: ***Affordable services*** *available to all users*

We have to make sure that we can afford the services residents need. We also have to do all we can to make sure our library services are accessible and available to all of our residents, including those residents who may not currently use libraries.

Our commitment is to keep our core service free at the point of use for all users. For services where we can charge, we will ensure that our charges are reasonable and in line with what other councils who are most similar to us ask for. Where we offer services from buildings, we will make sure that they are accessible to people with reduced mobility or with prams and buggies and that our buildings are open at the times that suit the majority of residents.

As we develop our on-line resource it will be easy for residents to use and navigate through. This will also mean that an increasing amount of content (whether it is publications to borrow, advice or recordings of live events) will be available 24/7 and not restricted to the times buildings used to provide library services are staffed.

- High quality support for adults and children to support literacy and encourage a love of reading for pleasure.

- Encourage residents of all ages to make use of our library service to improve their wellbeing and personal development.

Access to books and publications will be free for all library users. Most of our events and activities will remain free to come to because we don’t want cost to put people off developing a love of reading. Where there are opportunities for additional funding or resources through things like grant applications, private sector financial support or good quality book donations we will ensure we make full use of these over the next 5 years.

We will continue to offer face-to-face support for children and adults to encourage reading and literacy. However, both specialist support and informal guidance and help will be available at specific times in each building in which we provide library services throughout each week. We will have buildings used to provide our library service open at times when users really need them – this will allow us to offer flexible opening hours including evenings and weekends.

Helping staff promote a love of reading in children and young people will be a key focus for our volunteers in 2023/24. Volunteers will also mean we can offer more support to adult residents who are at risk of being digitally excluded.

- Make sure the right library services are delivered in the right way in the right locations.

We will make sure we offer bespoke services to support specific community needs so we do not waste resources delivering un-popular services in locations with little take-up. Our library opening hours, and the times dedicated staff and volunteers are available will be regularly reviewed to make sure they meet local needs.

Staff from other organisations or council services will be able to support library services by helping us keep the buildings used to provide library services safe and carrying out some basic functions to help residents use our library service.

- Increased range and diversity of on-line resources and support for residents to use these virtual resources, making sure that no resident is excluded from accessing the on-line world.

In 2022 the cost of purchasing on-line e-publications is not cheaper per item than hard copy. This has not changed over the last year. However, over the course of the next 5-years we will be monitoring the costs of items across a range of formats to ensure that we are achieving best value for money and providing good levels of accessibility.

- A range of exciting, relevant and enjoyable events hosted by library services.

The library service already includes running a wide range of events and activities to encourage residents of all ages and abilities to enjoy reading and use the range of services on offer. We will work with local partners and volunteers to deliver relevant and enjoyable programmes of events which will always be free to use wherever possible. If specialist events are delivered where a charge can be made these costs will always be reasonable and transparent.

To make sure our library service remains affordable we will seek out more and more options about where we deliver our events programme from. We will bring our library events out into the community and use a range of buildings and locations including parks and open spaces, community centres, schools, health settings, retail, and leisure centres where we can.

- Increased opportunities for volunteering in our library service and highly professional volunteers working with all library users.

Opening up further opportunities for volunteers may result in the overall library service being delivered more economically. However, volunteers need some management, supervision and support and will also have training needs that will have to be met. An increased cohort of engaged and supported volunteers will provide benefits directly to these residents (often those who are unemployed or under-employed) and give more flexibility to the library service about what services are offered to the community.

In our staff structure in 2023/24 we have a senior role with responsibility for working with the voluntary sector to recruit and retain volunteers. This was not possible in 2022/23 and this had a knock-on effect of the Library Service not being able to recruit high numbers of volunteers.

- Improved collection and use of data to make sure our decisions are based on evidence.

We will use the data we collect about borrowing and event attendance in Slough, and data from our Most Similar Group of councils to inform our decisions. This could be about what publications to buy and stock, what events to host or which partners to work with to deliver an increased level of literacy and love of reading. By understanding how our customers use our services we can better deliver what they need and not potentially waste resources by offering the wrong service to the wrong community or in the wrong location.

- Strong engagement with residents to help us shape the service and promote events, activities, and library resources.

Library users are at the heart of the library service. So, it is important that the service we are offering reflects the diverse interests and needs of our residents. We will look at new ways for residents to share their views and get involved to help us ensure that our services are responsive to the needs of users and, therefore, delivering good value for money.

- We spend a similar amount of our budget on publications as councils in our most similar group and review our building opening times to ensure value for money.

Reducing our spending on publications and ensuring that it remains aligned to our most similar group of councils will mean more carefully planned choice of books and resources. In order to maintain a service that meets the needs of all residents we will commit to regularly engaging with users and non-users about the choice and format of publications to ensure we are able to provide a good range of material for residents.

By offering flexibility around opening times we will be able to make sure our service is efficient. We want to make sure staff and volunteers are available in your community at times that are popular with you, so we don’t have the costs of keeping services open at times when people don’t want them.

Our key foundations: ***Levelling up*** *opportunities for all residents*

Slough's library service is more than just a place to borrow books, it is a service which brings people and communities together to share culture and creativity. Our service will continue to help people to learn and develop lifelong skills, provide resources and support to help improve their health and wellbeing, and provide places where residents come to access information and support from a range of other organisations.

Our library service will look to work with partners over the next 5 years to provides residents with access to additional services like post-natal sessions, support for people with hearing impairments, programmes to support people's physical and mental health and wellbeing, and programmes to help reduce social isolation. We will forge relationships that allow library services to support and facilitate work with partners and volunteers to run work clubs and skills sessions to help people to improve their employability. Our relationship with Community Learning and other learning providers will mean we remain somewhere where digital skills courses and coding clubs (for young people with an interest in IT development) will be delivered from. Through this new plan for libraries, we will actively seek out opportunities to provide additional support to our most vulnerable communities and those residents in need of extra help.

Wherever possible, our library services will be delivered from buildings where other services are co-located. This will make it easier for those residents who need to work with support staff or advisors, or who have to attend appointments to come to a single location rather than trying to travel across the borough. This should help improve Library membership since those residents who are attending a building for advice or support in another service can have a soft introduction to what library services can offer.

Our library service will continue to play a crucial role in helping our communities to recover from the impacts of the pandemic. The library service helps our residents by improving access to a good quality education, training, and employment plus access to better health and wellbeing for Slough residents.

- High quality support for adults and children to support literacy and encourage a love of reading for pleasure.
- Encourage residents of all ages to make use of our library service to improve their wellbeing and personal development.

Our work with partners to support children to be school ready, develop their literacy skills, support education catch-up and continue to provide a safe space for young people to study and learn outside of the classroom helps prevent educational outcome discrepancies for children increase across the borough.

Supporting adults to develop a love of reading and increase literacy skills will break down this barrier to accessing training and employment. Our staff and volunteers will be able to offer informal guidance and training sessions, reading for pleasure sessions and information about more formal training for adults.

- Make sure the right library services are delivered in the right way in the right locations.

We will analyse data from a range of partners to help us design and deliver services that meet the needs identified in different localities. The library service will benefit from this shared knowledge and resource where co-location is possible. This means the activities and events offered by or facilitated by library staff and volunteers will be closely aligned to the needs of specific communities. This close working will increase the focus of all services on reducing health, social and economic inequalities across Slough.

- Increased range and diversity of on-line resources and support for residents to use these virtual resources, making sure that no resident is excluded from accessing the on-line world.

There is an acknowledged risk that the increased reliance on on-line service delivery could exclude or leave some residents behind. This could have serious consequences for them in terms of accessing health services, training, employment and benefits, and advice. Library staff and volunteers will provide support and guidance to residents who struggle to use the new digital world. They will promote the benefits of on-line resources (for example, access at times that suit residents), guide users to the most useful sites and help with using search engines and results.

- A range of exciting, relevant and enjoyable events hosted by library services.

The library service already runs a wide range of events and activities to encourage residents of all ages and abilities to enjoy reading and use the range of services on offer. Each of these events uses literacy, reading and writing as a vehicle to engage with residents. Through this engagement residents can pick up new technical skills and knowledge (e.g., skills to bond with pre-school children through reading or creative writing) or new social skills (e.g., interacting with others to reduce loneliness, reading to reduce mental ill-health). Picking up and practicing these skills form firm foundations from which to reduce inequality.

- Increased opportunities for volunteering in our library service and highly professional volunteers working with all library users.

Our commitment to increase volunteering opportunities will allow a larger group of residents to either experience the world of work for the first time (e.g., school leavers or long-term unemployed), improve skills and confidence (e.g., residents who are underemployed) and improve social interactions (e.g., residents concerned by loneliness or social anxiety). Volunteering can be an end in itself for those residents who are not looking for skills to improve their work CV but can also be an important step into paid work for those who may lack qualifications or experience.

- Improved collection and use of data to make sure our decisions are based on evidence.

Analysis of library usage data will help not only the library service make decisions based on evidence, but anonymised data can be combined with other data sets to help a range of council services understand the needs of their customers too.

- Strong engagement with residents to help us shape the service and promote events, activities, and library resources.

Library users will be encouraged to feedback to us about how the services offered by the service can help more residents have great life outcomes. But our library users will also be encouraged to work with us to promote throughout their local community the work that libraries deliver to drive up library use and membership.

- We spend a similar amount of our budget on publications as councils in our most similar group and review our building opening times to ensure value for money.

Reducing our spending on publications but ensuring that it remains aligned to our Most Similar Group of councils will mean more carefully planned choice of books and resources. In order to maintain a service that meets the needs of all residents we will commit to regularly engaging with users and non-users about the choice and format of publications to ensure we are able to provide a good range of material for residents.

By offering flexibility around opening times we will be able to make sure our service is available to help residents access information, support and guidance at times that suit them. We want to make sure staff and volunteers are available in your community at times that are popular with you, so we don’t have the costs of keeping services open at times when people don’t want them.

EQUALITY IMPACT ASSESSMENT

The Equality Act 2010 requires all public bodies, including local authorities, to show “due regard” to the impact their policies and procedures have on people from different groups. This includes gender, race, religion, age, disability, sexual orientation, and gender identity. We also have a responsibility to foster good community relations. Although they are not a legal requirement, conducting a basic assessment will allow you to look at the possible implications of a policy or procedure, and take any mitigating action if appropriate.

Remember:

- Equality Impact Assessments (EIAs) should be carried out on **relevant** policies and procedures. Not all policies or procedures will require them. If you are unsure if one is required, please contact the Equality and Diversity Manager on 01753 875069 for advice.

- Assess any potential impacts, positive and negative, in a proportionate way and with relevance

- Make decisions that are justified, evidenced, relevant and identify any mitigating proposals

- Prioritise expenditure in an efficient and fair way

- Have a record showing that the potential impacts have been considered and that decisions are based on evidence

Equality Impact Assessment

Directorate: Customer and Community	
Service: Library Service	
Name of Officer/s completing assessment: Liz McMillan /Liz Jones	
Date of Assessment: September 2021, revised February 2022 & January 2023	
Name of service/function or policy being assessed: Slough Library Service - review of services in light of proposals to change service delivery (which included a public consultation).	
1.	**What are the aims, objectives, outcomes, purpose of the policy, service change, function that you are assessing?** The library service has reviewed the way SBC delivers library services to a) ensure they are fit for purpose and continue to be compliant with statutory obligations, b) review the advantages and disadvantages seen through the change in delivery during COVID-19 lockdown and c) achieve value for money by driving out savings to support action associated with issuing of Section 114 Notice. The library service in Slough has four (statutory) libraries: The Curve cultural hub in the heart of Slough town centre; and three community libraries in Britwell, Cippenham and Langley. In addition, there are three satellite non-staffed (non-statutory) libraries in Chalvey Grove, Vicarage Way and Wexham children's centres. The future delivery of children's centres is now under review and the outcome of this will be known in quarter 1 2023/24 which may result in these satellite libraries changing. All of our libraries are free at the point of use for all users. We also offer a small Home Library Service supported by volunteers who take library books to the homes of people who are unable to come to a library. During 2020 and 2021 the service was forced (due to COVID-19 restrictions) to close all physical library buildings. The service moved on-line and directed customers to eBooks/eAudio books, on-line "click and collect" and on-line activities and events. Library services provide access to books, online resources, computers with Wi-Fi and Internet as well as a programme of events and activities for adults and children. Britwell and The Curve are also locality hubs which accommodate other services including Registrar Service, Learning & Skills services, Housing Demand and council customer services. The library service also provides outreach events including visits to schools.

Under the Public Libraries and Museums Act 1964, local councils in England have a statutory duty to provide a ‘comprehensive and efficient’ library service for all people working, living, or studying full-time in the area who want to make use of it.

Review of EIA after consultation February 2022

Consultation and engagement activities were carried out over a 12-week period from 28th October to 20th January 2022.
Engagement was through an online survey, a Have Your Say newsletter sent to every household, emails sent to all library users, partners, and networks to encourage participation. In addition, there were both face-to-face and online engagement with users and stakeholders. Face-to-face engagement, reminders via SBC social media and contacts with stakeholders encouraged the participation by people who don’t currently use libraries but may do in the future.

2522 people responded to the online survey, 595 to the Have your Say paper copy sent to every household and approximately 2,600 people attended engagement events.

Accessibility of the consultation:

- All documents were made accessible including pdfs and were available on the council website
- A hard copy pack of all documents was available at each library as well as on the council website
- An easy read document was created and approved by Disabilities Forum and Equalities Monitoring Officer
- A consultation video was also created and added to the website and on you tube. This video was captioned/sub-titled https://www.youtube.com/watch?v=pT592bFZfjQ
- Paper copies of the survey were available at each library or on request
    - 250 paper copies were printed
    - 199 copies were given out at group meetings or in libraries
    - 36 paper copies were returned

Review of EIA in January 2023

A further review of library services has taken place and a new, simplified delivery model is being proposed to Cabinet in February 2023. In light of this a desk top review of the EIA has taken place and the EIA has been updated as appropriate.

2. **Who implements or delivers the policy, service, or function?**

	Library services are funded, delivered and managed by a dedicated team within Slough Borough Council. The service is part of the Locality and Neighbourhoods Group under the Customer and Community Directorate. The Service Manager is the Locality Hubs and Library Services Manager who is supported by an Operational Lead and a Children's and Young People's Officer. This is the library services management team. The operational delivery is made through a number of Supervisors, Assistant Supervisors, library customer service assistants and volunteers. Early Years Teams based at the Children's Centres support the delivery of the three satellite (non-statutory) libraries in Chalvey Grove, Vicarage Way and Wexham. **Review of EIA after consultation February 2022** A strategic service plan (incorporating the responses to the consultation, and the implementation of the agreed recommendations) has been created and will be presented to Cabinet with a recommendation to approve it. The delivery of the new strategic service plan will be led by the Libraries management team. Any changes to the staff teams will be consulted on separately and will include a separate EIA. Any staff consultation on proposed changes will involve library staff, HR and Unions and following organisational consultation policy guidelines. **Review of EIA in January 2023** No change to this section.
3.	**Who will be affected by this proposal?** The proposal to review and reconfigure how we deliver the library service in Slough will have the potential to affect all residents of the borough as the service is universal and free at the point of use.

Sloughs total resident population is 149,539.

Total library membership in the borough is 40,000 people and of this, 21,000 are active borrowers (borrowing at least once a year and including on-line borrowing). The total membership accounts for 27% of the resident population and active borrowers account for 14% of the total resident population.

Slough currently has 4 libraries the lowest number per population of our CIPFA "Most Similar Group" of 12 other local authorities with the most similar demographics to us. Reducing that number could have a negative impact on residents' ability to access library services.

These proposals could impact on residents, current library users and potential users of the service who will all fall into one or more of the protected characteristics groups.

Affected groups could include

- all residents of Slough,
- library staff,
- other council and hub staff,
- current library users,
- partner organisations and stakeholders including schools, Early Years provision, and post-16 education, learning and skills services.

Library Users data

Age

A high percentage of library users are children and young people. 70% of all resources borrowed across all sites are from the Children's library. All of the attendees of activities such as story reading and, Baby and Rhyme sessions are carers with babies and pre-school children.

Older residents attend libraries to reduce social isolation, borrow books and attend events such as seated exercise sessions and reading groups.

The breakdown of active library users by age:

	% of active library users	**Number of active library users**
Child (0 – 10 y/o)	20.6%	4,394
Child (11 – 13 y/o)	9.2%	1,970
Young person (14 – 17 y/o)	7.6%	1,630
Adult (18 – 59 y/o)	58.7%	12,480
Senior citizen (60+)	3.6%	777

Sex

A slightly higher percentage of library members are female rather than male.

	Numbers of members	% of members
Female	10,945	55%
Male	8,868	45%

Gender reassignment and gender self-identification

The Library Service does not hold comprehensive data on gender reassignment or gender self-identification from membership records as this is not a legal requirement to hold this information. However, this is a universal offer supporting the needs of the total population by offering a range of free services.

There is no accurate information on the number of lesbian, gay, bisexual, or transgender (LGBT) people in Slough. Several estimates for the nationwide percentage of lesbian, gay and bisexual individuals exist, with the Office for National Statistics estimating approximately 2% of the total UK population (2016). The LGBT Foundation places it higher at between 5% and 7%. The Office for National Statistics has concluded that there is a need for greater information about LGBT individuals and is currently consulting about how best to generate this information.

Sexual orientation

The Library Service does not hold comprehensive data on sexual orientation from membership records as this is not a legal requirement to hold this information. However, this is a universal offer supporting the needs of the total population by offering a range of free services.

There is no accurate information on the number of lesbian, gay, bisexual, or transgender (LGBT) people in Slough. Several estimates for the nationwide percentage of lesbian, gay and bisexual individuals exist, with the Office for National Statistics estimating approximately 2% of the total UK population (2016). The LGBT Foundation places it higher at between 5% and 7%. The Office for National Statistics has concluded that there is a need for greater information about LGBT individuals and is currently consulting about how best to generate this information.

January 2023 update – 2021 Census update:

Sexual Orientation	Slough 2021		England 2021
	Count	%	%
Straight or Heterosexual	104,943	88.2%	89.4%
LGB+ orientation (total)	2,313	1.9%	3.2%
Gay or Lesbian	806	0.7%	1.5%
Bisexual	1,095	0.9%	1.3%
Pansexual	335	0.3%	0.2%
Asexual	29	0.0%	0.1%
Queer	7	0.0%	0.0%
All other sexual orientations	41	0.0%	0.0%
Not answered	11,677	9.8%	7.5%

Disability

The Library Service does not hold full and comprehensive data on the disability needs of its customers. However, this is a universal offer supporting the needs of the total population by offering a range of free services.

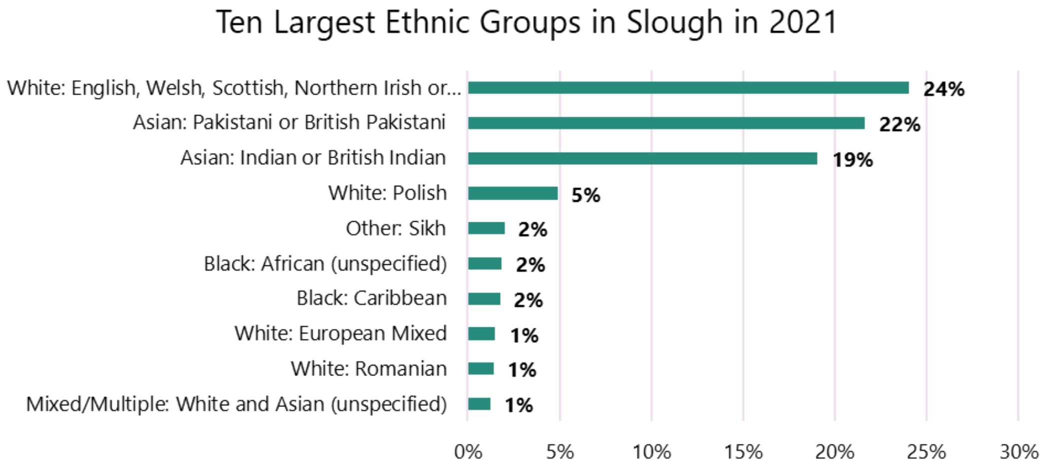
In the 2011 Census, 9,322 Slough residents between the ages of 16-64 reported living with a physical disability. Over 1,350 people were also reported to be living with a severe mental health problem. There are an estimated 2,590 people living with sight loss in Slough and

	2,696 adults under the age of 65 live with a moderate to severe hearing impairments (more have a profound impairment). Hearing impairments in younger adults in Slough is expected to increase by 20% over the next ten years. Just over 4% of over 65s in Slough have been recorded by their GPs as living with dementia. **January 2023 update –** 2021 Census update: Not yet released by SBC Insight team. In April 2021 it was estimated (here) that the un-employment rate for disabled people across the UK was 8.4% (compared to 4.6% for non-disabled) whilst for economic inactivity the rate for disabled people was 42.9% compared to only 14.9% for non-disabled people. This indicates that unemployment, economic inactivity and associated lack of disposable income for items like books, magazines, newspapers and Internet access (all services provided free by libraries) will disproportionately affect people with disabilities. It is fair to assume that reducing or removing access to these services in our libraries will negatively impact residents with disabilities. In recognition of this the library service provides a range of resources to support residents with disability needs. This includes large print books, Talking Books and on-line resources with the ability to zoom into enlarge print size. We also offer targeted resources including Books on Prescription and “Reading Well” collections that support general health and wellbeing (self-help). Marriage and Civil Partnership The Library Service does not hold comprehensive data on the status of its users from membership records as this is not a legal requirement. However, this is a universal offer supporting the needs of the total population by offering a range of free services. Pregnancy and maternity The Library Service does not hold comprehensive data on the pregnancy/maternity status of its users from membership records as this is not a legal requirement. However, this is a universal offer supporting the needs of the total population by offering a range of free services. Anecdotal observations suggest that parents-to-be and new parents are a high proportion of those who use the service in particular Baby Rhyme Time sessions. Race The Library Service does not hold comprehensive data on the ethnic status of its users from membership records as this is not a legal

requirement. However, from observations of attendance at activities, feedback from library staff and anecdotal observations the majority of those using the service are Asian British, followed by White British and White other. This mirrors the general ethnic breakdown of Slough's resident population.

Ethnic breakdown of Slough resident population		
Asian/Asian British: Bangladeshi	549	0.6% of population
Asian/Asian British: Chinese	797	0.6% of population
Asian/Asian British: Indian	21,922	15.6% of population
Asian/Asian British: Other Asian	7,560	5.4% of population
Asian/Asian British: Pakistani	24,869	17.7% of population
Black/African/Caribbean/Black British: African	7,548	5.4% of population
Black/African/Caribbean/Black British: Caribbean	3,096	2.2% of population
Black/African/Caribbean/Black British: Other	1,471	1.0% of population
Mixed/multiple ethnic groups: White and Asian	4,429	1.0% of population
Mixed/multiple ethnic groups: White and Black African	607	0.4% of population
Mixed/multiple ethnic groups: White and Black Caribbean	1,667	1.2% of population
Mixed/multiple ethnic groups: Other Mixed	1,055	0.8% of population
Other ethnic group: Arab	928	0.7% of population
Other ethnic group: Any other ethnic group	2,654	1.9% of population
White: English/Welsh/Scottish/Northern Irish/British	48,401	34.5% of population
White: Gypsy or Irish Traveller	220	0.2% of population
White: Irish 1,607 1.1%	1,607	1.1% of population
White: Other White 13,825 9.9%	13,825	9.9% of population

January 2023 update – 2021 Census update:



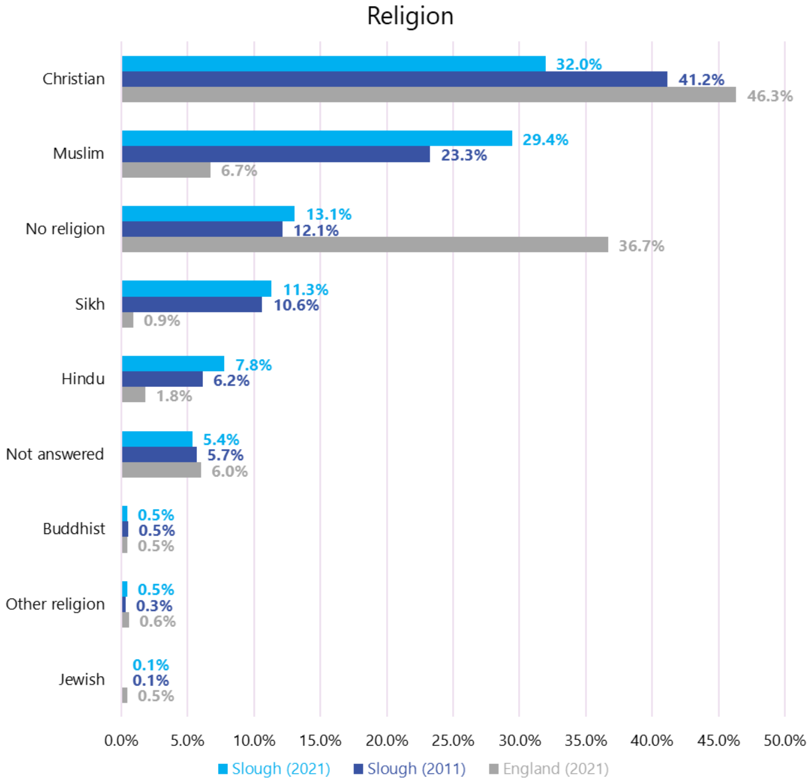
<u>Religion and Belief</u>

The Library Service does not hold comprehensive data on the pregnancy/maternity status of its users from membership records as this is not a legal requirement. However, this is a universal offer supporting the needs of the total population by offering a range of free services.

Religious belief breakdown of Slough resident population		
Buddhist	743	0.6% of population
Christian	57,726	43.6% of population
Hindu	8,643	6.5% of population
Jewish	87	0.1% of population
Muslim	32,655	24.7% of population
Sikh	14,889	11.3% of population

Other religion	482	0.4% of population
No religion	17,024	12.9% of population

January 2023 update – 2021 Census update:



Review of EIA after consultation February 2022

All of the identified groups have been engaged with throughout the public consultation period to ensure their views on the proposed library changes are considered. No group or individual made an alternative proposal for how services could be delivered in the future.

Keeping all 4 libraries open will mean that there will be a library withing walking distance for all identified groups. The top choice for 34% of respondents was to have a library within walking distance. This would have the least impact on any particular group and reduced hours when staff were available would mean moderate impact to the user experience. However, this will be mitigated by maintaining staffed hours for 12-month periods and communicating these clearly and consistently to help all groups understand when staff will be available to support them if needed.

Additional equalities data was collected as part of the equalities monitoring section in the online survey:

Of the 2522 who completed the online survey 93.02% live in Slough and 86.05% are already library members.

59.08% of those responding to the online survey walk to the library with 32.81% travelling by car. One of the top requests for the library service to provide was a library in a location within walking distance.

Gender
62.58% respondents were female and 31.38% male

Age
15.32% are over aged 60 with 64.42% aged between 25 and 59.
15.44% of respondents were under 24.
Parents and carers of children under 13 completed the survey on their behalf. Other forms of engagement were carried out to seek the views of children and young people.

Disabilities
8.76% of respondents declared a disability and 6% preferred not to say.
85.24% responded to say they did not have a disability.

Ethnicity
Of those who responded to this question the top 3 were
Indian 19.65%
White British 16.85%
Asian British 15.68%

	Religion The top 3 responses were Christian 28% Muslim 18.77% Hindu 15.19% 12.72% had no religion and 13.89% preferred not to say Language 92% said English was the language they are most comfortable using Other languages mentioned in the comments were Punjabi, Urdu, Polish, French, Portuguese, and Arabic **Review of EIA January 2023** No change to this section.
4.	**What are any likely positive impacts for the group/s identified in (3) above?** Publication's budget If the Publication budget is reduced there will still be a mix of hard copy and on-line resources available for all users. During Covid-19 restrictions the numbers of items borrowed on-line increased by 300% showing that there is a demand for this type of borrowing. Changes to hours the libraries are open/hours that libraries are staffed by library customer service assistants If the hours when library staff are available at libraries do change/reduce we will still have a 24/7 on-line offer which proved popular with users over Covid-19 lockdown. Anecdotal feedback has been that some users (unidentified protected characteristics) prefer the anonymity of using on-line resources and reduced interaction with staff rather than coming into a building and interacting with staff. This change may also present further volunteering opportunities for residents to take advantage of which could improve confidence, skills and wellbeing. **Review of EIA after consultation February 2022** **Moderate Impacts**

	✓ Positive impact would be still having a local library in each location within walking distance with times throughout the week at every location where staff are available to offer support. ✓ Publication's budget will be in line with other nearest neighbours and will be able to provide a mix of resources physical and online ✓ The consultation has provided more detailed information on what people use libraries for, and what services they want to use, and why people do not use the service. ✓ This information will help to tailor services in the right way in future. ✓ It has provided equalities information in response to specific questions which gives us greater understanding on those with specific characteristics who use library services **(see section 3)** **<u>Review of EIA January 2023</u>** No significant change to this section. Although the hours the library buildings are open is being reduced slightly, we are keeping libraries open at the most popular times. Every Saturday will see at least 2 libraries (50%) open.
5.	**What are the likely negative impacts for the group/s identified in (3) above?** <u>Age</u> Children and young people make up the highest percentage of our library users both for book borrowing and attending events/activities. Reducing the publications budget could limit the number and range of books/eResources for children and young people. Reducing opening hours could limit the times young people are able to access physical library buildings, especially if self-service alternatives are used that may not be available for children/young people to access. Many of our activities and events are aimed at children and young people and there may be a reduction in the number of events available and/or they may be restricted to one or two libraries rather than being offered from all libraries across the borough. Anecdotal feedback from library staff suggest that older residents often go to a local library as a way of informally socialising with others, reducing their social isolation, and improving their social networks, health, and wellbeing. Feedback from adults using library-based activities (e.g., reading groups, seated exercises) support this staff feedback. Reducing the hours when library staff are available for people to talk to and get advice from could increase feelings of loneliness and social isolation. This would also reduce the availability of staff to work with older users to help reduce digital isolation – currently staff offer hands-on support and guidance to residents who are not

confident using or accessing Internet in general and a range of council self-serve service as part of the “digital by default” transformation.

Sex

A higher percentage of females than males are library users so any reductions in service may have a disproportionate impact on female users.

Gender reassignment and gender self-identification

Although we have no data specifically on library usage by residents who have had/are having gender reassignment, the reduction in publications budget could have a disproportionate impact on these users and those who don’t identify as gender-binary. A reduced publication budget would limit the range of publications available and would focus on mainstream items. This would reduce the opportunity of stocking resources by, or for people in this group.

Sexual orientation

Although we have no data specifically about sexual orientation of library users or the general resident population, the reduction in publications budget could have a disproportionate impact on LGBT+ users and potential users. A reduced publication budget would limit the range of publications available and would focus on mainstream items. This would reduce the opportunity of stocking resources by, or for people in this group.

Disability

A reduction in the publications budget could affect users and potential users with disabilities as this would limit the number and range of large print, Talking Books and eResources (books where print size can be increased and audio books) available. It may also reduce the number and range of health and wellbeing resources being stocked to allow users to follow a “self-help” route to improve/maintain their own health.

Whilst some users/residents with disability may use on-line libraries/Home Library Service rather than physical buildings (e.g., those with limited mobility), others may find the loss of or reduced opening hours of library buildings more difficult. Residents with early stages of dementia, are neuro-atypical, have some mental health conditions etc. may be able to (and get benefits from) use a familiar library at times when they are less busy. If libraries are closed at quiet times this may disadvantage this group although we have no current library usage data on this issue.

Pregnancy and maternity

Several activities at libraries are specifically aimed at parents/carers of babies (e.g., Baby Rhyme Time, story times etc) to help babies get a first introduction to books and allow socialisation for both them and their parents. Spend on books/publications for babies is relatively high because the items are used often and suffer more wear and tear than books for older users. Free access to a range of books supports early years development. This means that reductions to the publication fund, reduced opening hours for libraries and reduced staff resource to deliver activities would have a specific impact on this group.

New parents also use libraries to collect Bookstart packs for babies. Reduction in opening hours and hours when staff are available could limit the opportunities for parents to collect this resource.

Race

Almost 1/3rd (27%) of our total resident population do not have English as their main language (2011 Census). Reducing the publications budget would limit the range of publications available to allow focus on mainstream items meaning there may be a reduction in publications in languages other than English. Reducing the hours when staff are available to help and guide those who are not confident in reading English may also negatively impact this group.

Review of EIA after consultation February 2022

- ✓ For most of the groups there will be no further impacts other than those already identified for each of the groups.
- ✓ Reductions in Publications budget will still mean there may be reduced access to some areas of publications for some groups. This will be monitored to ensure no group is severely disadvantaged.
- ✓ Reduction in opening and staffed hours will mean that some groups may have difficulty accessing at times that suit them. This will be minimised by clearly communicating when staff will be available and to maintain these times for a minimum of 12-months at a time to reduce confusion by having frequent changes.
- ✓ Staff will be impacted by the staff reductions and a separate staff consultation will be carried out.
- ✓ New opening hours will be based on the consultation responses with Saturdays, evenings and afternoons most popular.

Review of EIA January 2023

No significant change to this section. Although the hours the library buildings are open is being reduced slightly, we are keeping libraries open at the most popular times. Every Saturday will see at least 2 libraries (50%) open.

6. **Have the impacts indentified in (4) and (5) above been assessed using up to date and reliable evidence and data?**

Data used is from Office for National Statistics (ONS) and Chartered Institute of Public Finance and Accountancy (CIPFA). ONS data is from 2011 Census. CIPFA data (most similar groups) is from 2019 report using 2018 data.

Where Slough library usage data has been used this has been taken from the library management system.

Further, more detailed analysis about impacts of service changes will be carried out after the 12-week public consultation which will include collection of equalities data and asking residents for their assessment of the proposals.

Review of EIA after consultation February 2022

The consultation was extensive and included an online and paper survey, face-to-face and online engagement with a individuals, groups and stakeholders (including children and young people, disability forum, carers support groups and groups specifically for older residents) to gather their views and feedback.

Question 16 in the online survey was a free text box asking for respondents to add any comments they felt the council needed to take into consideration. 712 comments were received.

The general themes of the comments were that users preferred the library to be local, problems anticipated if users had to travel by other means, the value of libraries post lockdown as a way of reducing loneliness and improving wellbeing and valuing libraries as a safe community space.

The general theme of comments received from children and young people highlighted that they want libraries to be calm, quiet and peaceful, and that Covid has restricted their ability to go to the library.

15 drop-ins and online events were held and over 30 groups were engaged with via face-to-face workshops and online meetings with over 300 adults and 1995 children and young people. 374 handwritten comments from children and young people were received, and 14

	emails to the dedicated library consultation email account were received. **<u>Review of EIA January 2023</u>** No significant change to this section. The review has used information from the consultation, evidence from library staff over the last 12-months and evidence from library staff about usage pre-Covid.
7.	**Have you engaged or consulted with any identified groups or individuals if necessary and what were the results?** These service changes will be consulted on during a 12-week public engagement exercise. This public consultation will seek current library user's views and the views of people who do not currently use libraries but may do in the future. The consultation will include an on-line and hard copy survey, several face-to-face focus groups at each library (carried out at different times of day) and on-line sessions for residents and stakeholder groups. Information collected from this consultation will be analysed and included in the final recommendations so decision makers can fully understand the impact on different parts of our community. If changes have an impact on staff there will then be a separate consultation exercise with staff affected, other council services and unions. The results of this consultation exercise will be analysed and included in the final implementation plan. **<u>Review of EIA after consultation February 2022</u>** The Service consulted with all identified groups through a targeted programme of drop-ins sessions, online events and workshops with groups including primary and secondary schools, older people's groups, faith groups, disability forum, carers groups, men's health groups, women only groups, library users and non-users and staff. There will be a separate consultation with staff on any changes. **<u>Review of EIA January 2023</u>** No significant change to this section.
8.	**Have you considered the impact the policy might have on local community relations?** As part of the public consultation, we are ensuring that we actively seek the views of community, voluntary and third sector organisations

that represent different community groups. We will be encouraging members of these groups to take part in the consultation. In addition, there will be face-to-face and on-line stakeholder engagement sessions to understand the impact of the proposals on community relations.

Review of EIA after consultation February 2022

Consultation carried out with an engagement plan that considered views of all community groups, in addition to sharing the survey and consultation documents by email with a wide network of both internal and external groups and individuals.

Review of EIA January 2023

No significant change to this section. Discussions are taking place with other SBC services to identify opportunities to co-locate front facing services at library buildings in future to improve community relationships.

9. **What plans do you have in place, or are developing, that will mitigate any likely identified negative impacts?**

Each option being considered has a detailed mitigations plan associated with it. The mitigations include:

- Seeking the views of residents and stakeholders about alternative proposals to ensure the service is fit for the future and delivers excellent value for money.
- Ensuring that there is a robust and transparent process for deciding on the ratio of physical vs on-line resources purchased through the publications fund.
- Ensuring there is a robust and transparent process for purchasing hard copy and eResources to mitigate the impact of publications available to users in a protected group (e.g., English language vs non-English language, children/young people vs adults etc.)
- Ensuring there is a robust and transparent process for deciding what activities and events will be hosted by libraries and library staff.
- Explore alternative venues for hosting library events and services (e.g., Children’s Centres, schools, pop-up community locations etc) and also opportunities for libraries to co-locate in alternative venues and other services to co-locate in library buildings.
- Develop a strong volunteer recruitment and retention scheme to support the delivery of events and services including Home Library Service.
- Explore the further use of technology to allow library buildings to be accessible without staff needing to be on-site (e.g., Open+)
- Develop a multi-media communications strategy to advertise opening hours, staffing hours and where and when activities will be happening.
- Ensure that on-line resources remain available 24/7.
- Actively seek out and make bids for external funding streams that will allow libraries to deliver specific projects.
- Explore opportunities for sharing skills and knowledge with staff from other services/organisations to allow residents to still receive support even if not from specialist library staff. Also, explore opportunities for library staff to adopt new skills and knowledge to allow them to work efficiently with possible co-located services.

	Review of EIA after consultation February 2022 The 12-week consultation has been completed with a robust engagement plan. All the responses and feedback gathered from the online survey, drop-ins, face to face and online meetings have been considered and have informed the recommendations. A strategic service plan will use the consultation data to ensure the service priorities will focus on identified need. These plans include a commitment to co-design services with users and steps will be taken to reduce negative impacts as much as is possible. **Review of EIA January 2023** No significant change to this section.
10.	**What plans do you have in place to monitor the impact of the proposals once they have been implemented?** (The full impact of the decision may only be known after the proposals have been implemented). Continue to collect user data via library management system and feed this to CIPFA as requested to allow us to review our services and their impact in comparison to our most similar local authority library services. We will develop a process (on-line surveys, staff feedback and consultation events) to regularly collect feedback from users, residents, staff and stakeholders. This “light touch” EIA process will take place annually. **Review of EIA after consultation February 2022** In addition to comments in previous sections, the Service will ✓ Use of the consultation responses to shape the service delivery plan ✓ Any changes to opening hours will be monitored and will be reviewed 12 months after implementation ✓ An annual light touch review of the EIA will be carried out following any implementation of changes ✓ An EIA will be completed for any staff consultation **Review of EIA January 2023** The opening hours proposed in March 2022 were, in hindsight, problematic both in terms of staffing implications and confusing for customers. The new model does not have any staff implications and is simpler for customers to understand.

What course of action does this EIA suggest you take? More than one of the following may apply	
Outcome 1: No major change required. The EIA has not identified any potential for discrimination or adverse impact and all opportunities to promote equality have been taken	✓
Outcome 2: Adjust the policy to remove barriers identified by the EIA or better promote equality. Are you satisfied that the proposed adjustments will remove the barriers identified? (Complete action plan).	
Outcome 3: Continue the policy despite potential for adverse impact or missed opportunities to promote equality identified. You will need to ensure that the EIA clearly sets out the justifications for continuing with it. You should consider whether there are sufficient plans to reduce the negative impact and/or plans to monitor the actual impact (see questions below). (Complete action plan).	
Outcome 4: Stop and rethink the policy when the EIA shows actual or potential unlawful discrimination. (Complete action plan).	

Action Plan and Timetable for Implementation

At this stage a timetabled Action Plan should be developed to address any concerns/issues related to equality in the existing or proposed policy/service or function. This plan will need to be integrated into the appropriate Service/Business Plan.

Action	Target Groups	Lead Responsibility	Outcomes/Success Criteria	Target Date	Progress to Date
Complete needs assessment using library data and demographics	All residents including library users and non-users	Liz Jones/Liz McMillan	Completed and used to shape consultation and options paper	Sept 2021	**Completed**
Carry out public consultation to help shape outcomes and library review and	All residents including library users and non-	Liz Jones/Liz McMillan	Completed and clear picture of needs of library users and non-users	December 2021	**Completed** Consultation complete 20th

enable full assessment of impact on Slough Community	users and targeted groups with protected characteristics				January 2022. Comprehensive engagement plan for all residents and targeted groups
Hold series of face-to-face consultation drop ins at each library and online events and with stakeholder groups and staff to provide feedback – communications plan	All residents including library users and non-users and targeted groups with protected characteristics	Liz McMillan	Completed with good numbers attending and actively engaging. Feedback analysed and included in final needs assessment and recommendations for SBC decision makers.	February 2022	**Completed** Comprehensive engagement plan with users, non-users and targeted groups.
Update EIA following consultation	As above	Liz McMillan/ Liz Jones	EIA reflects the findings from the consultation and mitigates negative impacts on protected groups.	January 2022	**Completed**
Carry out annual “light touch” EIA with service users to monitor the impact of changes	Library users including targets groups with protected	Liz McMillan/Patsy To/Alison Beer	Ongoing impacts of changes are understood and used to fine tune and/or further review service delivery.	From Sept 2023	**Open**

	characteristics		Because the March 22 model was not fully implemented, this action has been rolled forward to the take the new model into account.		
Develop a library outcomes and strategic plan	Internal staff, Directors, Cllrs, all residents	Liz McMillan/Liz Jones	New strategic plan linking clearly to Slough future priorities for library service.	March 2022	**Completed**

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Appendix C

Slough library service opening times 2023/24

	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
The Curve	9am to 5pm Library staff & self-service[1]	10am to 6pm Library staff & self-service [1]	9am to 5pm Library staff & self-service [1]	9am to 5pm Library staff & self-service [1]	9am to 5pm Library staff & self-service [1]	10am to 5pm Library staff & self-service [1]
No. of library staff	Week 1 = 3 Week 2 = 4	Week 1 = 4 Week 2 = 4	Week 1 = 3 Week 2 = 2.5	Week 1 = 2.5 Week 2 = 3.5	Week 1 = 3 Week 2 = 3	Week 1 = 5 Week 2 = 4 Last Saturday = 3
Britwell Hub	9am to 5pm Self-service only[2]	9am to 5pm Self-service only [2]	9am to 5pm Self-Service only[2]	9am to 5pm Self-Service only [2]	9am to 5pm Self-Service only [2]	10am to 4pm Last Saturday of the month only
No. of library staff	No library staff	No library staff	No library staff	No library staff	No library staff	Last Saturday = 2
Langley Library	10am to 5pm Library staff & self-service	10am to 5pm Library staff & self-service	10am to 5pm Library staff & self-service	CLOSED	10am to 4pm Library staff & self-service	10am to 4pm 3rd & 4th week (to allow councillor surgeries) Library staff & self-service
No. of library staff	Week 1 = 2 Week 2 = 2	Week 1 = 2 Week 2 = 2	Week 1 = 2 Week 2 = 2		Week 1 = 2 Week 2 = 2	Week 1 = 3 Week 2 = 3 Last Saturday = 2
Cippenham Library	CLOSED	10am to 5pm Library staff & self-service	10am to 5pm Library staff & self-service	10am to 5pm Library staff & self-service	CLOSED	10am to 4pm 1st & 2nd week (to allow councillor surgeries) Library staff & self-service
No. of library staff		Week 1 = 2 Week 2 = 2	Week 1 = 2 Week 2 = 2	Week 1 = 3 Week 2 = 3		Week 1 = 3 Week 2 = 3

Leave and sickness in front line team will be covered by Library management team (Service Manager, Outreach Officer, and Business Support Officer). Small number of library staff are in a pool to backfill these minimum staff levels. Volunteers will support staff to maintain these opening hours.

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[1] Assume that Facilities Officer, Community Learning and Registrar Services continue to operate as they have been in 2022/23

[2] Assume that Facilities Officer, Customer Service and Housing Need Services continue to operate as they have been in 2022/23

Lessons learnt from 2022/23

In March 2022 the Library Service proposed a series of opening hours which Cabinet agreed. Unfortunately the proposed opening times were not able to be delivered and officers have reviewed what happened during 2022/23 so residents and Councillors can be assured that the new proposals are deliverable.

During the implementation planning phase of the proposed hours a number of new HR risks became apparent. Many library staff posts are part-time and did not easily match the proposed hours. Staff were able to be flexible about the hours and days they worked, but the service was holding many vacant posts which limited our ability to cover the proposed hours. This led to ad-hoc closures of libraries and changes to the times buildings were able to be open.

The new proposal for 2023/24 has been built from a more stable financial foundation and a stable staff cohort. This means that there is a high level of confidence that the hours proposed will be delivered. If/when posts become vacant the service will be able to recruit to fill these quickly. The library service management team will provide a first line of back-up to ensure libraries remain open at the stated times. The wider staff group across the Place and Community Directorate will provide a second line of back up with certain posts identified as being able to work from library buildings in the short term (initially) to ensure that library staff do not work alone in these locations. During 2023/24 discussions will continue with more teams to identify planned co-location opportunities to make sure the library buildings are open at the advertised times.

Some effective co-location already happens (for example, Library Services, Community Learning & Skills and Facilities Officers at The Curve). Where this co-location is identified as a dependency, we will build on this to improve and strengthen it. Process notes and guides will be developed between co-located services to make sure officers know how to help and support each other.

Slough Borough Council

Report To:	Cabinet
Date:	27 February 2023
Subject:	Refresh of Corporate Plan
Lead Member:	Councillor James Swindlehurst, Leader of the Council and Cabinet Member for Council Recovery, Forward Strategy & Economic Development
Chief Officer:	Stephen Brown
Contact Officer:	Sarah Hayward
Ward(s):	All
Key Decision:	NO
Exempt:	NO
Decision Subject To Call In:	NO
Appendices:	Appendix 1 – Outline framework of Corporate Plan and timetable for approval

1. Summary and Recommendations

1.1 This report sets out the process for a refresh of the Corporate Plan taking account of developments since the current plan ‘Doing Right by Slough’ was approved by Council in May 2022.

1.2 Specifically, it enables the Council to set out its strategic direction in light of the progress made during the past year, particularly the authority now has a far better understanding of the work needed to recover; and, to take account of recent developments including the release of Census data on our population as well as the views of Commissioners on the issues that need to be addressed to ensure the future of the council is viable.

Recommendations:

1.3 Cabinet is recommended to:

a) Approve the process, timetable and consultation plans for a refreshed Corporate Plan as set out in Appendix 1.

b) Delegate authority to the Chief Executive, in consultation with the Leader, to finalise the draft Corporate Plan for public consultation following the elections in May 2023.

Reason

1.4 The current Corporate Plan ‘Doing Right by Slough’ was approved by Council in May 2022 and set out the council’s strategy for improvement against the Directions issued by the Secretary of State.

1.5 Since then Commissioners have written to the Secretary of State setting out the position of the council one year after their appointment.

1.6 There are a number of key strategic issues that need to be articulated in the Corporate Plan including:

- the strategic direction of the council
- its purpose and priority outcomes
- culture and values
- how priorities are based on need and reflect an analysis of evidence and data
- the role of the council and how it will work in partnership with others to deliver outcomes.

1.7 Detailed reporting against the issues raised by Commissioners is contained in a separate report to Cabinet in the form of a quarterly update on the Improvement and Recovery programme.

Commissioner Review

The views of Commissioners are fully set out in the December letter to Ministers.

2. Report

Introduction

2.1 The current Corporate Plan provided a strategic framework for the council during 2022.

2.2 Commissioners have written to the Secretary of State setting out their assessment of the current position of the council and how they are concerned at the long term viability of the council given the scale of the challenges it faces and the progress and changes required to address the issues that led to intervention.

2.3 A refresh of the Corporate Plan is required to set out the council’s medium-term plan to becoming a viable entity.

2.4 In the development of this report Commissioners have challenged officers over the pace for delivery of the Corporate Plan and the timeframe for sign-off. In consideration of this officers reviewed the range of inputs required to inform a holistic refresh of the previous document. The timetable for development and sign-off is included in the Appendix to this report.

2.5 A refresh of the Corporate Plan at this time enables the following:

- An opportunity to review the latest data and insight from the ONS data sets from the 2021 Census. This is the first up to date population data the council has had for 10 years.

- An opportunity to consult on and agree a Corporate Plan shortly after the whole Council elections on 4 May to inform the Council's activities for the next four years.
- To be informed by resident views, which will be acquired from a resident engagement survey undertaken by the LGA in January/February and further public consultation following the May elections. Consultation with taxpayers, service users and other interested parties is a requirement to inform decisions on how the Council meets its best value duty to secure continuous improvement in the way its functions are exercised.

3 Options considered

3.1 Do nothing. Leave the current plan as it is. This is not recommended as it does not allow the longer term plans to take account of recent Census data nor does it allow for full public engagement on the priorities.

3.2 Prepare a refresh of Corporate Plan for approval in line with the timetable in the appendix **(recommended)**

4 Background

4.1 In May 2022, the council approved its new corporate plan for 2022-25 - 'Doing Right by Slough', which incorporated the recovery and improvement plan the council was required to produce in accordance with the Government's directions.

4.2 This replaced the previous Five Year Plan as Slough Borough Council's corporate plan.

4.3 The new corporate plan included a new set of strategic priorities for the council, that described the outcomes to be delivered for the communities of Slough. These were determined by the Council's political priorities, as well as an interrogation of data on Slough including the Joint Strategic Needs Assessment, Index of Multiple Deprivation, service level data on people and place, survey data and engagement feedback.

4.4 The Plan included an updated recovery framework of seven themes to deliver the 'Right Council for Slough'

- Leadership & Culture
- Financial recovery and onward sustainability
- Business planning and performance management
- Governance
- Organisational capability, capacity and resilience
- Technological capability, capacity and resilience
- Resident engagement

4.5 A refresh of the Plan is now required as explained in the introductory sections above. The need for a new plan recognises that that a year in to the government intervention the Council now knows much more about what it needs to do to cement recovery and deliver for Slough's residents. Significant progress has been made in some areas, but other issues have moved less quickly and need greater focus.

4.6 Doing Right By Slough was also written to engage the whole council in the recovery. The Council did no consultation and little communication with our residents and partners about the corporate plan and our recovery. Since the council will need to deliver fewer services and deliver some services in different ways, it is important to engage residents and partners on its corporate priorities and how these will be measured.

5 Implications of the Recommendation

Financial implications

5.1 There are no direct financial implications as a result of the recommendations contained in this report. Any actions arising from the recommendations will be funded from within existing budgets

Legal implications

5.2 Section 3 of the Local Government Act 1999 states that the Council must make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. In deciding how to fulfil this duty the Council must consult representatives of council tax and business rates taxpayers, service users and other interested parties. In deciding how to fulfil the duty, who to consult and the form, content and timing of such consultation, the Council must have regard to guidance issued by the Secretary of State. Guidance issued by the Secretary of State confirms that authorities should consider overall value, including economic, environmental and social value, when reviewing service provision. When consulting as part of this duty, the Council should include local voluntary and community organisations and small businesses in such consultation.

5.3 The Local Authorities (Functions and Responsibilities) (England) Regulations 2000 set out the responsibilities of the executive and full Council for authorities who, like the Council, operate an executive model of governance. This states that discharging the functions of formulating or preparing prescribed plans or strategies are not to be the sole responsibilities of the executive. For these plans and strategies, adoption of the plan or strategy cannot be a decision of the executive, although steps to formulate and prepare the plan at an earlier stage can be. The prescribed plans include reference to the Best Value Performance Plan, which used to be a legal required under the Local Government Act 1999 and was commonly referred to as the Corporate Plan or Council Plan. Many local authorities continue to adopt corporate plans even though the statutory duty to do so is no longer in force. The regulations state that the Council can determine those plans or strategies, whether statutory or not, that should be adopted or approved by full Council. Whilst there is no legal requirement to adopt a corporate plan, Article 4 of the Council’s Constitution includes the “5 Year Plan” in its policy framework and it is therefore a function of Full Council to formally adopt the Corporate Plan.

Risk management implications

5.4 The key risk in not refreshing the corporate plan at this time will be an inability to work against a strategic direction and framework for recovery and improvement leading to a sustainable authority for the future.

Environmental Implications

5.5 There are no direct environmental implications as a result of the recommendations contained in this report.

Equality implications

5.6 The Council has a duty contained in section 149 of the Equality Act to have due regard to the need to:

(a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;

(b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;

(c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

The protected characteristics are:

☐ age

☐ disability;

☐ gender reassignment;

☐ pregnancy and maternity;

☐ race;

☐ religion or belief;

☐ sex;

☐ sexual orientation.

The broad purpose of this duty is to integrate considerations of equality into day-to-day business and to keep them under review in decision making, the design of policies and the delivery of services.

By undertaking public consultation and ensuring that the Corporate Plan is informed by data on Slough's diverse communities, the Council will be able to assess the impact of adopting a new Corporate Plan in relation the duty above. A equality impact assessment will be undertaken and included in the report to Cabinet and Council recommending adoption of a new plan.

Procurement implications

5.6 There are no direct procurement implications as a result of the recommendations contained in this report.

Workforce implications

5.7 There are no direct workforce implications as a result of the recommendations contained in this report.

Property implications

5.8 There are no direct property implications as a result of the recommendations contained in this report.

Background Papers

Doing Right by Slough 2022-2025 Appendix A - Doing right by Slough - Corporate Plan 2022-2025.pdf

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2023 Refresh of Corporate Plan – skeleton framework

1. Introduction

The refreshed Corporate Plan sets out the following –

- The Council's purpose
- Strategic priorities
- Recovery agenda
- Definition of our Operating Model as an enabling authority

It addresses a wide audience that consists of staff, members, residents, communities, partners, business, voluntary sector and wider stakeholders.

In May 2022, the council approved its new corporate plan for 2022-25 - 'Doing Right by Slough'. The corporate consisted of:

- Four strategic priorities
- Seven recovery themes which incorporated the Government directions and provided a structure for the council's improvement.

Since then, the context has shifted with emerging challenges:

- The recovery programme has evolved with progress made against the directions and an annual report letter from Commissioners / DLUHC
- The exceptional financial challenges that the Council faces continue to evolve
- Funding pressures arising from rising inflation, the challenging economic picture, knock-on levels of demand on services

The refreshed corporate plan will reflect / reflects analysis and insight from the following sources:

- Data from the 2021 Census – the first up to date population data the council has had for 10 years presents an opportunity to challenge assumptions and review strategic priorities.
- State of the Borough report to include Census and other core data
- Political priorities – manifestos will be available ahead of May elections
- Resident engagement via LGA survey – compliance with our best value duty and greater public participation in decision making. Note that there will be a period of formal consultation on the draft corporate plan before final approval.
- Staff engagement / survey

2. Setting the Scene

- Analysis of data and evidence to provide insight on priorities
- Short description of Slough the place
- Key facts from the census and data from other sources
- Resident and staff engagement results

3. Our priority areas

- This section will set out the new priorities for the council
- To include background on why this is a priority, what the data tells us, what we will do to address the need and how this will be measured

4. Next steps – delivery

Over the next four years the Corporate Plan sets out how we will deliver the following:

- Recovery agenda to meet Government Directions enabling the Commissioners to formally confirm to DLUHC that the Council can run itself and end intervention
- Implementation of a new Operating Model and structure
- Move to an agenda to deliver Improvement, maximising the potential of Slough's location and use the strength of the place
- Ensure the council is financially sustainable
- Summary of key strategies and our strategic framework to ensure we have the right plans in place
- Service plans will set out how the organisation will deliver the detail of the plan
- Role of our strategic partnership network to ensure a whole system approach to delivery
- Governance and oversight – role of members / democratic leadership
- Workforce planning to ensure the right capability and capacity exists

Operating Model

We will be an Enabling Council.

We will use our influence to enable the best outcomes for our communities and the town.

Clearly the financial position that the Council faces has a direct impact on our ability to directly provide services in the way in which we have done in the past. The extremely challenging financial situation that Slough faces means a smaller Council needing to be focussed on a clear set of strategic priorities to make a positive difference where we can.

We will use our influence to facilitate and enable outcomes through the Slough Strategic Leaders Group which brings together statutory, private and voluntary sector representatives to set the strategic agenda through a 'community plan' / long-term strategic vision.

As one of the key partners on the Strategic Leaders Group the Corporate Plan will set out our contribution to the strategic shared vision of our partners.

Our culture change programme will be key in driving the enabling council model. This will be clear about how our values and our ways of working will be instrumental in effecting change.

A set of operating principles will underpin the Operating Model and be clear about how we will need to reorganise our structure to deliver a new set of service priorities with a smaller council, and the types of relationships we will look to establish between the council, our residents and our partners.

5. Measuring Success

Performance indicators

6. Timetable

	Date	Activity
	January	• Presenting ‘Census so far’ update to CLT / SLT • Preparing Cabinet report • Major Census data sets released by 19 January • Census pack / State of Slough Report complete
	February	• Resident engagement kick-off (LGA) • 27 February Cabinet report on development of Corporate Plan • February Strategic priority workshops (potential use of CLT / SLT session): ○ Reviewing evidence, data and insight ○ Identifying strategic priorities / amendments
	March	• Additional workshops as required • Drafting • Further staff engagement • LGA Resident engagement complete • Budget Council
	April	• Analysis of resident engagement • Sign off process • Commence service planning
	May	• 4 May Local elections • Formal public Consultation on Draft Corporate Plan • Redrafting • Commence Sign off process
	June	• Approval by Cabinet and Council
	July	• Communications activity and launch

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Slough Borough Council

Report To:	Cabinet
Date:	27 February 2023
Subject:	Improvement and Recovery update
Lead Member:	Councillor James Swindlehurst, Leader of the Council and Cabinet Member for Council Recovery, Forward Strategy & Economic Development
Chief Officer:	Stephen Brown
Contact Officer:	Sarah Hayward
Ward(s):	All
Key Decision:	NO
Exempt:	NO
Decision Subject To Call In:	NO
Appendices:	Appendix 1 – Report to Improvement and Recovery Board 8 December 2022 Appendix 2 – Report to Improvement and Recovery Board 26 January 2023

1. Summary and Recommendations

1.1 This report provides the quarterly update to Scrutiny and Cabinet on the progress being made by the Council against the Secretary of State Directions issued in December 2021, and the overall council recovery plan

1.2 This report also sets out the current position with Government intervention. Commissioners wrote to the Secretary of State in December to provide a detailed overview of the progress made by the Council during the first year of intervention. We are awaiting the formal letter from the Secretary of State.

Recommendations:

1.3 Cabinet is requested to:

a) Note and comment on the progress made by the Council since the previous report in addressing the Directions of the Secretary of State;

b) Agree to the next steps as set out in the action plans and other workstreams that have been developed to address the Directions.

Reason

1.4 Since the last report in November there have been two meetings of the Improvement and Recovery Board in December and January.

1.5 The Commissioners wrote to the Secretary of State on 22 December setting out the position of the Council against the Directions during the first year of intervention.

1.6 Formal meetings with Commissioners continue monthly in the form of the Improvement and Recovery Board. Quarterly updates will continue to be brought to Scrutiny and Cabinet setting out the detail of the issues reported on at these progress meetings along with additional areas of focus and activity as required by Commissioners.

1.7 Commissioners are concerned at the long term viability of the council given the scale of the challenges it faces and the progress and changes required to address the issues that led to intervention.

1.8 This report and the appendices set out the progress made to date and the next steps to accelerate change against the journey to recovery and improvement.

Commissioner Review

The views of Commissioners are fully set out in the December letter to Ministers.

2. Report

Introduction

2.1 As previously reported Members are aware the Council received a formal direction from DLUHC made under s.15(5) and (6) of the Local Government Act 1999, including a direction that prescribed functions are to be exercised by Commissioners; and the appointment of Commissioners from 1 December 2021.

2.2 The Council took a number of steps, including approving a new Corporate Plan in May 2022 that set out its strategy for improvement. This is in the process of being refreshed and a separate report will be submitted to February Cabinet regarding this.

2.3 Commissioners have recognised that there is now a more holistic approach to reporting progress against the various action plans in place to address the Directions and this is presented in the reports attached to the Improvement and Recovery Board.

3 Options considered

3.1 It was agreed by Cabinet in November that regular public reporting on the Council’s ongoing response to Government intervention was essential to ensure transparency and accountability.

3.2 A separate report has been submitted to February Cabinet on a refresh of the Corporate Plan to set the direction of the council in light of the ongoing challenges faced.

Background

3.3 It is now over a year since Commissioners were appointed by the Secretary of State. During that time the Council has had the opportunity to discuss with Commissioners the extent of the challenges it faces.

3.4 Cabinet agreed in November to a more holistic method of reporting progress against the Directions and this has been welcomed by Commissioners.

3.5 As reported in November, senior level appointments including the Chief Executive position has created more of a sense of stability and an ability to oversee a refreshed corporate approach to improvement and recovery. In January it was announced that additional appointments have been made to the key roles of Executive Director for People (Children) and Executive Director for Finance and Commercial.

3.6 It is clear that Commissioners remain extremely concerned at the pace of progress and the long term viability of the council.

3.7 For these reasons, the appendices to this report present an overview of the workstreams in place to address each of the Directions and how these have been reported to Commissioners.

3.8 To address the specific issues of concern raised by Commissioners it is envisaged that in addition to the standard reporting on the Directions, there will be deeper dives into individual Directions or other recovery workstreams.

3.9 A separate report on the council's strategic direction in the form of a refreshed Corporate Plan has also been submitted to February Cabinet. In addition, the Cabinet and other member forums continue to receive reports which relate to specific directions and improvements, including finance action plan updates, reports on specific company governance, updates on ICT, procurement and internal audit progress, asset disposal recommendations and updates and updates on senior officer staffing restructure.

4 Implications of the Recommendation

Financial implications

4.1 This progress update report is intended to complement existing financial reporting in particular against the Financial Action Plan. Any actions arising from the recommendations will be funded from within existing budgets

Legal implications

4.2 On 1 December 2021 the Secretary of State for Levelling Up, Housing and Communities made statutory directions requiring the Council to take prescribed actions and that certain functions be exercised from this date by appointed Commissioners, acting jointly or severally. The directions were extended on 1 September 2022. The directions were made under Part 1 of the Local Government Act 1999 due to the Council having failed to comply with its best value duty. The general duty of best value is set out in section 3 of the Local Government Act 1999 and requires local authorities to "make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness". This requires consideration of overall value, including economic, environmental and social value, when reviewing service provision. There is also a duty to consult when deciding how to fulfil the best value duty.

4.3 Annex A of the directions set out the action the Council is required to take. This included functional capability assessments of all service areas and preparing and agreeing an improvement plan containing a number of action plans. The functional capability assessments were reported to Cabinet in March 2022 and have formed the basis of service delivery plans. The improvement plan was approved by full Council in May 2022 with a series of recovery themes. Work is continuing on the detail of the action plans under each of these themes. The Council is required to report to the Commissioners on the delivery of the Improvement Plan at six monthly intervals or such intervals as the Commissioners may direct. The Council has been reporting to the Commissioners at monthly improvement and recovery boards and will be adopting the recent feedback given by the commissioners in meetings on each of the action plans. There is a specific direction on a programme of cultural change. A report was brought to Cabinet in March 2022 agreeing actions against this direction and this work underpins all other actions plans and recovery work. There is also a specific direction on reviewing the Council's companies. Progress on this has been reported in the Finance Action Plan, as well as in standalone reports. Reports will be presented to Cabinet on each of the remaining companies this financial year. There is a specific direction on better and evidence-based decision making, including enhancing the use of data and insight. This underpins all Council action plans and improvements as it is at the centre of how public bodies should make decisions.

4.4 Annex C sets out the functions to be exercised by the Commissioners. This includes functions associated with governance and scrutiny of strategic decisions, requirements for the proper administration of financial affairs, functions associated with the oversight of collection of revenues and benefits and appointment of the three statutory governance officers and the scrutiny officer, as well as functions to define the officer structure at a senior level, determine recruitment processes and recruit relevant staff to these positions. The Explanatory Memorandum to this Direction confirms that in practice most decisions are expected to the taken by the Council, however the Directions are designed to give the Commissioners the power to tackle weaknesses identified to ensure the Council is better equipped to meet the best value requirements. Cabinet should have regard to the advice and comments of the Commissioners contained in this report.

Risk management implications

4.5 The table below sets the key risks

Risk	**Summary**	**Mitigations**
Financial	Failure to deliver financial sustainability	Financial action plan, Capitalisation Directive and immediate to long-term savings plans
Legal	Failure to address the Directions and	Appointment of new interim Monitoring Officer to bolster capacity

Risk	Summary	Mitigations
	demonstrate compliance with the Council’s best value duties or other legal duties leading to increased legal challenges to decision-making and further statutory intervention.	at senior management level. Recruitment of interim support for governance and scrutiny. A whole system approach, focusing on the basics of local government governance and decision making, including training and development and involvement of legal services at an earlier stage of policy formulation.
Reputational	Failure to meet the requirements contained in the Directions leading to further intervention from Government	A more comprehensive and corporate approach has been developed building on lessons learned over the past year to provide greater confidence in the Council’s journey and direction of travel

Environmental Implications

4.6 There are no direct environmental implications as a result of the recommendations contained in this report.

Equality implications

4.7 The Council has a duty contained in section 149 of the Equality Act to have due regard to the need to:

(a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;

(b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;

(c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

The protected characteristics are:

- age
- disability;
- gender reassignment;
- pregnancy and maternity;
- race;
- religion or belief;
- sex;
- sexual orientation.

The broad purpose of this duty is to integrate considerations of equality into day-to-day business and to keep them under review in decision making, the design of policies and the delivery of services.

Procurement implications

4.8 One of the Directions includes specific reference to the procurement and contract management function and this is detailed in the Appendix.

Workforce implications

4.9 Any future changes to the workforce will be subject to full statutory processes and consultation.

Property implications

4.10 The Council has developed an Asset Disposal Strategy and this has been approved by Cabinet.

5 Background Papers

Strategy and Transformation

Improvement and Recovery Board

Progress Report
08-Dec-22

Report Owner: Sarah Hayward, Strategy and Transformation
Report Author: Strategy and Transformation Team

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Welcome, Introductions and Declarations of Interests

Open and Closing Actions

Ref	Status	Description of Action	Date Raised	Raised By	Owner	Progress	Date Last Updated	Target Date	RAG
AC-001	Closing	Lucy Storr to discuss how and where to bring a longer-term vision for Slough Borough Council with Gavin Jones and team.	16-Jun-22	IRB	Stephen Brown	**01/12/22** - A new action to bring the updated Corporate Plan to Commissioners in the new year has been added that supersedes this (AC-010). **27/07/22** - In progress. Stephen Brown and Max Caller discussed on **26/07/22**.	01-Dec-22	30-Jun-22	G
AC-002	Open	Commissioners to set up a working session with a cross-party group to discuss how to implement recovery plans at the same time as running council services.	28-Jul-22	IRB	Max Caller	**28/11/22** - Pending the availability of approved Recovery Plans against all Directions. **29/09/22** - TBC: Original date no longer available.	28-Nov-22	TBC	A
AC-007	Open	Stephen Brown agreed to take forward work to look into lessons learned from the capability assessments done as part of the 'Our Futures' restructure, including how the organisation who did 'gate one' assessments were commissioned and if scrutiny/audit should be involved in this processes.	29-Sep-22	IRB	Stephen Brown Sarah Wilson	**25/11/22** - Findings of the Task & Finish Group will be reported to the O&S Committee in Feb-23. **24/11/22** - The O&S Committee has set up a task and finish group to look at the commissioning and contract management processes and this includes looking at how Gate One was commissioned and delivery measured. This follows a lead Member and Directors meeting on a learning lessons report where it was decided not to take this to a formal cabinet meeting, as the learning had been captured and not much to be gained from having a public discussion on it.	25-Nov-22	01-Feb-23	G
AC-008	Open	Cllr Smith and Cllr Swindlehurst to discuss the detail of Cllr Smith's work with the property management company involved with the new Director of Housing and Property when they are in-post.	29-Sep-22	IRB	Cllr Smith Cllr Swindlehurst	**24/11/22** - Pat Hayes is coordinating to set up a suitable meeting between Cllr Smith and Cllr Swindlehurst.	24-Nov-22	TBC	G

Open and Closing Actions

Ref	Status	Description of Action	Date Raised	Raised By	Owner	Progress	Date Last Updated	Target Date	RAG
AC-009	Open	Max Caller suggested having a regular meeting with the DfE Commissioner, Leader, Cabinet Member and any others they want to bring on a regular basis, noting that this may be most efficient on a day where there is a ‘Getting to Good’ Board planned. Lucy to raise with DfE Team / Commissioner.	29-Sep-22	IRB	Claire Willerton	**01/12/22** - DLUHC Commissioners meet the Children's Commissioner fortnightly and Paul Moffatt is invited to attend both the Finance Board (chaired by Margaret Lee) and the Improvement and Recovery Board (chaired by Max caller). The wider meeting with Cllrs Swindlehurst and Hulme described here has not been established yet.	01-Dec-22	21-Oct-22	R
AC-010	Open	Updated Corporate Plan to be presented / agreed in the new year, by relevant stakeholders.	01-Dec-22	Tony Wisken	Stephen Brown	**01/12/22** - Replaces AC-001 and reflects the agreement to update the Corporate Plan. The new Corporate Plan should be agreed in good time for the new Council to adopt it after the all-out May-23 elections.	01-Dec-22	TBC	G

Headlines

Culture Change

1. LGA funding and support has been secured for leadership development and governance culture workshops.
2. Culture change working group has been established, with the support of an experienced consultant.
3. CLT / SLT have received an early, high level briefing on the proposed approach.
4. Staff roadshows with the new Chief Executive have been held, and staff are being kept informed of new senior appointments over intranet.

Senior Officer Structure

1. Permanent Chief Executive and Executive Director for People (Adults) have been appointed.
2. Recruitment continues for ED for People (Children) and ADs for Community, Housing and Property.
3. Interviews for S151 and two Deputy Directors scheduled for December / January. S151 appointment anticipated Jan-23.

Headlines

Democratic Governance & Scrutiny

1. Action plans have been updated and reported to Overview & Scrutiny Committee on 17th December as part of a wider update.
2. Overview & Scrutiny Committee has also received a report on the recommendations from the Centre for Governance and Scrutiny.
3. Three task and finish groups are up and running - linked to corporate priorities.
4. The Monitoring Officer has met with Cabinet Members and both leaders of opposition, with regular briefings put in place.
5. Weekly governance working group meetings have been set up, led by the Monitoring Officer.

ICT

1. The work to establish an adaptive strategy for ICT & Digital services has commenced.
2. An update on the ICT modernisation work is going to Cabinet in December, demonstrating significant progress and next steps.

Headlines

Getting to financial stability

The financial stability plan is starting to come to fruition, and while there is a very long way to go, there are some real improvements coming through:

1. The capitalisation direction has been reduced from around £800m to less than £400m.
2. The need for revenue savings has been reduced from £20m a year for seven years to £20m in 2022/23, £23m in 2023/24 and then £14m a year for five years.
3. The sale of assets to reduce the council's debt was agreed by cabinet in September 2021 - £162m has so far been generated with a total of £200m planned for 22/23 and £100m in 23/24.
4. The 2018/19 and 2019/20 accounts have been submitted to the auditors.
5. The 2022/23 budget is forecast to be balanced and the £22m out of £22.4m 2023/24 revenue savings have been identified.
6. Comprehensive updates on the financial recovery have been presented to cabinet and every Full Council since September 21.
7. Six of the council's companies have been closed and four are being radically reviewed with no further expenditure on them, and sales being prepared, alongside greatly improved governance.
8. Internal audit recommendations are now being addressed and procurement has been considerably improved.
9. We can now deliver a balanced in year budget for the dedicated schools grant with a management plan that is highly regarded by DfE, and which is likely to lead to DfE financing a £26m write off of historic debt, subject to formal consideration.

Matters will continue to develop and continuously change, and the challenges are very significant, but the strategy is beginning to show real benefits. The outcome of the 2023/24 local government finance settlement may impact on the above.

Directives Progress Summary

Ref	Direction	CLT Lead (Strategic)	SLT Lead (Operational)	Member (Political)	Target Completion	RAG		Commentary / Progress
						Curr.	Trend	
1	Functional Capability Assessment	Sarah Hayward	Dean Tyler		01-Dec-22	C	=	**14/10** - Service plans have been completed, which will address gaps in capability. These are continuing to be iterated to ensure coherence across services and alignment with the corporate plan. SLT will act as the governance body for the service planning. Next steps are to develop reporting arrangements for monitoring progress in delivery, and ensure lessons for next year are captured.
2	Avoid Poor Governance or Financial Mismanagement	Steve Mair	Steve Muldoon / Liton Rahman	Leader / Cabinet Member for Financial Oversight & Council Assets	Continuous	G	=	**28/10** - Extensive finance business plan completed March 2022. Developed a medium and long term financial planning framework. Implemented changes to obtain best value for money. Ensuring financial implications of decisions are understood. Improving capacity, capability and culture to enable future success and monitoring of progress through the Finance Action plan. Embedding strong Financial Governance and risk management. Further improvements in Governance and Culture across the council will also contribute towards the delivery of this direction.
3a	Financial Sustainability Action Plan	Steven Mair	Steve Muldoon / Liton Rahman	Leader / Cabinet Member for Financial Oversight & Council Assets	31-Mar-29	G	▲	**13/10** - The Finance action plan covers 10 years in detail from 2015/16 to 2024/25 and is supplemented by a 14 year active financial model (to 2028/29). Key elements are: Accounts, Assets sales, Capitalisation direction, Revenue budgets, Borrowings, MRP, DSG, Internal audit, Risks and mitigations Finance structure and Directions/recommendations from DLUHC, GT, CIPFA, Directions. The plan is regularly updated.
3b	Democratic Governance Action Plan	Stephen Tayler	Alexander Polak	Leader	01-Dec-22	A	▲	**17/11** - Democratic governance action plan updated and reported to Overview & Scrutiny Committee on 17th November as part of wider update.
3c	Scrutiny Action Plan	Stephen Tayler	Alexander Polak	Chair, Overview & Scrutiny Committee	01-Oct-22	R	▲	**17/11** - Scrutiny action plan update and reported to Overview & Scrutiny Committee on 17th November, as well as separate report to Overview and Scrutiny Committee on recommendations from CfGS.
3d	Internal Audit Action Plan	Steven Mair	Mike Thomas	Cabinet Member for Financial Oversight & Council Assets	31-Mar-23	A	▲	**05/12** - Pre **21/22** internal audits - there are now 269 actions or 97 per cent completed from a total of 276 actions. There is a concerted management effort to complete the remaining recommendations which are rated low. For the **21/22** internal audits - there are now 105 actions or 36% completed from a total of 288 actions. A further 51 or 20% are not yet due for completion. As per the direction, the existing service has been reviewed and a fully costed option appraisal for an in-house internal audit function has been completed. Recruitment advertising completed on **25/11/22** and 25 applications have been received for the 5 posts. Interviews are being scheduled before Christmas 2022 with appointments expected before March 2023.

Directives Progress Summary

Ref	Direction	CLT Lead (Strategic)	SLT Lead (Operational)	Member (Political)	Target Completion	RAG		Commentary / Progress
						Curr.	Trend	
3e	Procurement and Contract Management Action Plan	Steven Mair	Clare Priest	Cabinet Member for Customer Services, Procurement & Performance	12-Jan-23	G	=	**30/11** - Contracts register is being used as a business as usual tool in forward planning procurement activity, this includes consideration of longer term procurement activity required for high value, high risk contracts and for the Cabinet forward plan. Contract procedure rules have been updated and agreed by full Council.
3f	Information Technology Action Plan	Stephen Brown	Simon SharkeyWoods	Cabinet Member for Customer Services, Procurement & Performance	11-Jan-23	A	▲	**24/11** - First high level view of the strategy and plan for ICT & Digital shared in report going to Cabinet in December. Shared with Commissioners 21st Nov, and reviewed at CLT 23rd Nov.
3g	Suitable Officer Structure and Scheme of Delegation	Gavin Jones	Sarah Wilson (MO)	Leader	01-Oct-22	A	▲	**Please see direction 8.**
4	Improvement Plan Monthly Reporting	Sarah Hayward	Tony Wisken	Leader	01-Nov-23	A	▲	**24/11** - Feedback from the Nov IRB on the revised reporting approach was positive. Minor points of feedback have been reflected in the Dec materials. Further work will be required to align the various Action Plans to a common approach. **14/10** - First new style reporting with improved content and evidence produced for the Oct-22 IRB. **22/09** - Initial draft produced for review with Improvement and Recovery Board.
5	Cultural Change Programme	Stephen Brown	Sarah Hayward	Leader	03-Mar-23	R	▲	**01/12** - Briefing by Nick Kemp has taken place with SLT / CLT on **30/11**. **14/11** - A consultant, Nick Kemp, has been appointed to support the Programme. Scoping of key activities is currently being progressed.
6	Subsidiary Company Review	Steven Mair / Sarah Wilson	Carmel Booth	Cabinet Member for Financial Oversight & Council Assets	02-Apr-23	A	=	**05/12** - Update given to commissioners and elected members with timescale for formal cabinet reporting on each council as part of annual business planning. Of the eleven companies, six have been shut, four are currently being very actively managed, one, low risk, will follow in **23/24** (DISH). Capital programme reduced by c £65m, capital receipts of over £40m will be generated
7	Evidence Based Decision Making	Sarah Hayward	Sarah Wilson (MO)	Cabinet Member for Customer Services, Procurement & Performance	02-Apr-23	A	▲	**16/11** – Following the Commissioner review meeting, the Data Strategy and Governance Board met to scope actions for 2023. The first milestone will be writing and sign-off of a Corporate Data Strategy. The key messages are included in the slide pack. Budget discussions remain on-going and whether additional investment can be identified will determine if the council can pursue a Growth/Transformative path or a Foundations/Incremental path in responding to this Direction in 2023.

Directives Progress Summary

Ref	Direction	CLT Lead (Strategic)	SLT Lead (Operational)	Member (Political)	Target Completion	RAG		Commentary / Progress
						Curr.	Trend	
8	Senior Officer Structure and Recruitment	Commissioners	Stephen Brown		31-Mar-23	A	▲	**24/11** - An initial two Programme Managers have been recruited to the Transformation Team with an initial focus of SEND and Commissioning. **14/11** – Permanent Chief Executive has been appointed and the ED for People Adults. Programme Managers are being interviewed for the Transformation Service. Recruitment of the S151 and two deputies is in progress, as is the Director of Children's Services.

Avoidance of Poor Governance or Financial Mismanagement

Direction 2

An extensive finance business plan completed March 2022 set out our vision to ensure the long-term financial sustainability of Slough by making sure every pound of public money is spent wisely and the financial implications of all decisions are understood. We have:

1. Developed a medium and long term financial planning framework – now embedded in the work around the capitalisation direction, approach to savings, budget and financial reporting processes.
2. Implemented changes to obtain best value for taxpayers money – through changes to the Commercial team, better understanding of contracts and contract management; use of the ECP process to challenge all expenditure, revision of contract procedure rules and associated training.
3. Ensured the financial implications of decisions are understood – developing business case analysis and reviewing council companies; improved risk management arrangements.
4. Operated an efficient & effective customer focussed department, reviewing systems and processes & the way in which Agresso has been utilised, reviewing our teams development & training needs, succession planning.
5. Improved capacity, capability and culture to enable future success – through the departmental restructure, the recruitment of experienced interims to assist with all aspects of the change agenda; and monitoring of progress through the finance action plan.
6. Embedded strong financial governance and risk management – completing annual accounts; reviewing previous annual governance statements; developing new financial procedure rules; agreeing a revised risk management strategy and processes.

Avoidance of Poor Governance or Financial Mismanagement

Direction 2

Governance

1. Reminder to CLT about need to timely reports and process being put in place to sign off any properly justified late reports
2. Standing item at CLT to review corporate schedule to embed more robust forward planning.
3. Clear advice and guidance to officers on decision-making process for new policies as a result of learning from LGSCO public interest report.
4. Embed lessons learnt into member level reporting, including relating to performance management and exit arrangements for senior staff, ASC commissioning arrangements and complaints.

Next steps

1. Devise a bite size training programme for officers to cover variety of topics on good governance.
2. Devise a framework for commissioner decision-making and advice and guidance.

Finance Update - Savings Delivery Risk Assessment Direction 3.a

2023/24 Savings Delivery Risk Assessment (figures in £'000s)

As @ 05-Dec-22	Saving Totals		Deliverability RAG Assessment					Saving Mitigations		
Function	**Original (Baseline)**	**Total so far (excl. Non-Deliverable)**	**Non-Deliverable**	**Red (no credible plan)**	**Amber (at risk)**	**Green (on track)**	**Delivered**	**Agreed Sustainable**	**Agreed One-off**	**Proposed**
Adults	**5,588**	**5,588**	0	0	1,817	3,771	0	0	0	0
Childrens	**790**	**790**	0	0	395	395	0	0	0	0
COO	**1,855**	**1,855**	0	640	97	1,118	0	0	0	0
COO/Finance	**0**	**0**	0	0	0	0	0	0	0	0
Finance	**6,593**	**6,593**	0	0	100	6,493	0	0	0	0
Place	**5,051**	**5,051**	0	277	951	3,823	0	0	0	0
Cross-Council	**2,523**	**2,150**	373	1,250	450	450	0	0	0	0
Total Slough Savings	**22,400**	**22,027**	**373**	**2,167**	**3,810**	**16,050**	**0**	**0**	**0**	**0**
			1.7%	**9.7%**	**17.0%**	**71.7%**	**0.0%**			
			↑	↑	↑	↑	→			
Movement from Previous Period			**273**	**1,761**	**1,166**	**8,385**	**0**			
Previous Period			**100**	**406**	**2,644**	**7,665**	**0**			

- Savings identified to date amount to £22.0m out of a target of £22.4m. As shown above this leaves a residual balance of £373k to be found, which colleagues are working on.
- All other identified non-deliverable items have been replaced through new or enhanced savings in other areas.

Financial Update

Direction 3.a

Accounts

1. The accounts for 2018/19 and 2019/20 have been submitted. A very adverse external audit report is expected shortly.
2. The 2020/21 accounts will be submitted in January 2023.

Budget

1. Budget for 2022/23 – the month six forecast is currently being prepared and is projecting the Councill will be within budget.
2. The 2023/24 budget development continues, and the savings challenge is currently in progress.
3. Proposals are also starting to be gathered for 2024/25.

Structure

1. The new finance structure has been approved, recruitment has commenced and will close on the 9th December. To date there are 78 applications.
2. Sifting and interviews will take place pre and post Christmas.

Financial Update

Direction 3.a

Assets and Capitalisation

1. Asset sales are currently forecasting up to over £200m in 2022/23.
2. Currently received £172m, other sales taking place through to March 2023.
3. The capitalisation direction is showing a major reduction, largely, but not solely, arising from the above.

Dedicated Schools Grant

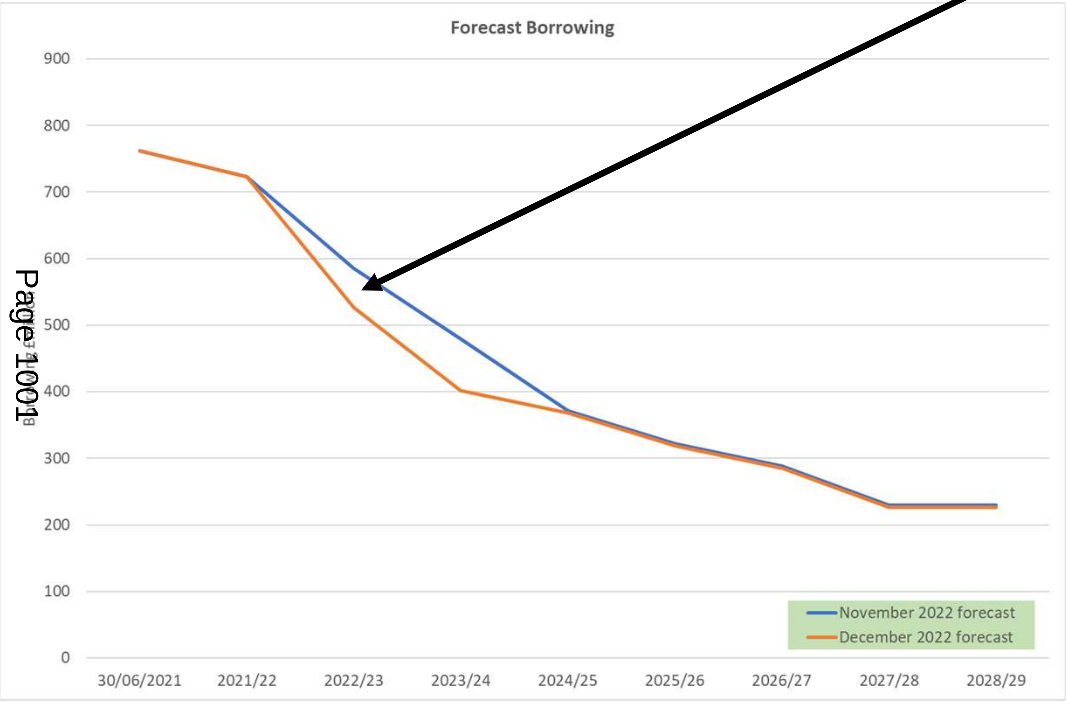
1. The DSG is forecasting to be balanced by 2025/26.
2. The presentation takes place on the 23rd January.
3. The council has submitted proposals to the DfE as required.
4. Final proposal required by 3rd February 2023.
5. Notification of approval expected in March 2023.
6. Could result in write off of £25m of deficit.
7. DfE very complementary about the Council's work on this.

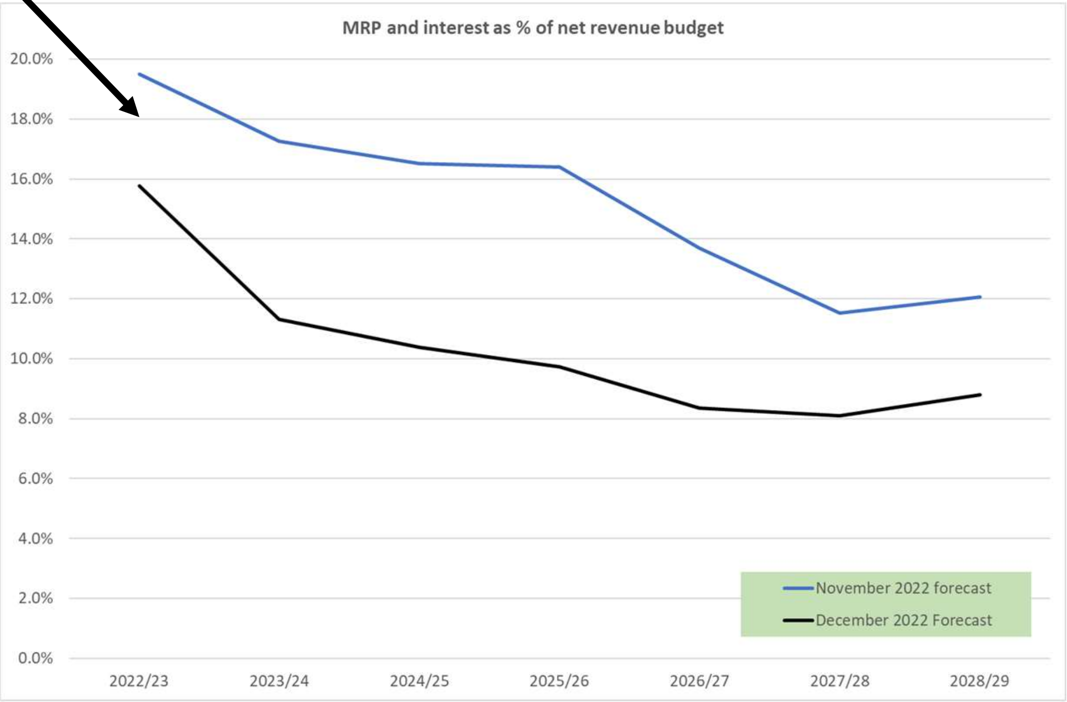
Note, all figures are volatile and subject to change.

Financial Update

Direction 3.a

Accelerated asset sales have significantly reduced borrowing and debt charges


Forecast Borrowing


MRP and interest as % of net revenue budget

Asset Disposal - Progress Against Plan

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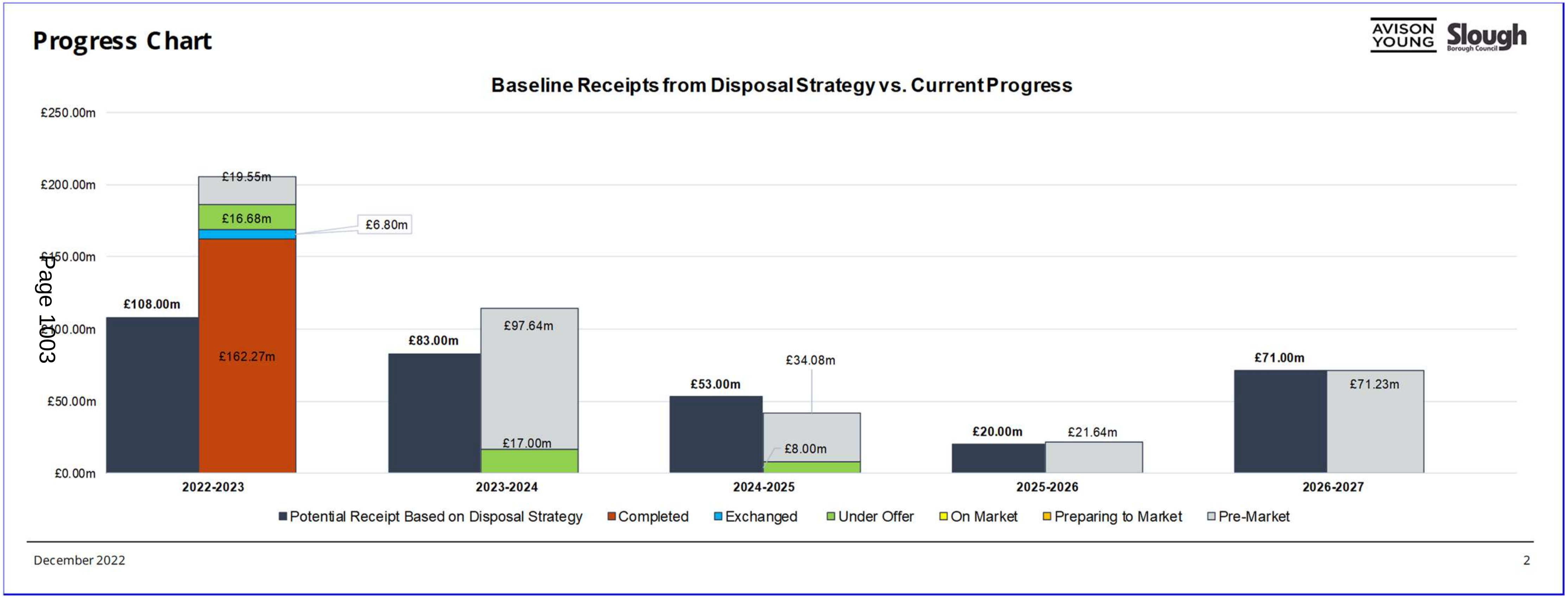
Asset Disposal - Progress Against Plan

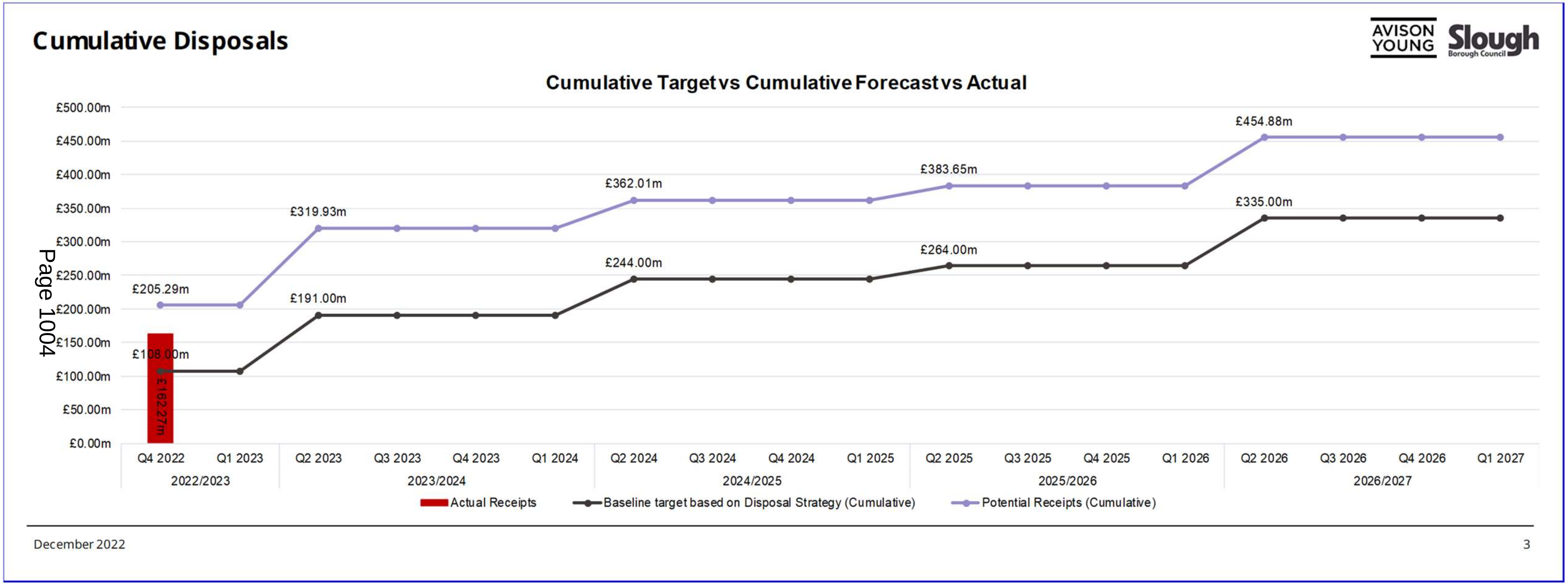


Progress Chart

December 2022

2

Asset Disposal - Progress Against Plan



Cumulative Disposals

December 2022

3

Democratic Governance

Direction 3.b

Progress

1. Updated democratic governance action plan reported to Overview & Scrutiny Committee on 17th December.
2. Commissioned external facilitator to run governance culture workshops for top two tiers of officers with preparation work undertaken in December and workshops in January.
3. MO met cabinet members, and both leaders of opposition with regular briefings put in place.
4. Head of Governance and Scrutiny met with scrutiny members and attended political groups on request to explain role and proposed changes.
5. Weekly governance working group meetings set up, led by MO.
6. MO and Principal Lawyer attend monthly Berkshire MO meetings to share best practice.
7. MO and Principal Lawyer to attend regular meetings with Liverpool City Council MO and Head of Legal.

Next Steps

1. Establish framework for Commissioner decision-making.
2. Bite size training programme and guidance for officers on good governance.
3. Align member development programme with culture change action plan.
4. Put in place system for late reports sign off, establishing clear lines of accountability for quality of reports.

Scrutiny Direction 3.c

Progress

1. Scrutiny action plan updated and reported to Overview & Scrutiny Committee on 17th December.
2. Recruitment of new Scrutiny Officer in progress.
3. Reported to O&S Committee on recommendations from CfGS review.
4. Three task and finish groups running that are linked to corporate priorities.

Next actions

1. Continued officer and member training on role of scrutiny.
2. Implement changes made in response to recommendations from CfGS review.
3. Annual work programming event.

Internal Audit Action Plan

Progress on actioning internal audits was slow or non-existent for several years.

Pre 21/22 internal audits:

- Progress has been made in closing management actions from previous financial years.
- There are now 269 actions or 97% completed from a total of 276 actions. Concerted action is to be taken to complete these actions before the year end. All outstanding actions are rated as low priority.

21/22 internal audits:

- There are now 105 actions or 36% completed from a total of 288 actions. Additional actions have been added this month as more reports have been finalised. All outstanding reports from 2021/22 have now been finalised.
- 19% of actions are not yet due for completion.

22/23 internal audits:

- Internal audit plan agreed in July 2022 – 3 reports finalised and 9 issued in draft.
- Reports on progress of implementing recommendations are made to every Audit and Corporate Governance Committee, the Risk & Audit Board, and the CLT Assurance meetings.

Procurement and Contract Management Action Plan

Direction 3.e

Contracts register is being used as a business as usual tool in forward planning procurement activity, this includes consideration of longer term procurement activity required for high value, high risk contracts.

Utilising existing IT systems for the contract register – implementation on Agresso due to be complete by the end of the financial year.

Revised contract procedure rules to full council in November, processes and procedures will reflect the minor changes to the rules, which reflects governance in the council.

Moved away from relying on expensive consultancy support, by initiating recruitment to a permanent in-house team, engaged a cheaper consultancy to support specialist procurement where needed and to plug short term gaps in resources.

Procurement and Contract Management Action Plan

Direction 3.e

Savings through detailed review of the council's contracts register

- The contracts register is being actively used to identify opportunities to drive savings and value for money.
- As a result of the reviews, savings of £1.8m have been identified. Note, most of these savings have been put into the Council's MTFS.

Further key development activities

1. Implement the contracts register on the council's finance system, so contracts can be easily linked to budgets and spend – by March 2023.
2. Development of a framework to ensure there is a co-ordinated and consistent approach to contract management – from January 2023.
3. Ensure KPI's are meaningful and monitored effectively – from January 2023.
4. Programme of continuous contracts register reviews to ensure the council is getting the best value for money – from September 2023 and six monthly thereafter.
5. Implement the actions in the procurement and contract management strategy that have not yet been undertaken, throughout the 2023/24 financial year.
6. Overview & Scrutiny Committee have launched a Contracts T&F Group to enhance improvement activity by bringing in additional councillor-level oversight, understanding and challenge.

ICT & Digital Action Plan

Direction 3.f

The ICT & Digital Team Strategy & Plan

1. The work to establish an adaptive strategy for ICT & Digital services has commenced and is referenced in the report on ICT modernisation work that is going to the December Cabinet meeting. (This is the programme of work approved in March to achieve the proper functioning of IT, as per this direction)
2. As well as defining how capacity and capability in the team will be maintained so that the council based services in place are reliable and effective for our staff, the strategy will suggest an approach to developing an intelligent council that is both customer centric and supports the rewiring of public services so that they can be delivered in new ways.
3. Rather than being an isolated specialty, technology and digital services will increasingly be positioned as a thread in all change and continual improvement.
4. The strategy will be flexible enough to accept and welcome change and consider it an opportunity to increase value and continually improve. We will have an approach for the coming years that expects our strategic themes to change in focus, size, significance, and priority.

Current activity and next steps:

1. Update on the ICT modernisation work going to Cabinet in December demonstrating significant progress and next steps.
2. Moving to implementation on key works such as the renewed telephony platform and Agresso / ERP system hosting, both driving improvements to service and significant savings.

PLEASE SEE DIRECTION 8 – SENIOR OFFICER STRUCTURE AND RECRUITMENT

Culture Change

Direction 5

Progress

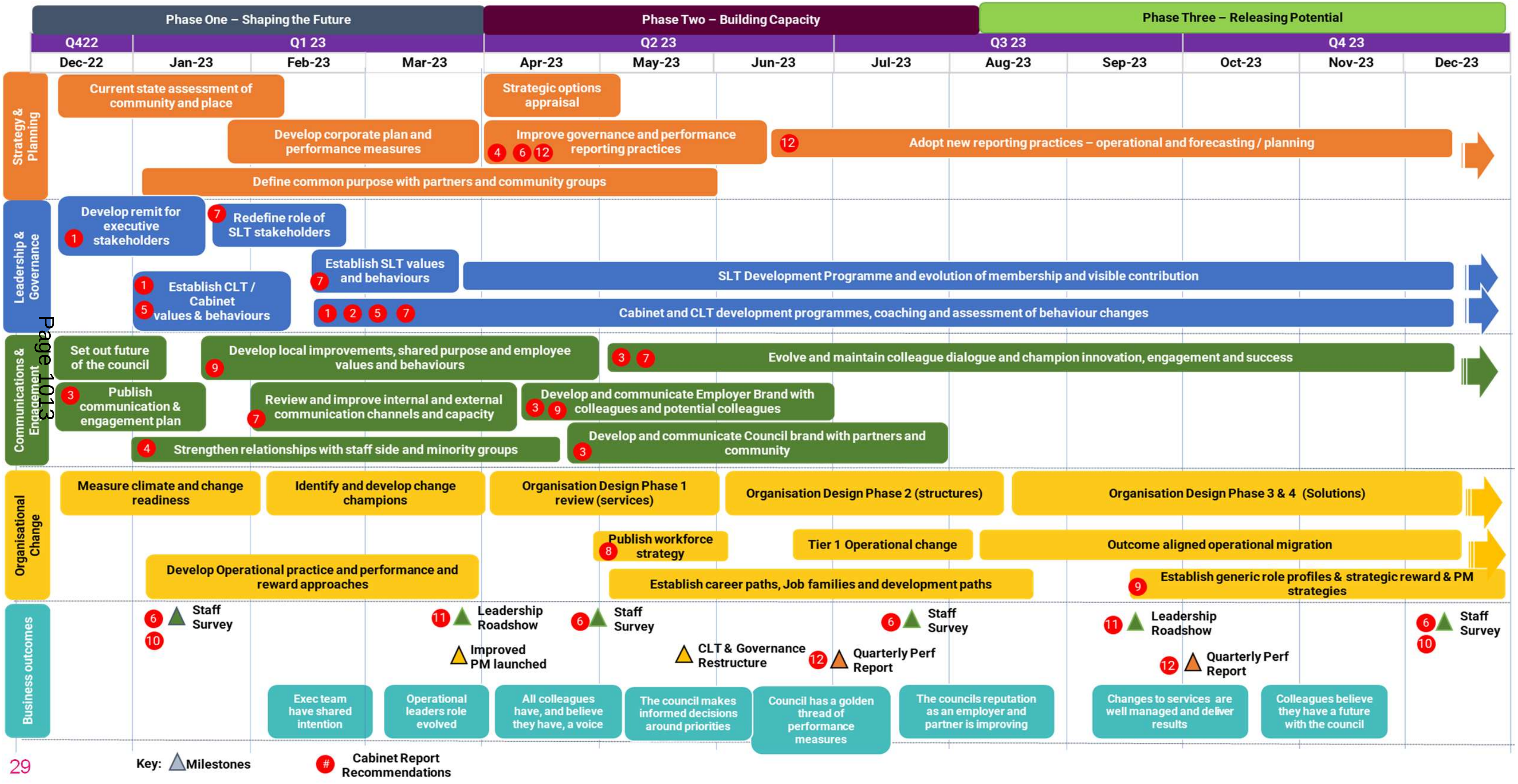
1. LGA funding and support has been secured for Cabinet leadership development.
2. LGA funding has also been secured to commission governance culture workshops for the top two tiers of officers - session planned to be delivered in January 2023.
3. Culture change working group has been established, with the support of an experienced consultant and CLT / SLT have received a high-level briefing on the proposed approach – laid out in the next few slides.
4. Improved data presented to Employment and Appeals Committee on staff diversity and senior officer structure. Lessons Learned Report to be presented on performance management of chief officers and exit arrangements.
5. A Communications Plan, focused on internal communications is a priority – staff roadshows with the new Chief Executive have been held, and staff are being kept informed of new senior appointments over intranet.

Next steps

- Staff survey to be launched.
- Progression of culture change plan.

Culture Change – High Level Plan, incl. Cabinet Report Recommendations

Direction 5



Phase One – Shaping the Future | Phase Two – Building Capacity | Phase Three – Releasing Potential

Q422 | Q1 23 | Q2 23 | Q3 23 | Q4 23

Dec-22 | Jan-23 | Feb-23 | Mar-23 | Apr-23 | May-23 | Jun-23 | Jul-23 | Aug-23 | Sep-23 | Oct-23 | Nov-23 | Dec-23

Strategy & Planning

- Current state assessment of community and place
- Strategic options appraisal
- Develop corporate plan and performance measures
- ④ ⑥ ⑫ Improve governance and performance reporting practices
- ⑫ Adopt new reporting practices – operational and forecasting / planning
- Define common purpose with partners and community groups

Leadership & Governance

- ① Develop remit for executive stakeholders
- ⑦ Redefine role of SLT stakeholders
- ⑦ Establish SLT values and behaviours
- SLT Development Programme and evolution of membership and visible contribution
- ① ⑤ Establish CLT / Cabinet values & behaviours
- ① ② ⑤ ⑦ Cabinet and CLT development programmes, coaching and assessment of behaviour changes

Communications & Engagement

- Set out future of the council
- ⑨ Develop local improvements, shared purpose and employee values and behaviours
- ③ ⑦ Evolve and maintain colleague dialogue and champion innovation, engagement and success
- ③ Publish communication & engagement plan
- ⑦ Review and improve internal and external communication channels and capacity
- ③ ⑨ Develop and communicate Employer Brand with colleagues and potential colleagues
- ④ Strengthen relationships with staff side and minority groups
- ③ Develop and communicate Council brand with partners and community

Organisational Change

- Measure climate and change readiness
- Identify and develop change champions
- Organisation Design Phase 1 review (services)
- Organisation Design Phase 2 (structures)
- Organisation Design Phase 3 & 4 (Solutions)
- ⑧ Publish workforce strategy
- Tier 1 Operational change
- Outcome aligned operational migration
- Develop Operational practice and performance and reward approaches
- Establish career paths, Job families and development paths
- ⑨ Establish generic role profiles & strategic reward & PM strategies

Business outcomes

- ⑥ ⑩ ▲ Staff Survey
- ⑪ ▲ Leadership Roadshow
- △ Improved PM launched
- ⑥ ▲ Staff Survey
- △ CLT & Governance Restructure
- ⑥ ▲ Staff Survey
- ⑫ △ Quarterly Perf Report
- ⑪ ▲ Leadership Roadshow
- ⑫ △ Quarterly Perf Report
- ⑥ ⑩ ▲ Staff Survey

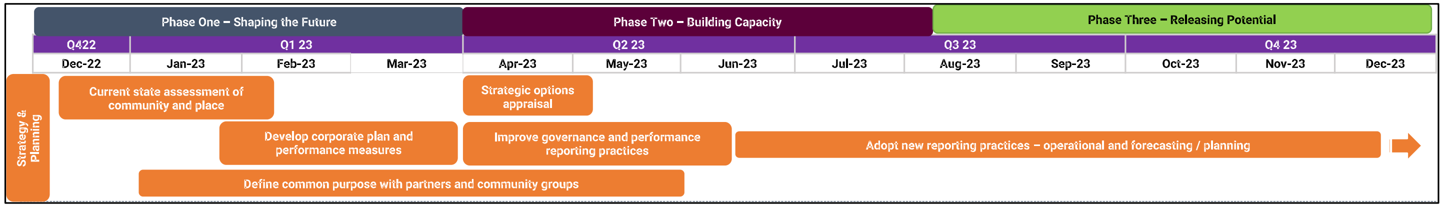
- Exec team have shared intention
- Operational leaders role evolved
- All colleagues have, and believe they have, a voice
- The council makes informed decisions around priorities
- Council has a golden thread of performance measures
- The councils reputation as an employer and partner is improving
- Changes to services are well managed and deliver results
- Colleagues believe they have a future with the council

Key: △ Milestones # Cabinet Report Recommendations

Culture Change – Strategy and Planning Workstream

Direction 5

Owner: Dean Tyler (Sarah Hayward)

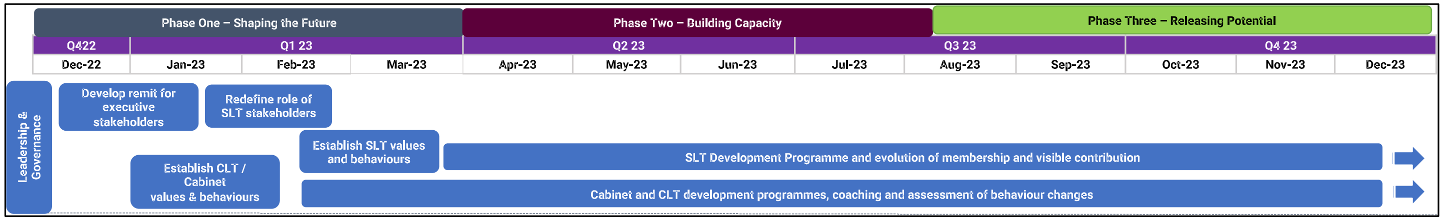


Title	Required outcome	Agreed Tasks	Owner	Comments
1.1 Current state assessment of Community and Place	Clear definition and measure of areas of greatest need for Slough and benchmark against similar places	Engage LGA in qualitative assessment		It will be important to establish a set of measures against which we can make decisions about future spend and strategy
1.2 Develop Corporate Plan and Performance measures	A corporate plan based upon the priority needs of the community, the council and elected members Assess targets and measures of improvement against quantitative assessment of performance	A # year plan that describes the activities, targets and measures for SBC demonstrating its value to the Slough and its potential to extend its value over time		There is value in building the corporate plan that reflects the potential of wider system to work together. If the corporate plan is produced mid year, work, Richard G may have more insights in this area.
1.3 Define common purpose with partners and community groups	Closer relationships with the community and stakeholders that create increased opportunities to do more for less across the system	Engage # to engage partners and community groups in the definition of common purpose and opportunities		
1.4 Strategic options appraisal	Agreement by members and senior officers of where investment priorities should be made that reflect the funding available	Options appraisal based upon assessment of community and place		Undertaking this prior to the May elections does not make a lot of sense. We might sequence after election as a process that will inform the corporate plan or make the SOA a feature of the corporate plan?
1.5 Improve governance and reporting performance practice	• A clear frame for member & corporate governance. • A robust performance monitoring and reporting infrastructure	• Redefine governance systems for members • Redefine ToR and span of control for key institutions • New systems and technologies that track the health of Slough		
1.6 Adopt new reporting practices – operational and forecasting planning	• Operational budget tracking and forecasting • Improved tracking of operational contribution to outcomes • Improved management of change and improvement	To be decided		This may require change over time. Ideally, one might seek to restructure cost centres, operations and reporting around outcomes. Also, to develop behaviours that will support action based on insight.

Culture Change – Leadership and Governance Workstream

Direction 5

Owner: Stephen Taylor (Stephen Brown)



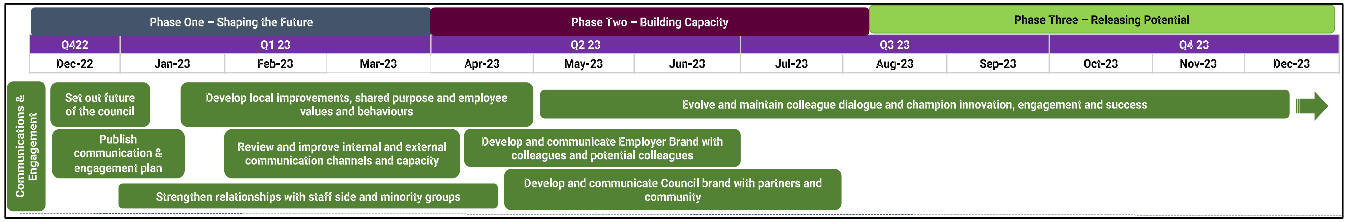
Title	Required outcome	Agreed Tasks	Owner	Comments
2.1 Develop remit for executive stakeholders	A clearly understood frame for executive based upon sector best practice advice, approved by elected members, Commissioners and CEO	Work with # to define shared purpose and priorities		
2.2 Establish CLT / Cabinet values and behaviours	A development event or series of events that: • Establishes the behavioural imperatives for the executive • Defines the values and behaviours they need to demonstrate • Builds trust and group performance	• Work with ## to develop imperatives, build self awareness, team dynamics and trust • Identify priority areas of development for the group and impact on culture change		Recognise the potential for elected membership group to be reprofiled following the election in May, but considered a low risk to culture change
2.3 Redefine role of SLT	A redefined sense of purpose and unique contribution for this group	Work with # to define shared purpose and priorities, as seen by this group		Membership is based upon holding an AD role at the moment. We might need to revisit this as a right for membership.
2.4 Establish SLT values and behaviours	A development event or series of events that: • Establishes the behavioural imperatives for the SLT role • Defines the values and behaviours they need to demonstrate • Builds trust and group performance	• Work with ## to develop imperatives, build self awareness, team dynamics and trust • Identify priority areas of development for the group and impact on culture change		Suggest that the imperatives values reflect those agreed corporately for the executive, but the behaviours are built upon expectations of systemic leaders.
2.5 Cabinet and CLT development programme	A series of executive owned and managed service initiatives, supported by development interventions, mentoring and coaching. Outcome: Improvement in executive performance	• Build development programme around priorities identified by the group in earlier workshops. • Ensure clear business outcomes and behavioural development goals established and measured against		The theme here is that we are equipping people to deliver 'in the real world'. It mirrors the message that we don't have programmes, we live in the real world / making it real. Bring in future TOM into this work (see org change stream)
2.6 SLT development programme	A series of SLT owned and managed service initiatives, supported by development interventions, mentoring and coaching. Outcome: Improvement in executive performance	• Build development programme around priorities identified by the group in earlier workshops. • Ensure clear business outcomes and behavioural development goals established and measured against		Suggest engaging this group in the future operational design and council outcomes is useful. If we can integrate TOM work into delivery decisions, this group well placed to be future leaders.

2.1 – 2.4 are immediate priorities and other areas of the plan are dependent upon progress in these tasks. However, they are dependent upon resourcing, finance and the availability of participants. Ideally, make this stream as open as possible, including future leaders and influencers in the development activity, including those from outside the council. There is a close alignment to organisational remodelling and structures – current version needs to test this.

Culture Change – Engagement and Communications Workstream

Direction 5

Owner: Caroline Adlem (Surjit Nagra)



Title	Required outcome	Agreed Tasks	Owner	Comments
3.1 Set out future of the council	All staff, partners and the community are aware of the direction the council is taking and the intention / ambition that drives it			
3.2 Publish communications and engagement plan	A clear understanding of key messages, who will deliver / engage others in the messages to what audience, the media used and timing			
3.3 Strengthen relationships with staff side and minority groups	People believe that they have a meaningful voice in the council's approach and future plan			
3.4 Develop local improvements, shared purpose and employee values and behaviours	Individuals and teams chose improved ways of working that free up time for investing in the future and encourage new values and behaviours	Create and run local making it real events		This is dependent upon the evolution of a leadership cadre who are ready to work in ways that support local change – including critical role of change champions. Run in parallel or immediately preceding 4.2. Engage change champions to support.
3.5 Review and improve internal and external communication channels and capability	The council is capable of effective and systemic multi directional dialogue with staff and the community in ways that lead to supportive action / response			
3.6 Develop and communicate employer brand with colleagues and potential colleagues	Colleagues are committed to their work with the council and see the potential for a fulfilling career as a result of their working experience			
3.7 Develop and communicate council brand with partners and community	The council is see as a positive contributor to the shared ambitions of the community it serves			
3.8 Evolve and maintain colleague dialogue and champion innovation, engagement and success	People believe that they have a voice in the council's approach and future plan and that exceptional work is recognised and celebrated			

Detail of agreed tasks and owners anticipated to take place over the next few days.

Culture Change – Organisational Change Workstream

Direction 5

Owner: Sarah Hayward (Surjit Nagra)

Title	Required outcome	Agreed Tasks	Owner	Comments
4.1 Measure climate and change readiness	A clear understanding of the current experience of employees working within the council and their assessment of organisations readiness to move forward			Potential to align with the measurement with the research proposals being developed with the LGA
4.2 Develop operational practice and performance and reward mechanisms	Definition and delivery of changes that can be made within existing services that improve performance and reward simplicity / innovation			Part of the ‘making it real’ process, building on shared purpose.
4.3 Identify and develop change champions	A group of employees with influence within teams who can form a change channel across the organisation			
4.4 Organisation design Phase 1 Review (services)	Building on purpose and research into community and member priorities and options appraisal, the agreement of a future organisation model and design principles for the council			
4.5 Publish Workforce Strategy	A future approach to ensuring that the council optimises its human resource contribution to the borough			
4.6 Establish career paths, job families and development paths	An approach that supports the retention and growth of talent from within the work force			
4.7 Organisation Design Phase 2 (structures)	A future operational design that reflects the outcomes of 4.4 and creates the operational frame to improve council performance			
4.8 Tier 1 operational change	A restructured executive team that enables strategic direction to be clearly aligned to council outcomes and the priorities of the borough			
4.9 Outcome aligned operational migration	A process of operational adjust to align services across the restructured executive (4.8)			
4.10 Organisation design Phases 3 & 4 (solutions)	A series of changes to the delivery of services to ensure they remain best value and contribute to the priority needs of the borough (continuous improvement)			
4.11 Establish generic role profiles & strategic reward & PM strategies	An approach to engaging and supporting employees in their work that is simple, agile and rewards / addresses contribution and performance			

Subsidiary Company Review

Direction 6

The Council had 11 companies:

1. Six have been shut.
2. Four are currently being very actively managed.
3. One, low risk, will follow in 23/24 (DISH).
4. Reviews of GRE5, SUR and JEH have been undertaken.
5. Directors / Board representatives have been replaced for all, apart from DISH.
6. Officer corporate oversight boards have been established to provide support to representatives, strengthen communication, reporting and performance oversight.
7. Council capital programme commitments for the companies have been reduced by at least £65m.
8. Programme to accelerate asset disposals to generate cash receipts of c.£40m in 2022/23 and 2023/24.
9. Loan repayments to the Council have been accelerated, SUR loan facility reduced from £9m to £0m in 12 months.
10. Additional external funding obtained to reduce Council's financial exposure e.g. HE grant to GRE5.
11. Reduced operating costs for SUR and JEH with reduced scale of operations and reduced capex programme.

Next steps

1. Officers are working to develop a member body to oversee the council's interests as shareholder and advise cabinet accordingly. A paper making recommendations how to do this will be taken through council decision making in the new year.
2. Anticipated capital receipts from sales are:
   - 2022/23 - £30m.
   - 2023/24 - £10m.
   - 2024/25 - £5m.
3. Above excludes JEH which will be worked up for the exit plan – assets (and debt) of c.£50m.
4. Business plans for JEH, GRE5, SUR to Cabinet in March 2023.
5. Recommendations re JEH to Cabinet March 2023.
6. New/revised shareholders agreements to be produced for all companies by end of FY 2022/23.
7. Exit from GRE5 when works completed – expected 2024/25.
8. DISH review and changes planned for 2023/24.
9. SUR estimated exit plan 2024/25 and significant disposal programme in FY 2022/23 and 2023/24.

Evidence Based Decision Making

Direction 7

Progress in 2022

- The Commissioners have been briefed on progress made in 2022, which has laid the foundations for achieving transformation against this Direction. Progress highlighted included:
  1. Improved evidence informed some key Cabinet decisions e.g., libraries, waste, elections.
  2. Data Strategy Group formed in June 2022, to complement Information Governance Board.
  3. All 2021/22 statutory and regulatory performance and finance returns completed on time.
  4. Built a prototype Management Information data platform for social care services.
  5. Focused all resident consultations through Citizen Space portal.

Aims for 2023

- The core aims in 2023 for this Direction are:
  1. Robust data and insight (real activity, forecasts, benchmarks, resident views) are available in time for key CLT and Cabinet reports.
  2. Evidence-informed decision-making becomes part of the DNA at the council.
  3. The council adopts a Data Strategy and accompanying Data Quality protocols.
  4. Data is used to inform the day-to-day running of, and improvement in all services.
  5. Enhance the use of technologies to improve robustness and efficiency.
  6. Views of residents are incorporated into decision-making in a robust and timely way.

Evidence Based Decision Making — Direction 7

Suggested action plan for the next 12 months:

1. Align actions on evidence-based decision-making to the Democratic Governance Action Plan.
2. Refresh the process for quality assuring evidence in priority CLT and Cabinet reports.
3. Align programme to Culture Change programme, to embed evidence-informed practice.
4. Corporate conversation on responsibility and accountability for data management and reporting.
5. Draft and obtain cabinet approval to a corporate data strategy.
6. Price options to develop key data platforms.
7. Set up further conversations with Slough Children First, Public Health, Frimley ICB, and Thames Valley Police to discuss data and insight collaborations.

Organisational Structure - Suitable Senior Recruitment Update

Direction 3.g

Ref	Directorate	Tier	Position	Owner	RAG		Target Date	Incumbent	Commentary / Progress
					Curr.	Trend			
P-014	CEO	1	Chief Executive	Stephen Brown	C	=	01-Mar-23	Stephen Brown	**03/11** Stephen Brown appointed as new Chief Executive
P-004	COO	1	Monitoring Officer	Stephen Brown	C	=	26-Nov-22	Stephen Taylor	**13/10** Stephen Taylor has joined SBC.
P-001	COO	2	AD Transformation	Stephen Brown	A	=	12-Sep-22	Tony Wisken	**03/10** Tony Wisken joined SBC on **12/09**, on a secondment basis from Essex County Council. Formal contract details still pending.
P-002	COO	3	Head of Communication	Stephen Brown	C	=	19-Sep-22	Caroline Adlem	**03/10** Caroline joined SBC on **19/09**.
P-005	Finance	1	ED Finance and Commercial Services	Stephen Brown	G	▲	01-Mar-23	Steve Mair	**02/12** Advertised on 31st October, supported by Gatenby. Final interviews to take place in Jan-23.
P-012	Finance	2	DD Corporate & Strategic Finance	Stephen Brown	G	▲	01-Mar-23	Liton Rahman	**02/12** - Advertised on 31st October, supported by Gatenby. Final interviews to take place in Dec 22 /Jan-23. Liton Rahman is current interim.
P-013	Finance	2	DD Financial Management	Stephen Brown	G	▲	01-Mar-23	Steve Muldoon	**02/12** - Advertised on 31st October, supported by Gatenby.Final interviews to take place in Dec 22 / Jan-23. Steve Muldoon is current interim.
P-011	People		AD People (Adults)	Surjit Nagra	C	△	10-Oct-22		**13/10** An interim has been engaged for this position.
P-006	People	1	ED People (Adults)	Stephen Brown	C	=	01-Feb-23	Marc Gadsby	**02/11** - Marc Gadsby appointed as permanent Executive Director for People (Adults)
P-007	People	1	ED People (Children's)	Stephen Brown	A	=	01-Feb-23		**02/12** - Search started on 14th October, Gatenby are supporting the process.
P-003	Place	1	ED Housing and Property	Stephen Brown	C	=	17-Oct-22	Patrick Hayes	**21/11** - Patrick Hayes Joined on **17/11**
P-009	Place	2	AD Community	Surjit Nagra	G	=	01-Feb-23		**21/11** - Closing date for advertisement 17-Oct. Awaiting confirmation of next steps
P-010	Place	2	AD Housing	Surjit Nagra	A	▼	01-Feb-23		**21/11** - ED Property and Housing reviewing roles before re-launch new recruitment campaign
P-008	Place	2	AD Property	Surjit Nagra	A	▼	01-Feb-23		**21/11** ED Property and Housing reviewing roles before re-launch new recruitment campaign

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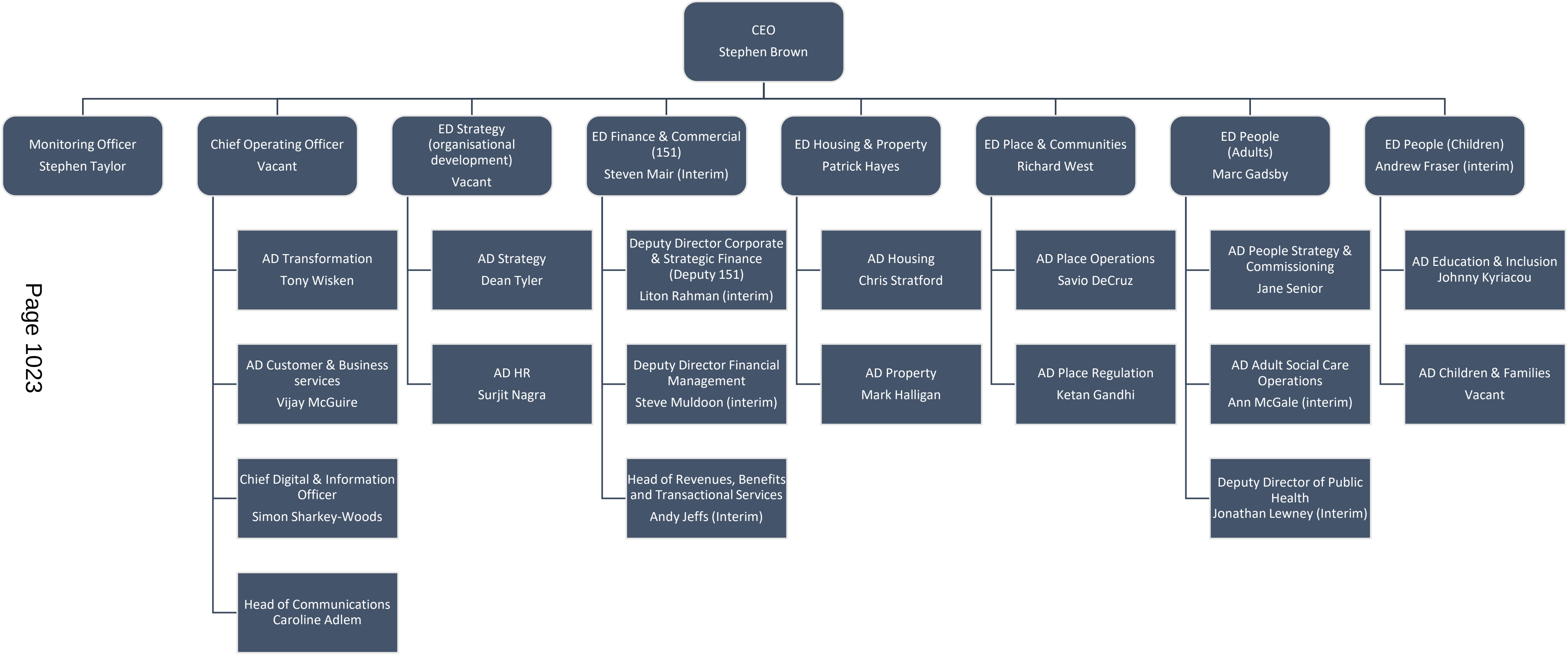
Senior Officer Structure and Recruitment

Direction 8



- CEO
Stephen Brown
  - Monitoring Officer – Stephen Taylor
  - Chief Operating Officer – Vacant
    - AD Transformation – Tony Wisken
    - AD Customer & Business services – Vijay McGuire
    - Chief Digital & Information Officer – Simon Sharkey-Woods
    - Head of Communications – Caroline Adlem
  - ED Strategy (organisational development) – Vacant
    - AD Strategy – Dean Tyler
    - AD HR – Surjit Nagra
  - ED Finance & Commercial (151) – Steven Mair (Interim)
    - Deputy Director Corporate & Strategic Finance (Deputy 151) – Liton Rahman (interim)
    - Deputy Director Financial Management – Steve Muldoon (interim)
    - Head of Revenues, Benefits and Transactional Services – Andy Jeffs (Interim)
  - ED Housing & Property – Patrick Hayes
    - AD Housing – Chris Stratford
    - AD Property – Mark Halligan
  - ED Place & Communities – Richard West
    - AD Place Operations – Savio DeCruz
    - AD Place Regulation – Ketan Gandhi
  - ED People (Adults) – Marc Gadsby
    - AD People Strategy & Commissioning – Jane Senior
    - AD Adult Social Care Operations – Ann McGale (interim)
    - Deputy Director of Public Health – Jonathan Lewney (Interim)
  - ED People (Children) – Andrew Fraser (interim)
    - AD Education & Inclusion – Johnny Kyriacou
    - AD Children & Families – Vacant

Senior Officer Structure and Recruitment

Direction 8

1. SLT are going to establish a diagnostic piece of work to understand where recruitment can be improved across HR, finance and recruiting managers.

2. This initial diagnostic aims to report early in the new year and an update will be provided to the next IRB. The diagnostic will lead to a work programme and resource plan.

3. Recruitment to CLT has been successful as reported to the last board, activity continues to recruit a new 151 and DCS as well as priority ADs.

4. The Council are continuing to build its substantive workforce through on-going recruitment. Currently all vacant roles are advertised internally in the first instance to support the growth and retention of our existing workforce, helping to grow capability and capacity, whilst retaining organisation knowledge.

5. For roles where it is recognised that there is currently a capability gap within our internal workforce, we advertise externally concurrently, to allow us to recruit to these areas in a time efficient manner.

6. Staff turnover is affecting services that require specialist skills and expert knowledge and national and local skills gaps are a challenge. Slough’s reputation is also impacting recruitment.

7. Where staff turnover, or capability gaps, continue to be a problem, we utilise temporary workers to allow us to continue to provide these important services.

Strategy and Transformation

Improvement and Recovery Board Appendices

Contents

- Recent Governance Decisions Taken in Support of Improvement and Recovery
- Previous IRB Decisions Taken
- Cost Saving Initiatives
- Action Plans
- Evidence Based Decision Making - Examples
- Key Service Updates

Recent Governance Decisions Taken in Support of Improvement and Recovery

Ref	Report & Subject	Date	Chief & Contact Officers	Portfolio	Key Decision	Summary of Decision	Related Direction and Contribution to Recovery	Link to Document
GD-024	**Cabinet** Financial Action Plan - update	21-Nov-22	Steven Mair ---------------------- Mike Thomas	Financial Oversight and Council Assets	No	To recommend an update on the Financial Action Plan to be presented to Council.	**3a Financial Sustainability Action Plan**: Commissioners reviewed the report and agreed with the contents.	https://democracy.slough.gov.uk/documents/s73695/Report%20and%20Appendices.pdf
GD-025	**Cabinet** Financial Update Report – 2022/23	21-Nov-22	Steven Mair ---------------------- Steve Muldoon	Financial Oversight and Council Assets	No	To note a report on the budget monitor for the second quarter of 2022/23.	**3a Financial Sustainability Action Plan**: Commissioners reviewed the report, agreed with the contents and approved the virements noted in the report and appendix.	https://democracy.slough.gov.uk/documents/s73720/Report.pdf
GD-026	**Cabinet** Treasury Management Mid-Year Report	21-Nov-22	Steven Mair ---------------------- Miriam Adams, Finance Manager - Treasury / Peter Worth, Finance Lead Technical Advisor	Financial Oversight and Council Assets	Yes	To receive an in year update on treasury management activity	**3a Financial Sustainability Action Plan**: Commissioners reviewed the report and agreed with the contents.	https://democracy.slough.gov.uk/mgIssueHistoryHome.aspx?IId=45424
GD-027	**Cabinet** Improvement and Recovery update	21-Nov-22	Stephen Brown ---------------------- Sarah Hayward	Leader of the Council	No	receive an update report on the action plan to improve governance in response to the various statutory recommendations and reports	**All**: To provide an update against the progress the Council has made in addressing each of the detailed Directions and the next steps to further embed the required changes. Commissioners' views on progress will be set out in their letter to the Secretary of State which will be sent in December	https://democracy.slough.gov.uk/documents/s73708/Report.pdf
GD-023	**Cabinet** Disposal of Council Asset - Former Akzo Nobel Site	02-Nov-22	Richard West / Steven Mair ---------------------- Fin Garvey / Peter Worth	Financial Oversight and Council Assets	Yes	Agreed to the disposal of the former Akzo Nobel site and to delegate authority to the ED of Property and Housing, in consultation with the Lead Member for Financial Oversight and Council Assets, and the ED of Finance and Commercial, to negotiate the terms and enter in contract.	**3a Financial Sustainability Action Plan**: Contribution to the Asset Disposal Programme and the financial sustainability of SBC.	https://democracy.slough.gov.uk/documents/s73323/Appendix%201%20-%20Former%20Akzo%20Nobel%20site%20-%20AY%20Recommendation%20Report.pdf

Recent Governance Decisions Taken in Support of Improvement and Recovery

Ref	Report & Subject	Date	Chief & Contact Officers	Portfolio	Key Decision	Summary of Decision	Related Direction and Contribution to Recovery	Link to Document
GD-022	**Scrutiny** Task & Finish Group - Slough Children First Business Planning	24-Oct-22	Andrew Fraser ---------------------- Alexander Polak	Children's Services, Lifelong Learning & Skills	No	Approve the creation of a Task & Finish Group to review Slough Children First Business Planning.	**2 Avoid Poor Governance or Financial Mismanagement** **3b Democratic Services Action Plan** **3c Scrutiny Action Plan**: Allows for an informed review into the arrangements surrounding the company and to make recommendations to Cabinet in time to influence budget setting decisions.	https://democracy.slough.gov.uk/documents/s73221/Task%20and%20Finish%20Group%20-%20SCF%20corporate%20reports%20and%20plans.pdf
GD-021	**Scrutiny** Task & Finish Group - Complaints Handling	20-Oct-22	Stephen Brown ---------------------- Alexander Polak	Customer Services, Procurement and Performance	No	Approve the creation of a Complaints Handling Task and Finish Group.	**2 Avoid Poor Governance or Financial Mismanagement** **3b Democratic Services Action Plan** **3c Scrutiny Action Plan**: Complaints represents an important area for the overall governance of the authority and a valuable source of performance information.	https://democracy.slough.gov.uk/documents/s73128/Task%20and%20Finish%20Group%20-%20Complaints%20Handling.pdf
GD-017	**Cabinet** Corporate Debt Management Policy	17-Oct-22	Steven Mair ---------------------- Peter Robinson	Financial Oversight and Council Assets	No	Approve a Corporate Debt Recovery Policy to support the maximisation of debt collection	**3a Financial Sustainability Action Plan**: Commissioners comment that the policy should balance the need to protect the public purse and support residents and businesses	https://democracy.slough.gov.uk/documents/s72981/Report.pdf
GD-018	**Cabinet** Update on Procurement and Contract Management	17-Oct-22	Steven Mair ---------------------- Clare Priest	Procurement and Performance	No	Update on key developments by the Commercial team to improve procurement and contract management.	**3e Procurement and Contract Management Action Plan**: Commissioners recognise the good progress to build a contract register although this needs regular management with updates to Commissioner	https://democracy.slough.gov.uk/documents/s72986/Report.pdf
GD-019	**Cabinet** Recommendations from the Cabinet Committee on Asset Disposals: Asset Disposal Strategy	17-Oct-22	Richard West / Steven Mair ---------------------- Fin Garvey / Peter Worth	Financial Oversight and Council Assets	Yes	Agree the Asset Disposal Strategy and the declaration of assets listed as surplus.	**3a Financial Sustainability Action Plan**: Adoption of the strategy and delivery at pace are essential to financial sustainability.	https://democracy.slough.gov.uk/documents/s72967/Cabinet%20Paper%20on%20Asset%20Disposal%20Strategy.pdf

Recent Governance Decisions Taken in Support of Improvement and Recovery

Ref	Report & Subject	Date	Chief & Contact Officers	Portfolio	Key Decision	Summary of Decision	Related Direction and Contribution to Recovery	Link to Document
GD-020	**Cabinet** Recommendations from the Cabinet Committee on Asset Disposals: Montem site	17-Oct-22	Richard West / Steven Mair ---------------------- Dean Tyler / Carmel Booth	Financial Oversight and Council Assets	Yes	Disposal of Montem Lane asset.	**3a Financial Sustainability Action Plan**: Commissioners view the disposal as essential to meet the financial recovery goals and is considered to be best value in the market today.	https://democracy.slough.gov.uk/documents/s72948/Report%20Part%20I.pdf
GD-012	**Cabinet** Finance Action Plan - update	21-Sep-22	Steven Mair ---------------------- Mike Thomas	Financial Oversight and Council Assets	No	Update on the work to respond to the serious financial challenges and recommendations made by external agencies	**3a Financial Sustainability Action Plan**: Commissioners pleased to see progress on the implementation of the recommendations arising from the CIPFA review, DLUHC Governance Review, Grant Thornton recommendations and the Directions	https://democracy.slough.gov.uk/documents/s72493/September%202022%20FAP%20Revised%20Master%2019.9.22%20v7.pdf
GD-013	**Cabinet** Financial Update Report - 2022/23	21-Sep-22	Steven Mair ---------------------- Steve Muldoon	Financial Oversight and Council Assets	No	Forecast revenue and capital outturn position for 2022/23 with risks and mitigations.	**3a Financial Sustainability Action Plan**: Commissioners note the forecast for a balanced position on the general fund however there is a shortfall against the savings targets and expect a robust Scrutiny process for 2023/24 budget	https://democracy.slough.gov.uk/documents/s72494/1%20Monitoring%20Report%202022-23%20P4%20DRAFT%20MASTER%2019.9.22%20v4.2.pdf
GD-014	**Cabinet** Update on the procurement forward plan for services in excess of £180,000 and works in excess of £1 million in 2022/23	21-Sep-22	Steven Mair ---------------------- Clare Priest	Procurement and Performance	Yes	Authority for commencement of procurement for contracts to be let in 2022/23	**3e Procurement and Contract Management Action Plan**: Commissioners have reviewed the report	https://democracy.slough.gov.uk/documents/s72291/180%20Contracts%20over%20180k%20cabinet%20report%2022.23%20Sept%20update%20v6.pdf
GD-015	**Cabinet** Waste Collection and Disposal Savings	21-Sep-22	Richard West ---------------------- Savio DeCruz	Transport and the Local Environment	Yes	Agree a range of charges related to waste and disposal as well as frequency of collections	**3a Financial Sustainability Action Plan**: Commissioners decided not to comment to allow freedom for Scrutiny to give consideration to the issue	https://democracy.slough.gov.uk/documents/s72367/Report%20and%20Appendices.pdf

Recent Governance Decisions Taken in Support of Improvement and Recovery

Ref	Report & Subject	Date	Chief & Contact Officers	Portfolio	Key Decision	Summary of Decision	Related Direction and Contribution to Recovery	Link to Document
GD-016	**Cabinet** Disposal of Council Assets in Wolverhampton, Bradford, Gosport and Basingstoke	21-Sep-22	Richard West / Steven Mair ---------------------- Fin Garvey / Peter Worth	Financial Oversight and Council Assets	Yes	Approve four asset sales located outside the borough to generate net savings to the revenue budget and capital receipts	**3a Financial Sustainability Action Plan**: The disposal are essential to meet the financial recovery goals and are best value in the market today	https://democracy.slough.gov.uk/documents/s72368/Report.pdf

Previous Improvement and Recovery Board Decisions Taken

Ref	Status	Description of Decision	Impact / Rationale of Decision	Date Raised	Raised By	Owner	Consulted Parties	Date Last Updated	RAG	Date Closed
D-001	Closed	Stephen Brown committed to providing a regular savings monitor to lead Members.	Lead Members will be communicated to effectively regarding the savings plans and progress.	22-Aug-22	IRB	Stephen Brown		22-Aug-22	G	13-Oct-22
D-002	Closed	Future reports to the Board should include an update on compliance with the Intervention Directions.	Commissioners will gain increased confidence that SBC are fully addressing the Intervention Directions.	25-Aug-22	IRB	Stephen Brown		13-Oct-22	G	

2023/24 Cost Saving Initiatives, Directorate - Adults

Ref	Saving / Initiative / Project	Service Owner	Politically Sensitive?	Consult Public?	Staff Consult?	Pre-Elect Restricted?	2023/24 Forecast (£'000s)							Trend
							Base (Target)	Black	Red	Amber	Green	Delivered	Total Saving Forecast	
I-001	Transformation programme	James Kimber					2,112			584	1,528		2,112	=
I-002	Better use of Disabled Facilities Grant and equipment	Avtar Mann					100			40	60		100	=
I-003	Align and integrate the range of ASC and PH services with the NHS and/or across East Berks Councils/better use of PH Grant	Vanitta Dutta					250			150	100		250	=
I-004	Mental Health	Seb Sebastian					500			100	400		500	=
I-005	Transitions3	Uma Macarov					400			160	240		400	=
I-006	Diverting demand	Andrea Rodin					270			54	216		270	=
I-007	Review of hospital discharge / six-week review	Andre Ansah					350			140	210		350	=
I-018	Joint Protocol	Andrea Rodin					330			66	264		330	=
I-019	Financial Assessments	Alan Bunclark					150			30	120		150	=
I-020	Direct Payment recoupment	Suzanne Binns					200			40	160		200	=
I-021	Levying the OPG determined charge rate of 3.5% plus an annual fee	Alan Bunclark					100			60	40		100	=
I-022	Further cost reductions, efficiencies and vacancy factor	Marc Gatsby					200			80	120		200	=
I-065	Assistive Technology						420			210	210		420	=

2023/24 Cost Saving Initiatives, Directorate - Adults

Ref	Saving / Initiative / Project	Service Owner	Politically Sensitive?	Consult Public?	Staff Consult?	Pre-Elect Restricted?	2023/24 Forecast (£'000s)							Trend
							Base (Target)	Black	Red	Amber	Green	Delivered	Total Saving Forecast	
I-066	Reduce Block Beds						206			103	103		206	=

2023/24 Cost Saving Initiatives, Directorate - COO

Ref	**Saving / Initiative / Project**	**Service Owner**	**Politically Sensitive?**	**Consult Public?**	**Staff Consult?**	**Pre-Elect Restricted?**	**2023/24 Forecast (£'000s)**							**Trend**
							Base (Target)	**Black**	**Red**	**Amber**	**Green**	**Delivered**	**Total Saving Forecast**	
I-026	Various - business administration, staffing and other budgets	Sarah Hayward	Low	No	Yes	No	150				150		150	▲
I-029	IT contract savings (£TBC)	Simon SharkeyWoods					525			97	428		525	=
I-030	Vacancy factor and other overhead reductions	Sarah Hayward	Medium	No		No	500				500		500	=
I-064	Wide Area Network						40				40		40	=
I-067	TBC						640		640				640	=

2023/24 Cost Saving Initiatives, Directorate - Childrens

Ref	Saving / Initiative / Project	Service Owner	Politically Sensitive?	Consult Public?	Staff Consult?	Pre-Elect Restricted?	2023/24 Forecast (£'000s)							Trend
							Base (Target)	Black	Red	Amber	Green	Delivered	Total Saving Forecast	
I-023	Home to School Transport - various initiatives to reduce spend	Sabi Hothi					490			245	245		490	▲
I-024	HTST - acquire tail lift minibuses and bring routes in-house	Sabi Hothi					250			125	125		250	▲
I-025	Vacancy factor and other overhead reductions/efficiencies	Johnny Kyriakou					50			25	25		50	▲

2023/24 Cost Saving Initiatives, Directorate - Cross-council

Ref	Saving / Initiative / Project	Service Owner	Politically Sensitive?	Consult Public?	Staff Consult?	Pre-Elect Restricted?	2023/24 Forecast (£'000s)							Trend
							Base (Target)	Black	Red	Amber	Green	Delivered	Total Saving Forecast	
I-031	Fees & Charges up 10%	Steve Muldoon					900			450	450		900	▼
I-068	Commissioning						750		750				750	=
I-069	Support Services						500		500				500	=
I-071	TBC						373	373						=

2023/24 Cost Saving Initiatives, Directorate - Finance

Ref	Saving / Initiative / Project	Service Owner	Politically Sensitive?	Consult Public?	Staff Consult?	Pre-Elect Restricted?	2023/24 Forecast (£'000s)							Trend
							Base (Target)	Black	Red	Amber	Green	Delivered	Total Saving Forecast	
I-060	Vacancy factor and other overhead reductions	Steve Muldoon	Medium	No		No	299				299		299	=
I-032	Increased tax base and collection rate	Liton Rahman					917				917		917	▲
I-033	Reduced audit fee, reduced duplicate payments and income	Jas Dalvair					400			100	300		400	▲
I-034	Proactive Single Person Discount monitoring to reduce fraud and error	Andy Jeffs					350				350		350	▲
I-035	Early payment of pension contributions	Miriam Adams					350				350		350	▲
I-036	Budget overheads cleanse	Steve Muldoon					375				375		375	=
I-061	Staffing reduction, fraud department						12				12		12	=
I-062	Efficient working practices in Revenues and Benefits						440				440		440	=
I-063	Revenues and Benefits Agency Savings						450				450		450	=
I-070	Minimum Revenue Provision						3,000				3,000		3,000	=

2023/24 Cost Saving Initiatives, Directorate - Place

Ref	Saving / Initiative / Project	Service Owner	Politically Sensitive?	Consult Public?	Staff Consult?	Pre-Elect Restricted?	2023/24 Forecast (£'000s)							Trend
							Base (Target)	Black	Red	Amber	Green	Delivered	Total Saving Forecast	
I-027	Revenue running cost savings from asset disposals	Kamal Lallian	None	No	No	No	100			100			100	=
I-037	Reduce staff costs in Planning Development	Daniel Ray	None	No	Yes	No	100				100		100	▲
I-038	Adopt fortnightly waste collections	Ruth Tyrell	Low	No	No	No	424				424		424	▲
I-039	Chalvey HWRC Management Fee	Ruth Tyrell	Low	No	No	No	40				40		40	=
I-040	Borough Wide Controlled Parking Zones	Kam Hothi	Medium											=
I-041	Switch off streetlighting and park lighting after midnight	Jason Newman	High	No	No	No	150			150			150	▼
I-042	Stop Bus Subsidy - Service 4, 5 and 6	Savio DeCruz	Medium	No	No	No	160				160		160	=
I-043	Government tapering of concessionary fares	Savio DeCruz	Medium	No	No	No	300				300		300	=
I-044	2023-24 Library Service Model	Liz Jones	High	Yes			386			386			386	▲
I-045	Improve Trade Waste Business	Alison Hibbert	None	No	No	No	10				10		10	=
I-046	Reduce Parks ad-hoc Work Budget	Sophia Norfolk	Medium	No	No	No	277		277				277	▼
I-047	Increase Charges for Parking Permits	Kam Hothi	Medium	No	No	No	48				48		48	=
I-048	Streetworks Section 50 licences	Kam Hothi	None	No	No	No	35				35		35	=
I-049	Streetworks Road Closure Fees	Kam Hothi	None	No	No	No	65				65		65	=

2023/24 Cost Saving Initiatives, Directorate - Place

Ref	Saving / Initiative / Project	Service Owner	Politically Sensitive?	Consult Public?	Staff Consult?	Pre-Elect Restricted?	2023/24 Forecast (£'000s)							Trend
							Base (Target)	Black	Red	Amber	Green	Delivered	Total Saving Forecast	
I-050	Transport and Highways Grant Swap	Savio DeCruz	None	No	No	No	1,071				1,071		1,071	=
I-051	Green Waste Collection Charges	Ruth Tyrell	Medium	No	No	No	700				700		700	=
I-052	Reduce Highways Maintenance Works	Kam Hothi		Yes	No	No	100				100		100	=
I-053	All Leisure Service to be Externally Funded	Liz Jones	None	No	No	No	20				20		20	▲
I-054	Kennedy Park Permit Variation	Sophia Norfolk	None	No			15			15			15	=
I-055	Reduce Spend on Repairs and Maintenance at Corporate Buildings	Jason Newman	None	No	No	No	300				300		300	▲
I-056	Reduce Spend on Cleaning at Corporate Buildings	Jason Newman	None	No	No	No	200				200		200	▲
I-057	Corporate Contract Efficiencies	Jason Newman	None	No	No	No	50				50		50	=
I-058	Stop SBC Funded CCTV Monitoring of Public Spaces	Ketan Gandhi	High	No			300			300			300	▼
I-059	Parking Income - Increase Controlled Parking Zones	Kam Hothi	Medium	Yes	No	No	200				200		200	▲

Financial Update

Direction 3.a

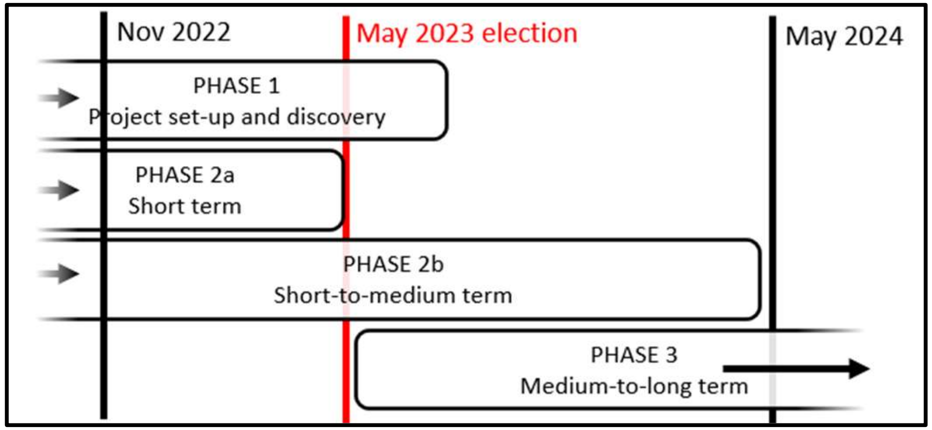
The latest update on the finance action plan to Cabinet is summarised in Slide 8 and has been attached alongside this briefing.

Democratic Governance Action Plan

Directions 3.b, 3.g & 7

Timescales

- Further project and resource planning will be part of phase 1.
- While this is underway, the timescales given are fairly broad. All phases are expected to overlap.
- This action plan incorporates the plan for addressing direction 7 on evidence based decision making, as well as aspects of direction 3.g.
- The phases below will also be used within the Scrutiny Action Plan.



Anticipated Council Decisions – also listed in scrutiny action plan

- Council decision - approx. March 2023 - constitutional changes, including changes to scrutiny structure/processes, to come into effect from election.
- Council decision - May 2022 (AGM) – scheme of member allowances and expenses (Independent Remuneration Panel recommendations following partial review of scheme)
- Council decision - during 2023/24 municipal year – Individual Cabinet Member Decisions.
- Council decision – during 2023/24 municipal year or May 2024 – annual review of constitution.
- Standards Committee – provisionally: 2 Feb 2023 – Member Induction Programme.

Democratic Governance Action Plan

Directions 3.b, 3.g & 7

Headline action	Owner	Indicative Timescale
1. Set up formal project management and reporting arrangements	Monitoring Officer	Phase 1

Actions to date:

- Weekly governance working group meetings set up, led by MO.
- MO met cabinet members, and both leaders of opposition with regular briefings put in place.

Next steps:

- Align plan, materials and reporting with whole-council approach to recovery action planning and reporting.
- Seek programme/project management resource.
- Create informal ‘Democratic Governance Improvement Group’ chaired by Monitoring Officer, populated by key governance roles across the council and action owners from this plan, to collaborate on, oversee and propel delivery of this plan.
- Assess baseline and benchmark via survey of staff and members.
- Put in place formal reporting to relevant elected member meetings.

Democratic Governance Action Plan

Directions 3.b, 3.g & 7

Headline action	Owner	Indicative Timescale
2. Continuous ongoing development of this plan including fostering a culture of looking to best practice across the sector, amongst members and officers.	Monitoring Officer	Phase 1

Actions to date:

- Democratic governance action plan created, updated and reported to elected members as part of wider update (listed and included as a background paper for item to Scrutiny and Cabinet in November 2023).
- Closely related Scrutiny Improvement Action Plan created, updated and reported to elected members as part of wider update (above), as well as in a separate report to Overview and Scrutiny Committee and Full Council in November 2023.
- MO and Principal Lawyer attend monthly Berkshire MO meetings to share best practice.
- MO and Principal Lawyer to attend regular meetings with Liverpool City Council MO and Head of Legal.

Next steps:

- Formulate overall philosophy of governance in the authority, as expressed through appropriate corporate documentation linked to such as the corporate plan, code of governance, culture change workstreams etc.
- Identify further actions by reviewing governance framework, outstanding internal audit actions, Business Continuity and emergency planning arrangements, major corporate systems and their business impact / risks etc.

Democratic Governance Action Plan

Directions 3.b, 3.g & 7

Headline action	Owner	Indicative Timescale
3. Continue to improve forward planning of decision-making, including early engagement with members and other stakeholders	Chief Executive / Monitoring Officer	Phase 2a

Actions to date:

- Internal corporate schedule produced and reviewed weekly at CLT and SLT.
- Internal corporate schedule reviewed at Lead Members and Directors meeting.
- Visits by Head of Governance and Scrutiny at all DLTs to conduct horizon scanning and further embed use of corporate schedule as business planning tool.

Next steps:

- Set and cascade clear expectations regarding EDs’ and ADs’ responsibility to brief members regularly.
- Create and deliver further Slough-specific training on working in a political environment, for senior leaders and frequent report authors.

Democratic Governance Action Plan

Directions 3.b, 3.g & 7

Headline action	Owner	Indicative Timescale
4. Improve effectiveness of, and compliance with, formal decision-making processes	Monitoring Officer	Phase 2a

Actions to date:

- Senior officer training programme to improve report writing.
- Clear timescales and clearance processes published and promoted throughout council.
- Cabinet reports reviewed at CLT and LM&Ds.
- Published and publicised internally a guide to cabinet and committee lead-in dates.
- Lead members briefed and presenting reports at Cabinet meetings.
- Commenced RAG-rating of cabinet report compliance with corporate timescales for SLT/CLT monitoring.
- Clear advice and guidance given to officers on decision-making process for new policies as a result of learning from LGSCO public interest report.

Next steps:

- Improve quality of Cabinet and Committee reports.
- Review whether single member decision-making should be introduced.
- Review processes for significant officer decision-making.
- Put in place system for late reports sign off, establishing clear lines of accountability for quality of reports.

Democratic Governance Action Plan

Directions 3.b, 3.g & 7

Headline action	Owner	Indicative Timescale
5. Further improve quality of formal reports	Monitoring Officer	Phase 2a

Actions to date:

- Officer training to top three tiers on report writing.
- Improved clarity and timeliness of clearance processes and discussion at CLT re: cabinet reports.
- Improved early briefing of lead members.

Next steps:

- Deliver further bite-size sessions about report-writing for lead officers.
- Create self-service guidance for officers about formal report writing and decision-making processes.
- NB further improvements in process, timeliness and engagement (elsewhere in plan) will further improve quality.

Headline action	Owner	Indicative Timescale
6. Establish agreed and documented expectations and consistent processes for commissioner decisions	Monitoring Officer	Phase 2a

Actions to date:

- Meeting between chief of staff, former MO and COO.
- Discussion with other local authorities under statutory intervention for example frameworks.

Next steps:

- Working with the commissioners and their chief of staff, devise a framework for consistent, robust and transparent commissioner decision-making, advice and guidance.

Democratic Governance Action Plan

Directions 3.b, 3.g & 7

Headline action	Owner	Indicative Timescale
7. Ensure effective introduction to local government decision-making and processes as part of induction are in place for all new starters and those promoted including senior officers.	Monitoring Officer	Phases 2a & 2b

Actions to date:

- Bespoke training session on essentials of local government decision-making for top three tiers.
- Feedback captured from above event and actions discussed and agreed at CLT.

Next steps:

- Review induction processes and introduce session on ‘governance in a political environment’ for new starters.
- Review management and senior officer development programme to incorporate support for officers who have been promoted within the organisation.

Democratic Governance Action Plan

Directions 3.b, 3.g & 7

Headline action	Owner	Indicative Timescale
8. Ensure effective and respectful member officer relations	Monitoring Officer	Phases 1, 2a & 2b

Actions to date:

- Training session for top three tiers on member officer relations protocol
- Externally facilitated workshop between CLT and lead members
- Review of member casework system
- Report to Standards Committee on various matters on ethical framework, including member complaints
- Meetings between statutory governance officers and leaders of groups
- Have drafted a Member Survey to be conducted alongside staff survey
- Governance culture workshop for top two tiers with external facilitator using CfGS toolkit booked for 11 Jan and 8 Feb

Next steps:

- Gather feedback from staff and members
- Governance culture workshop for top two tiers with external facilitator using CfGS toolkit
- Link to wider culture change action plan

Democratic Governance Action Plan

Directions 3.b, 3.g & 7

Headline action	Owner	Indicative Timescale
9. Assess and improve how the council's real situation compares to its sense of self	Chief Executive / Monitoring Officer	Phase 2b

Actions to date:

- Training and self-assessment for Audit committee members.
- Training and annual report for scrutiny members.
- Externally facilitated workshop between CLT and lead members and regular lead member briefings and meetings.
- Annual report on complaints data taken to Audit and Corporate Governance.
- CLT Assurance meetings to review performance data.

Next steps:

- Conduct workshops with external facilitator involving members (and senior officers).
- Review: how officers and members monitor and act on data about the council's performance; approach to resident / public participation in decision-making; options for gathering residents' views on satisfaction with services and how members self-assess their performance.

Democratic Governance Action Plan

Directions 3.b, 3.g & 7

Headline action	Owner	Indicative Timescale
10. Improve organisational awareness of Slough’s particular political dynamics	Chief Executive / Monitoring Officer	Phase 2b

Action to date:

- Training on local government decision-making for officers to include governance arrangements, political influence and roles and responsibilities.
- CLT report on feedback from officer training agreeing next steps.

Next steps:

- Governance and political awareness built into officer induction programme.
- Put in place Member-Officer relationships and culture development programme .
- Leadership development to include political awareness and skills.

Headline action	Owner	Indicative Timescale
11. Revise directorates’ internal schemes of delegation in line with recently reviewed Scheme of Delegations	Chief Executive / Monitoring Officer	Phase 2b

Action to date:

- Revised scheme of delegations agreed.

Next steps:

- Revise directorates’ internal schemes of delegation in line with recently reviewed Scheme of Delegations.

Democratic Governance Action Plan

Directions 3.b, 3.g & 7

Headline action	Owner	Indicative Timescale
12. Improve Member Development	Monitoring Officer	Phase 2a

Actions to date:

- Bespoke training for scrutiny members.
- Bespoke training for Audit and Corporate Governance Committee members.
- Welcome induction event and handbook for new members.
- Briefings with chairs and vice-chairs of scrutiny.
- Briefings in advance of formal member meetings.

Next steps:

- Align member development programme with culture change action plan.
- Agree 4-year member development strategy, designed with input from councillors.
- Agree annual member development plan aligned to strategy.

Democratic Governance Action Plan

Directions 3.b, 3.g & 7

Headline action	Owner	Indicative Timescale
13. Improve provision of information to Members	Monitoring Officer	Phase 2a

Actions to date:

- Review and communication on member casework, agreed with leaders of groups.
- Weekly member bulletin.
- Briefings with lead members and scrutiny members.
- Confidential budget papers available to scrutiny members in advance of budget scrutiny.
- Rebranded member bulletin.
- Customer Service data infographic now included in weekly member bulletin.
- Embedded lessons learnt into member level reporting, including relating to performance management and exit arrangements for senior staff, ASC commissioning arrangements and complaints.

Next steps:

- Create intranet or SharePoint pages dedicated to information for Councillors.
- Further improve weekly member newsletter.
- Implement regular programme of ‘all member scrutiny briefings’.

Democratic Governance Action Plan

Directions 3.b, 3.g & 7

Headline action	Owner	Indicative Timescale
14. Deliver accurate and efficient all-out election and maximise the intended benefits of the change to four yearly elections	Returning Officer	Phase 2a

Action to date:

- Council decision to move to whole council election.
- Boundary review.
- Polling station review (underway).
- New Returning Officer and senior leads for election management.

Next steps:

- Complete polling places and polling stations review.
- Identify and maximise the intended benefits of the change to four yearly elections.

Democratic Governance Action Plan

Directions 3.b, 3.g & 7

Headline action	Owner	Indicative Timescale
15. 2022/23 Annual review of Policy Statement on Corporate Governance	Monitoring Officer	Phase 1

Actions to date:

- New Policy Statement on Corporate Governance based on CIPFA framework approved by full council.

Next steps:

- Conduct desktop analysis of organisational governance.

Headline action	Owner	Indicative Timescale
16. 2022/23 Annual review of Policy Statement on Corporate Governance	Monitoring Officer	Phases 1, 2a & 2b

Actions to date:

- Recruitment of senior interim lead for governance and scrutiny, including fulfilling statutory scrutiny officer.
- Commencement of recruitment to scrutiny role vacancy.

Next steps:

- Finish recruitment to vacancies including new scrutiny posts created in response to Government intervention.
- Review of service provision with a view to streamlining offer.
- Review of support for partnership meetings linked to wider work on effectiveness of statutory partnerships.

Democratic Governance Action Plan

Directions 3.b, 3.g & 7

Headline action	Owner	Indicative Timescale
17. Ensure document storage and retention arrangements are robust	Monitoring Officer	Phase 2b

Actions to date:

- Review of deeds by legal team, including advice on deeds packets.
- Review and plan for storage of existing physical deeds.

Next steps:

- Review circumstances around deeds and storage of legal documentation by SBC in-house.
- Review arrangements for electronic deeds storage.

Headline action	Owner	Indicative Timescale
18. 2022/23 Implement annual review of constitution	Monitoring Officer	Phases 2a & 2b

Actions to date:

- Rolling review of the constitution based on needs.

Next steps:

- Consult on whether any further elements of the constitution require to be updated with a view to adoption at the Annual Council (note action elsewhere re: scrutiny-related changes).

Democratic Governance Action Plan

Directions 3.b, 3.g & 7

Headline action	Owner	Indicative Timescale
19. Strengthen community engagement in the council's recovery and improvement	Monitoring Officer	Phase 2b

Review community participation and engagement in local democracy / decision-making, including consideration of:

- Public question time at committees / cabinet / council.
- Scrutiny's approach to involving communities in their work.
- Review effectiveness of consultation and engagement in decision-making.

Headline action	Owner	Indicative Timescale
20. Improve how the council looks to the future to assure its own viability and set its decision-making priorities	Monitoring Officer / ED for Strategy	Phases 2b & 3

Actions to date:

- New five year corporate plan linked to recovery themes.

Next steps:

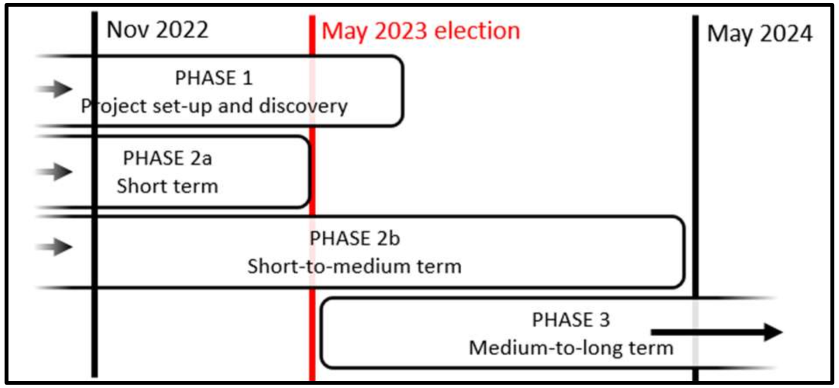
- Build cycle of short/medium/long term corporate planning into corporate schedule), and communicate the intended pathway to the organisation.
- Long-term options for future viable governance of the authority explored and assessed, in light of medium / long term pressures / challenges.

Scrutiny Action Plan

Direction 3.c, 5 & 7

Timescales

- Further project and resource planning will be part of phase 1.
- While this is underway, the timescales given are fairly broad. All phases are expected to overlap.
- The same phases are used within the Democratic Governance Action Plans.



Anticipated Council Decisions – also listed in democratic governance action plan

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- Council decision - May 2022 (AGM) – scheme of member allowances and expenses (Independent Remuneration Panel recommendations following partial review of scheme).
- Council decision - during 2023/24 municipal year – Individual Cabinet Member Decisions.
- Council decision – during 2023/24 municipal year or May 2024 – annual review of constitution.
- Standards Committee – provisionally: 2 Feb 2023 – Member Induction Programme.

Scrutiny Action Plan

Direction 3.c, 5 & 7

Headline action	Owner	Indicative Timescale
1. Set up project management and reporting arrangements	Monitoring Officer	Phase 1

- Align plan, materials and reporting with whole-council approach to recovery action planning and reporting.
- Seek programme/project management resource.
- Create informal ‘Democratic Governance Improvement Group’ chaired by Monitoring Officer.
- Assess baseline and benchmark via e.g. survey of staff and members.

Headline action	Owner	Indicative Timescale
2. Respond to CfGS review in relation to reorganising scrutiny arrangements	Monitoring Officer / Statutory Scrutiny Officer	Phase 2a

Actions to date:

- Commissioned Centre for Governance and Scrutiny to undertake a review of scrutiny function.
- Member training delivered based on early draft findings
- Published CfGS report, reported to OSC 17th November and endorsed by Council 22 November
- Established which member/s will lead on the development of the scrutiny function

Next steps:

- Work with members to review and develop these proposals for Slough, bringing a report to Full Council as necessary for any associated constitutional changes, and implement changes as soon as possible.

Scrutiny Action Plan Direction 3.c, 5 & 7

Headline action	Owner	Indicative Timescale
3. Formulate a cohesive work programme for scrutiny	Monitoring Officer / Statutory Scrutiny Officer	Phase 2a

Action to date:

- Work programming events held in-year with officer and member involvement
- Launch of three T&F Groups

Next steps:

- Continue to develop a cohesive work programme for scrutiny, tightly focused on scrutiny of the council's plans for financial and organisational recovery and progress against those plans, in line with the CfGS recommendations.

Headline action	Owner	Indicative Timescale
4. Re-instate regular all-member briefings outside of formal committee settings	Monitoring Officer / Statutory Scrutiny Officer	Phase 2a

- Propose regular programme of 'all-member scrutiny briefings' to improve all members' knowledge and connection to the business of the council, increase scrutiny bandwidth and take 'for information/learning' items out of committee setting allowing better prioritisation of impactful items.

Scrutiny Action Plan

Direction 3.c, 5 & 7

Headline action	Owner	Indicative Timescale
5. Elevate and support the role of the Chair of Overview & Scrutiny	Monitoring Officer / Statutory Scrutiny Officer	Phase 2a

Action to date:

- Statutory Scrutiny Officer now meeting weekly with Chair of O&S Committee.
- Chair of O&S Committee now a standing invitee to Improvement Board meetings with Commissioners, Cabinet and senior officers

Next steps:

- Provide the Chair of O&S with proper internal and external support for the role including an LGA-provided mentor and regular meetings with Statutory Scrutiny Officer and lead officers.
- Review the Special Responsibility Allowance attracted by the Scrutiny Chair position and other scrutiny lead roles, via an Independent Remuneration Panel.

Headline action	Owner	Indicative Timescale
6. Improved mechanisms for holding Cabinet Members to account	Monitoring Officer / Statutory Scrutiny Officer	Phase 2a

- Review strength of cabinet connections with scrutiny
- Cabinet Members to be expected to attend and front items at scrutiny relating to their portfolio areas, rather than just officers

Scrutiny Action Plan

Direction 3.c, 5 & 7

Headline action	Owner	Indicative Timescale
5. Elevate and support the role of the Chair of Overview & Scrutiny	Monitoring Officer / Statutory Scrutiny Officer	Phase 2a

Actions to date:

- Statutory Scrutiny Officer now meeting weekly with Chair of O&S Committee.
- Chair of O&S Committee now a standing invitee to Improvement Board meetings with Commissioners, Cabinet and senior officers.

Next steps:

- Provide the Chair of O&S with proper internal and external support for the role including an LGA-provided mentor and regular meetings with Statutory Scrutiny Officer and lead officers.
- Review the Special Responsibility Allowance attracted by the Scrutiny Chair position and other scrutiny lead roles, via an Independent Remuneration Panel.

Headline action	Owner	Indicative Timescale
6. Improved mechanisms for holding Cabinet Members to account	Monitoring Officer / Statutory Scrutiny Officer	Phase 2a

- Review strength of cabinet connections with scrutiny.
- Cabinet Members to be expected to attend and front items at scrutiny relating to their portfolio areas, rather than just officers.

Scrutiny Action Plan

Direction 3.c, 5 & 7

Headline action	Owner	Indicative Timescale
7. Recruit resource to vacancies in Democratic Services and Scrutiny	Monitoring Officer / Statutory Scrutiny Officer	Phase 1

Actions to date:

- Recruitment of interim Head of Governance and Statutory Scrutiny Officer.
- Business Case approved for recruitment to reinstated scrutiny role.

Next steps:

- Recruit to some of the scrutiny and democratic services vacancies, taking account of the very challenging budget reductions required over the coming years.

Headline action	Owner	Indicative Timescale
8. Improve the ways in which scrutiny members are kept appraised of forthcoming executive decisions and issues	Monitoring Officer / Statutory Scrutiny Officer	Phase 2a

- Embed mechanism to ensure that scrutiny members are availed of the public Forward Plan of cabinet decisions and are using it to inform their work.
- Reinstate regular meetings between Scrutiny Chair and CLT members.
- Design effective use of corporate performance management information and KPIs by scrutiny councillors.
- Support scrutiny members to understand their rights to access information, including confidential information about decisions.

Scrutiny Action Plan

Direction 3.c, 5 & 7

Headline action	Owner	Indicative Timescale
9. Improve year-round scrutiny of the financial cycle	Monitoring Officer / Statutory Scrutiny Officer	Phase 1

Actions to date:

- Significant improvements to early engagement with budget setting.
- Additional round of finance training and detailed pre-meeting for December round of budget/savings scrutiny meetings carried out on 24 November.

Next steps:

- Work towards whole-year focus on financial management in scrutiny, in accordance with guidance from CfGS.

Scrutiny Action Plan

Direction 3.c, 5 & 7

Headline action	Owner	Indicative Timescale
10. Deliver sustained programme of Scrutiny member and officer training and skills development	Monitoring Officer / Statutory Scrutiny Officer	Phase 2a

Actions to date:

- Training delivered to all scrutiny members taking account of early draft findings of CfGS review.

Next steps:

- Commission the member training proposal set out by Centre for Governance & Scrutiny.
- Consider options for co-option in order to bring in exemplars of effective scrutiny to the committee setting.
- Deliver further training to lead officers at suitable intervals.
- Put in place weekly meetings for officer leads of T&Fs to discuss progress and process and thereby share good practice.
- Involve service-based officers heavily in the leadership and delivery of T&F group support, encouraging learning-by doing.
- Deliver member training and induction, including about scrutiny and chairmanship, post-election.

Headline action	Owner	Indicative Timescale
11. Review constitution re: scrutiny rules and practice, including call-in		Phase 2a

- Review constitution re: scrutiny rules and practice, including call-in.

Scrutiny Action Plan

Direction 3.c, 5 & 7

Headline action	Owner	Indicative Timescale
12. Improve overall support for Scrutiny Members to continuously improve effectiveness of scrutiny	Monitoring Officer / Statutory Scrutiny Officer	Phases 2a& 2b

Actions to date:

- See actions 5, 8 & 10.
- Offered intensive officer support of O&S Chair including regular weekly meetings with the statutory scrutiny officer.
- Pre-meetings more routinely in place for all committees.

Next steps:

- See action 2 & 10.
- With the support of CfGS, empower scrutiny members to self-evaluate their performance in committee and plan steps towards further improvement.
- Implement system of pre-meetings with facilitated identification of key lines of inquiry for key items.

Internal Audit Bring In House

Open and Closing Milestones

Ref	Status	Deliverable or Milestone	Owner	Progress	Delivery Dates		Date Delivered	Additional Comments
					Original	Forecast		
IA-001	C	Recruit to new IA Team	Mike Thomas	First round of adverts completed and shortlisting taking place	25-Nov-22	30-Nov-22	25-Nov-22	Applicants being shortlisted 1 December 2022
IA-003	G	Shortlisting	Mike Thomas	Shortlisting to take place 1 December and 14 December 2022	25-Nov-22	01-Dec-22	14-Dec-22	2 phases of shortlisting in case first round is unsuccessful
IA-002	G	Recruitment advert extension approved	Mike Thomas	Advert extended to 9 December to attract additional candidates	09-Dec-22	09-Dec-22	09-Dec-22	
IA-004	G	Interviews and Assessment centres	Mike Thomas	Interviews and Assessment centres to take place weeks commencing 5 and 12 December	16-Dec-22	16-Dec-22	16-Dec-22	
IA-005	G	Offer Letters	Mike Thomas	Pre Christmas 2022	31-Dec-22	22-Dec-22	22-Dec-22	
IA-007	A	New In House team commence work	Mike Thomas	Depends on recruitment	31-Dec-22	31-Jan-23	31-Jan-23	
IA-13	A	Failure to recruit In House Team		Plan B is in place for RSM to continue for **23/24** should recruitment not be successful - it is likely other options will be considered	31-Dec-22	31-Jan-23	31-Mar-23	
IA-008	A	Transition from RSM to IN House team	Head of FG, IA	Depends on recruitment	31-Mar-23	31-Mar-23	31-Mar-23	Subject to recruitment
IA-10	A	Development of IA approach and launch of new service	Head of FG, IA	Review of approach to consider support for departments and managers	31-Mar-23	31-Mar-23	31-Mar-23	This will take place during 2023/24 as the new team sets up and beds in.
IA-11	A	Reduction in historical IA recommendations	Mike Thomas	IA Tracker in place and being utilised to reduce number of IA recs	31-Mar-23	31-Mar-23	31-Mar-23	Ambition is to reduce the number and risk rating of IA recommendations on an annual basis
IA-006	G	2023-24 IA Plan	Mike Thomas	Work with RSM and new team to develop and tranistion a plan for 2023/24	01-Apr-23	01-Apr-23	01-Apr-23	Dependent on succesful recruitment of new team and transition from RSM
IA-009	A	Quality Review of IA work	Head of FG, IA	Review against PSIAS standards to be undertaken within two years of new team starting	31-Mar-24	31-Mar-24	31-Mar-24	Subject to quality of work and recruitment

Internal Audit Bring In House

Open and Closing Milestones

Ref	Status	Deliverable or Milestone	Owner	Progress	Delivery Dates		Date Delivered	Additional Comments
					Original	Forecast		
IA-12	R	Positive Head of Internal Audit Opinion	Head of FG, IA	This will be work in progress for a number of years	31-Mar-24	31-Mar-24	31-Mar-24	Significant number of variables that can impact including outcome of External Audit findings; recruitment of a IA team and general response from departments to implementing IA recoeemmendations

Procurement and Contract Management Action Plan

Direction 3.e

Ref	Status	Deliverable or Milestone	Owner	Progress	Delivery Dates		Date Delivered	Additional Comments
					Original	Forecast		
M-004	G	Deliver contracts register	Clare Priest	**29/11** - Contracts register in place and reflects new council structure - now being used as Business as Usual activity	30-Jun-22	30-Jun-22	30-Jun-22	
M-006	G	Update Contract Procedure rules	Clare Priest	**29/11** - Updates approved, along with revised financial procedure rules at full council on 22nd November	22-Nov-22	22-Nov-22	22-Nov-22	Major update to CPR's was done in November 2021 which underpins improvement in governance
M-002	G	Develop procurement and contract management processes and procedures, and train staff	Clare Priest	**29/11** - Initial round of training completed, further sessions to be booked. Processes and procedures were finalised but will be refreshed to reflect the revised contract procedure rules approved by full council on 22 November	31-Dec-22	31-Dec-22		
M-001	A	Recruit to vacant posts within the Commercial Team	Clare Priest	**29/11** - Posts are being advertised. Expect at least two rounds for procurement posts.	30-Mar-23	30-Mar-23		
M-003	G	Implement contract management system (Agresso)	Clare Priest	**29/11** - meeting held with Agresso technical lead - confirmed that initial implementation can be delivered by the end of the financial year and enhancements/add on modules can be delivered thereafter	31-Mar-23	31-Mar-23		
M-007	G	Development of meaningful KPIs and performance data	Clare Priest	29/11- KPI's to be developed from January onwards, including performance relating to exemptions	31-Mar-23	31-Mar-23		
M-009	G	Develop forward plan for 2023/24	Clare Priest	**29/11** - Contracts register will be used and form the basis of the forward plan	01-Apr-23	01-Apr-23		
M-005	A	Develop and implement social value policy	Clare Priest	**29/11** - Policy being developed, will work with procurement consultants to implement	31-Dec-23	31-Dec-23		
M-008	A	Implement procurement and contract management strategy	Clare Priest	**29/11** - Strategy in place, LGA procurement strategy maturity assessment to be undertaken. Implement contract management framework when resources in place	31-Mar-24	31-Mar-24		Predicated on fully resourced in house team

ICT Action Plan - Cloud Migration for 'Line of Business' Applications

Direction 3.f

Ref	Status	Deliverable or Milestone	Owner	Progress	Delivery Dates		Date Delivered	Additional Comments
					Original	Forecast		
M-007	R	APAS		**30/11** - Migration of the council's planning application to the cloud	30-Nov-22			
M-012		Liquid Logic (Adult social care)		**30/11** - Migration to the cloud of the council's Adult Social Care system, Children's Social Care & Early Help applications.				Being scoped for delivery
M-001	R	*Northgate Housing		**30/11** - Migration of the council's housing management system to the cloud	31-Dec-22	31-Dec-22		This project is managed externally to the ICT and Digital team with an external project manager leading on behalf of the directorates using the platform. This project will be managed within the IT and Digital Projects portfolio at request of Housing Director from February.
M-010	R	Agresso finance system		**30/11** - Migration & ongoing service management of the council's finance system to a new supplier (Cloud Hosted)	31-Dec-22	31-Dec-22		Data migration and infrastructure set-up is underway. Existing contract extended one month to ensure access to complete datasets.
M-004	G	Academy (Revs and Bens)		**30/11** - Migration of the council's revenues and benefits case management system to the cloud	31-Jan-23	31-Jan-23		
M-008	G	ITSM		**30/11** - Phase one Implementation of an IT service management application – case management and customer portal.	31-Mar-23	31-Mar-23		Procurement activity halted until CCS framework G-cloud 13 launches.
M-009	A	EDMS		**30/11** - Implementation of a council wide electronic document management system	31-Mar-23	31-Mar-23		Cabinet report drafted recommending direct award to incumbent supplier for two years, 10% reduction in contract costs. Longer term project team to be established and options appraisal completed.

ICT Action Plan - Cloud Migration for ‘Line of Business’ Applications

Direction 3.f

Ref	Status	Deliverable or Milestone	Owner	Progress	Delivery Dates		Date Delivered	Additional Comments
					Original	Forecast		
M-005	R	Flare		**30/11** - Implementation of a new case management system for regulatory services	30-Sep-23	30-Sep-23		Procurement activity halted until CCS framework G-cloud 13 launches.

ICT Action Plan - Cyber Security and Resilience

Direction 3.f

Ref	Status	Deliverable or Milestone	Owner	Progress	Delivery Dates		Date Delivered	Additional Comments
					Original	Forecast		
M-009		Cyber reporting	Stephen Menzies	**30/11** - Implementing a range of cyber reporting on the council's cyber security and resilience				Not started yet
M-010		PSN/DWP re-certification	Stephen Menzies	**30/11** - Preparing for the submission of the council's PSN certification				Not started yet
M-005	A	NCSC services	Stephen Menzies	**30/11** - Implementing a range of free NCSC provided IT services for network and email security	31-Dec-22	31-Dec-22		Work being undertaken by Cyber Security Officer.
M-006	R	Multi factor authentication (MFA)	Stephen Menzies	**30/11** - Implementing MFA across council devices.	31-Dec-22	31-Dec-22		As above
M-008	R	Ransomware	Stephen Menzies	**30/11** - Implementation of a ransomware file encryption protection solution	31-Jan-23	31-Jan-23		As above
M-002	R	Security incident and event monitoring (SIEM)	Stephen Menzies	**30/11** - Implement a SIEM tool to log and monitor traffic on the council's networks and devices	31-Mar-23	31-Mar-23		Cyber security consultant being brought in to undertake work.
M-003	R	Active Directory	Stephen Menzies	**30/11** - Implementing additional controls and security policies on the council's Active Directory	31-Mar-23	31-Mar-23		As above
M-001	R	Back-up	Stephen Menzies	**30/11** - Implementing a cloud-based back-up solution for the council's applications and data	30-Sep-23	30-Sep-23		ITT and specification nearly complete. To market through December and early January.
M-004	R	Legacy operating systems	Stephen Menzies	**30/11** - Replacing legacy operating systems which are out of date and unsecure	30-Sep-23	30-Sep-23		As above
M-007	R	IT health checks	Stephen Menzies	**30/11** - Undertaking regular IT health checks on the council's networks.	30-Nov-22	Ongoing		As above

ICT Action Plan - End Use Compute

Direction 3.f

Ref	Status	Deliverable or Milestone	Owner	Progress	Delivery Dates		Date Delivered	Additional Comments
					Original	Forecast		
M-006		Anti-virus	Stephen Menzies	**30/11** - Implementing a new anti-virus solution				Not started yet
M-002	R	Corporate and contact centre telephony	Stephen Menzies	**30/11** - Migration to a new service provider for corporate and contact centre telephony services	28-Feb-23	28-Feb-23		Supplier unwilling to operate at risk until contract was sealed. This competed 1/12/22. Kick off meeting scheduled for w/e 9/12/22.
M-004	A	Always on VPN	Stephen Menzies	**30/11** - Improving remote access over VPN for staff	31-Jan-23	28-Feb-23		Dependency on upgrade of NetScaler which was delayed until 14/12/22.
M-003	A	Laptop AutoPilot	Stephen Menzies	**30/11** - Automating process of building staff user profiles onto new laptops	31-Jan-23	31-Mar-23		Reviewing existing laptop image and aligning to roll-out of always on VPN
M-001	C	Scan Station	Stephen Menzies	**30/11** - Updating resident self-service document scan stations	30-Nov-22	30-Nov-23	30-Nov-23	Application and devices live. Reviewing EoP report and lessons learned.
M-005	R	InTune mobile device management	Stephen Menzies	**30/11** - Implementing new approach to managing council devices remotely	31-Dec-23	31-Dec-23		Roll-out has started. Unlikely to achieve 700 users by end of December due to resources and lack of uptake by staff.

ICT Action Plan - Upgrading Infrastructure

Direction 3.f

Ref	Status	Deliverable or Milestone	Owner	Progress	Delivery Dates		Date Delivered	Additional Comments
					Original	Forecast		
M-009	G	Cloud assessment	Stephen Menzies	**30/11** - Identify the potential for more efficient hosting options for applications used across the council				This project hasn't started
M-001	R	Disk storage replacement	Stephen Menzies	**30/11** - Replacement of the council's storage area network equipment.	31-Dec-22	31-Jan-23		Delays in completing procurement and three month lead time for equipment.
M-007	R	Disaster recovery as a service	Stephen Menzies	**30/11** - Procurement and implementation of a cloud disaster recovery service	28-Feb-23	28-Feb-23		Delayed through resource availability to complete specification.
M-003	C	FS Logix (Citrix)	Stephen Menzies		31-Mar-23	31-Mar-23		The project is no longer needed. Work on Commvault has improved logon performance, main driver for this project.
M-005	A	Wi-Fi	Stephen Menzies	**30/11** - Review and upgrading of the council's Wi-Fi service within Observatory House	31-Mar-23	31-Mar-23		This project is dependent on the asset disposal schedule to allow confirmation of the council's requirements.
M-002	R	Core switch migration	Stephen Menzies	**30/11** - Upgrade and replacement of the core switch	31-Mar-23	30-Apr-23		There is a dependency on the completion of the cable audit completing which is part of the DC relocation.
M-006	R	Data centre relocation	Stephen Menzies	**30/11** - Relocating the council's data centre to a central government, highly available and flexible location	31-Jan-23	31-May-23		Earliest delivery date for telcom lines is March. There is no change window available from this date until 2nd week in May.
M-008	G	Office 365 Phase 2	Stephen Menzies	**30/11** - Maximising the use of online collaboration and productivity tools available from Office 365	30-Jun-23	30-Jun-23		

Subsidiary Companies Action Plan

1. In FY 2022/23, the Council has simplified the Council’s corporate structure and reduced its resource requirements by closing down all of its dormant companies.

2. Six companies have been closed down this year.

3. The Council’s activities have been focused on the higher risk companies; GRE5, JEH and SCF, as well as its regeneration partnership, SUR.

4. This has included significant changes to the governance, management, reporting and financial arrangements across these entities as set out in this section and improvements will continue to be made.

5. Critically, these changes have, or will have, a significant impact on the Council’s financial position over the next few years; reducing borrowing requirements, MRP and the Council’s exposure to financial risk.

Subsidiary Companies Action Plan

The improved governance arrangements should also enable the Council to make timely informed decisions on key strategic and financial matters that are critical to the Council's capitalisation directive. These include:

1. The Council's capital programme has been reduced (e.g. SUR programme reduced by c £50m and the JEH acquisition programme was been stopped reducing the capital programme by a further £15m);

2. The increased loan repayments to the Council improving cash flow and borrowing costs (e.g. a significant reduction in the SUR loan facility from £9m to £2m this year);

3. Capital receipts have been accelerated (e.g. SUR opted site disposals of c £40m in the next few years);

4. Reduced cost exposure on key development sites;

5. Reduced operational losses for JEH due to the change to its acquisition strategy and improved Council operational oversight and

6. Additional sources of funding have been identified and approved to reduce the Council's overall financial exposure (e.g. Homes England funding of at least £9m for GRE5 as a contribution towards the ACM programme and additional First Homes grant funding to accelerate the sales of apartments at the Old Library Site).

Subsidiary Companies Action Plan

Direction 6

1. FY 2023/24 will see a focus on JEH to enable the Council’s loan facility to be repaid over the next few years.

2. The Council will also seek to exit completely from GRE5 following the completion of the ACM works at Nova House and the settlement of the legal claim against the warranty provider.

3. Activity in relation to DISH has not been prioritised in FY 22/23 and is programmed for early FY 23/24.

4. DISH is a company limited by guarantee, wholly owned by the Council.

5. DISH has been in existence since 1988 and has a lease with the Council for 54 properties which are primarily occupied by long-term tenants.

6. It is considered to have a lower risk profile compared to the other companies which has informed the timing of a cabinet paper on the way forward.

GRE5

1. Company limited by shares (100% owned by the Council). GRE5 owns the freehold lease for Nova House - a residential block of flats with cladding and structural defects.
2. Report to cabinet and full council to set out options and regularise the loan arrangement (Reports June/July 2021 and loan fully executed and in place).
3. New directors appointed based on skills audit. External appointments following interview process.
4. Separation between board and shareholder function, with shareholder decisions made at officer, cabinet or council level as appropriate (loan arrangement agreed by full council).
5. Securing of additional funding from HE and commissioning of developer for cladding and associated works.
6. Exit arrangements expected in financial year 2024/25 due to works contract and ongoing litigation (legal case expected to be concluded in FY 23/24.

Subsidiary Companies Action Plan - Appendix

SUR

1. SUR is not a company, it is a limited liability partnership, with specific limited liability partnerships created underneath for each scheme. It is a joint venture between the Council and Muse.

2. Its purpose is to manage and deliver regeneration schemes – established in 2013.

3. Cabinet reports are produced for each site on a case by case basis. Recent papers on Montem, Stoke Wharf and NWQ disposals.

4. Corporate oversight board to strengthen governance and the Council’s management arrangements.

5. New Executive Director of Housing and Property will have lead responsibility for exit arrangements once current schemes are complete or alternative arrangements entered into. Phased exit following site disposals – winding up expected FY 24/25.

Subsidiary Companies Action Plan - Appendix

JEH

1. JEH is a company limited by shares – 100% owned by the Council. Set up in 2017 with the sole purpose to acquire and hold housing properties, majority rented at LHA. Includes temporary accommodation portfolio.
2. External review by Local Partnerships, funded by LGA – in FY 22/23. Recommended a phased exit incl. some properties to be transferred back to the Council / some properties to be sold; but with further work required before recommendations could be confirmed and set out in an Action Plan.
3. Council has provided loan facility to JEH to enable the acquisition of properties – c. £50m debt. Loan Facility has been restricted to this level – facility was up to c £65m.
4. New directors appointed with monthly board meetings. New board terms of reference and directors contracts.
5. New SLA between Council and JEH to ensure transparency around services provided and cost recovery. JEH has no staff – all services are provided by the Council.
6. Separation of banking arrangements put in place.

Development Initiative Slough Housing (DISH)

1. Company limited by shares set up in 1988 for sole purpose of leasing and managing 54 properties.
2. Properties are all tenanted with stability in its tenants.
3. Options review and exit strategy scheduled for financial year 2023/24 due to lower risks.

Subsidiary Company Action Plan

Open and Closing Milestones

Ref	Status	Deliverable or Milestone	Owner	Progress	Delivery Dates		Date Delivered	Additional Comments
					Original	Forecast		
M-002	A	Make sure that the directors appointed by the Authority are appropriately skilled in either technical or company governance matters.		**30/11** - Skills audit undertaken for all except DISH. All Directors replaced to meet requirement of skills audit. Interviews conducted and Terms of Appointment produced and signed for all directors and assurance sought regarding training and induction in place for each company except DISH.				Review of DISH to be completed by FY 2023/24 Q1 due to it being lower risk.
M-004	A	Ensure board functions effectively under a nominated shareholder representative		**30/11** - Shareholder/member representative for each company. Representative is supported by corporate oversight board of officers for all except DISH. Reports being taken for approval by cabinet where required/appropriate. E.g. SUR disposals, and GRE5 loan facility approval, SCF business plan and in-year contract change. Support and handover to be given to Patrick Hayes in his new role as shareholder representative for the three housing companies.				Review of DISH to be complete by FY 2023/4 Q1 to consider need for corporate oversight board if not transferred into the Council.
M-005	A	Establish a plan to internalise, close or sell as appropriate		**30/11** - Six dormant companies wound up. Options review undertaken for all companies except DISH. Cabinet authority to undertake discussions with DfE for SCF. Cabinet decision on all schemes held by SUR, with plan to dispose of all sites and winder up the partnership by 2024 latest. Options review undertaken by Local Partnerships for JEH – to be reported to Cabinet in 2022/23. Likely phased disposal/transfer programme to be recommended to Cabinet. Winding up of JEH following changes. Cabinet approval to direction of travel to dispose of GRE5, implementation to be after completion of building works and conclusion of litigation				Review of DISH to be complete by FY 2023/4 Q1 due to it being lower risk.
M-001	A	Consider the roles and case for continuing with each subsidiary company		**30/11** - Review undertaken for all except DISH. Cabinet reports outlining review for GRE5 and SUR (and SCF although not specifically part of this). Review of JEH has been undertaken with a recommendation on a way forward – however a Cabinet report has been scheduled for March 2023 due to additional work (regulatory and financial) required to inform the overall case and action plan.	31-Mar-23	31-Mar-23		Review of DISH to be complete by FY 2023/4 Q1 due to it being lower risk.

Subsidiary Company Action Plan Open and Closing Milestones

Ref	Status	Deliverable or Milestone	Owner	Progress	Delivery Dates		Date Delivered	Additional Comments
					Original	Forecast		
M-003	A	Ensure board functions effectively under the terms of an explicit shareholder agreement.		**30/11** - Agreements exist between all companies and the Council as shareholder, except DISH. The agreements differ depending on the nature of the corporate entity. Corporate oversight boards and governance reviews undertaken as appropriate to check compliance with requirements of agreements for all except DISH. Business plans for JEH, GRE5 and SCF required to be approved by Cabinet for next financial year. Business plan not approved for SUR due to decisions being made on a scheme by scheme basis.	31-Mar-24	31-Mar-24		Review of DISH to be complete by FY 2023/24 Q1 due to it being lower risk.

Evidence Based Decision Making Examples - Appendix

Direction 7

Actions to deliver against this direction are included in the democratic governance action plan. The below are examples of improvements made (previously reported to the November IRB.

Experimental Bus Lanes, Cabinet, 17 January 2022
https://democracy.slough.gov.uk/ieListDocuments.aspx?CId=109&MId=6749

Comprehensive appendices on:

- Consultation feedback
- Monitoring data
- Journey times
- Air quality

Corporate Energy Procurement Strategy, Cabinet, 17 January 2022

https://democracy.slough.gov.uk/ieListDocuments.aspx?CId=109&MId=6749

Included data on:

- Potential energy costs
- Fixed price options
- Predictions for future use, informed by expert advice and analysis

Evidence Based Decision Making Examples - Appendix

Direction 7

Slough Library Service Plan and new delivery model, Cabinet, 21 March 2022

https://democracy.slough.gov.uk/ieListDocuments.aspx?CId=109&MId=6751&Ver=4

Included:

- Needs assessment
- CIPFA benchmarking comparisons
- Equality Impact Assessment data
- Consultation results

Finance Department Restructure, Cabinet, 20 June 2022

https://democracy.slough.gov.uk/ieListDocuments.aspx?CId=109&MId=7050&Ver=4

Included benchmarking data with 2 other Local Authorities

Finance Department Restructure, Cabinet, 20 June 2022

https://democracy.slough.gov.uk/ieListDocuments.aspx?CId=109&MId=7050&Ver=4

Included data on cost over time, including net spend and number of items supplied.

Home to school transport & Bus Enhanced Partnership, Cabinet, 20 June & 17 October 2022

https://democracy.slough.gov.uk/ieListDocuments.aspx?CId=109&MId=7074&Ver=4

https://democracy.slough.gov.uk/ieListDocuments.aspx?CId=109&MId=7088&Ver=4

The former included:

- Benchmarking data on contribution rates for 6 other LAs
- Cost per pupil of transport from 25 other LAs
- Consultation results (October)

The latter included consultation feedback.

Both are examples of a two stage process with Cabinet approving both.

Waste Collection and Disposal Savings, Cabinet, 21 September 2022

https://democracy.slough.gov.uk/ieListDocuments.aspx?CId=109&MId=8282&Ver=4

Included:

- Data on frequency of collections for six Local Authorities
- Contaminated loads data
- Environmental impact projections

Key Service Updates

Regulation and Enforcement

- As part of our efforts to improve joint working across regulatory and enforcement teams within the Council, the Corporate fraud team are delivering briefings to explore effective collaboration.

- To enable greater understanding of the collective suite of powers and legislation available, we have started to collate this information with one spreadsheet.

- This will enable teams to understand the most effective and efficient route when addressing enforcement action.

Community Safety

- The Safer Slough Partnership relaunch is progressing with pace, with work steams and processes being refreshed and aligned to fit current operational environment.

Key Service Updates

Re-ablement

- The Reablement consultation concluded on the 2nd September 2022.
- The new Reablement and Independence team posts are being advertised until early December.
- Processes associated to the new working model have been implemented and continue to be embedded with staff.
- In year savings have been re-profiled to consider the timeline of recruitment activity which is the significant factor for driving financial efficiencies.
- Methodology for how impact of reablement efficiencies is measured and tracked has concluded.

Public Health

- The ‘Healthy Behaviours Health Needs Assessment’ has now been published as part of the East Berkshire JSNA which will inform the design of services in Slough for key council priorities such as smoking, healthy weight and physical activity.

Key Service Updates

Health and Social Care Integration

- Draft plan for the Better Care Fund 22-23 has been produced along with a Narrative Plan 22-23, Metrics and Spending Plan. This has now been agreed by the national team.

- Two reports have been agreed at November Cabinet with an integration remit, these include:

  - A model for recommissioning of the Voluntary and Community Sector which is funded through Public Health and the Better Care Fund. New services are intended to include an integrated offer at the 'Front Door' between the VCS and ASC, and VCS and Hospital Social Work teams, to enhance the preventative approach and reduce demand for ASC. These services will be going out to tender imminently.

  - Contract award for an Integrated Substance Misuse Service and Rough Sleepers Substance Misuse outreach service. Mobilisation will shortly commence for these services with new contracts going live in April 23.

-

Key Service Updates

Customer Services

- Weekly customer services performance now being reported in the weekly members bulletin.

- AD meeting with groups of front-line CS staff every Tuesday to ensure visibility / accessibility of senior leadership.

- Launched Customer Services Target Operating Model re-design meetings with the senior Customer Services staff - currently progressing discovery phase and internal evaluation of all contact channels. Discovery phase due to complete - end December.

- Performance for Customer Services is showing a significant improvement as a direct result of temporary resources invested in the service

	Oct-2021	Oct-2022
Calls Received	17,389	13,891
Calls Answered	6,124	11,191
% Answered	35.2%	80.6%
Average Wait Time	00:17:48	00:05:10

Key Service Updates

Complaints

- Statutory complaints report presented to CLT - Assurance CLT 9th November.

- Bespoke reports extracted from the case management system detailing all outstanding casework per service and was issued to services 9th November, requesting action to close outstanding casework.

- Positive response received in key areas and action taken to close - e.g., DSO, Housing, Council Tax, Resilience and Enforcement.

- Quarterly monitoring reports have been re-introduced and are being circulated to services week ending November.

- Task Finish Group is now progressing through discovery phase - inviting external Local Authority complaint leads to meet with Chairs - Hounslow , Liverpool booked for this week.

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Strategy and Transformation

Improvement and Recovery Board

Progress Report
21-Dec-22

Report Owner: *Sarah Hayward, Strategy and Transformation*
Report Author: *Strategy and Transformation Team*

Contents

1. Welcome, Introductions & Declaration of Interests.	Lead Commissioner
2. Actions from Previous Improvement and Recovery Boards.	Lead Commissioner / Secretariat
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6. Finance Update.	Member for Financial Oversight & Council Assets
7. Asset Disposal Summary.	S151 Officer / AD Property & Housing
8. Democratic Service and Scrutiny Action Plan.	Monitoring Officer
9. Internal Audit Action Plan.	S151 Officer
10. Procurement and Contract Management Action Plan.	S151 Officer
11. ICT & Digital Action Plan.	COO
12. Senior Recruitment Update.	CEX
13. Workforce and Culture Change.	COO
14. Subsidiary Company Review.	S151 Officer
15. Evidence Based Decision Making.	COO
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17. AOB.	Lead Commissioner
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Welcome, Introductions and Declarations of Interests

Any required supporting pictures etc. for new members to the team go here...

Open and Closing Actions

Ref	Status	Description of Action	Date Raised	Raised By	Owner	Progress	Date Last Updated	Target Date	RAG
AC-002	Open	Commissioners to set up a working session with a cross-party group to discuss how to implement recovery plans at the same time as running council services.	28-Jul-22	IRB	Max Caller	**28/11/22** - Pending the availability of approved Recovery Plans against all Directions. **29/09/22** - TBC: Original date no longer available.	28-Nov-22	TBC	A
AC-007	Open	Stephen Brown agreed to take forward work to look into lessons learned from the capability assessments done as part of the 'Our Futures' restructure, including how the organisation who did 'gate one' assessments were commissioned and if scrutiny/audit should be involved in this processes.	29-Sep-22	IRB	Stephen Brown Sarah Wilson	**20/12/22** - Task and Finish group evidence gathering sessions have been completed and report is being drafted in consultation with the chair. **20/12/22** - Findings of Task and Finish Group will be reported to the O&S Committee in January 2023 with recommendations to be made to cabinet and other member forums in January/February 2023. **24/11/22** - The O&S Committee has set up a task and finish group to look at the commissioning and contract management processes and this includes looking at how Gate One was commissioned and delivery measured. This follows a lead Member and Directors meeting on a learning lessons report where it was decided not to take this to a formal cabinet meeting, as the learning had been captured and not much to be gained from having a public discussion on it.	19-Jan-22	01-Feb-23	G
AC-009	Open	Max Caller suggested having a regular meeting with the DfE Commissioner, Leader, Cabinet Member and any others they want to bring on a regular basis, noting that this may be most efficient on a day where there is a 'Getting to Good' Board planned. Lucy to raise with DfE Team / Commissioner.	29-Sep-22	IRB	Claire Willerton	**01/12/22** - DLUHC Commissioners meet the Children's Commissioner fortnightly and Paul Moffatt is invited to attend both the Finance Board (chaired by Margaret Lee) and the Improvement and Recovery Board (chaired by Max caller). The wider meeting with Cllrs Swindlehurst and Hulme described here has not been established yet.	01-Dec-22	21-Oct-22	R

Open and Closing Actions

Ref	Status	Description of Action	Date Raised	Raised By	Owner	Progress	Date Last Updated	Target Date	RAG
AC-010	Open	Updated Corporate Plan to be presented / agreed in the new year, by relevant stakeholders.	01-Dec-22	Tony Wisken	Stephen Brown	**17/01/23** - Corporate Plan update being brought to the January IRB. **01/12/22** - Replaces AC-001 and reflects the agreement to update the Corporate Plan. The new Corporate Plan should be agreed in good time for the new Council to adopt it after the all-out May-23 elections.	17-Jan-23	26-Jan-23	G

Headlines

Recruitment

1. A workshop to review the whole recruitment process for all levels took place on 9th January 2023 with stakeholders. Outcomes are being reviewed to turn into an action plan.
2. Adele Taylor has been appointed as ED for Finance and Commercial Services, and will be taking up her post in March. Interviews for two finance Deputy Directors scheduled for February.
3. Sue Butcher has been appointed as ED of people (children) and the CE of Slough Children First and commenced 16 January.
4. Mark Halligan has been appointed AD for Property.
5. Chris Stratford has been appointed AD for Housing.
6. Interviews for the ED Strategy and Improvement are scheduled for the end of January.

Culture Change

1. We are accelerating this programme – a Programme Manager starts 23rd January and the working group is currently meeting on a weekly basis.
2. There has been positive steps forward in the work to develop a refreshed corporate plan and council purpose.
3. The residents’ survey has been prepared and is due to go live on 23rd January.
4. Previous Change Champions have been contacted, with a view to relaunching this initiative.

Headlines

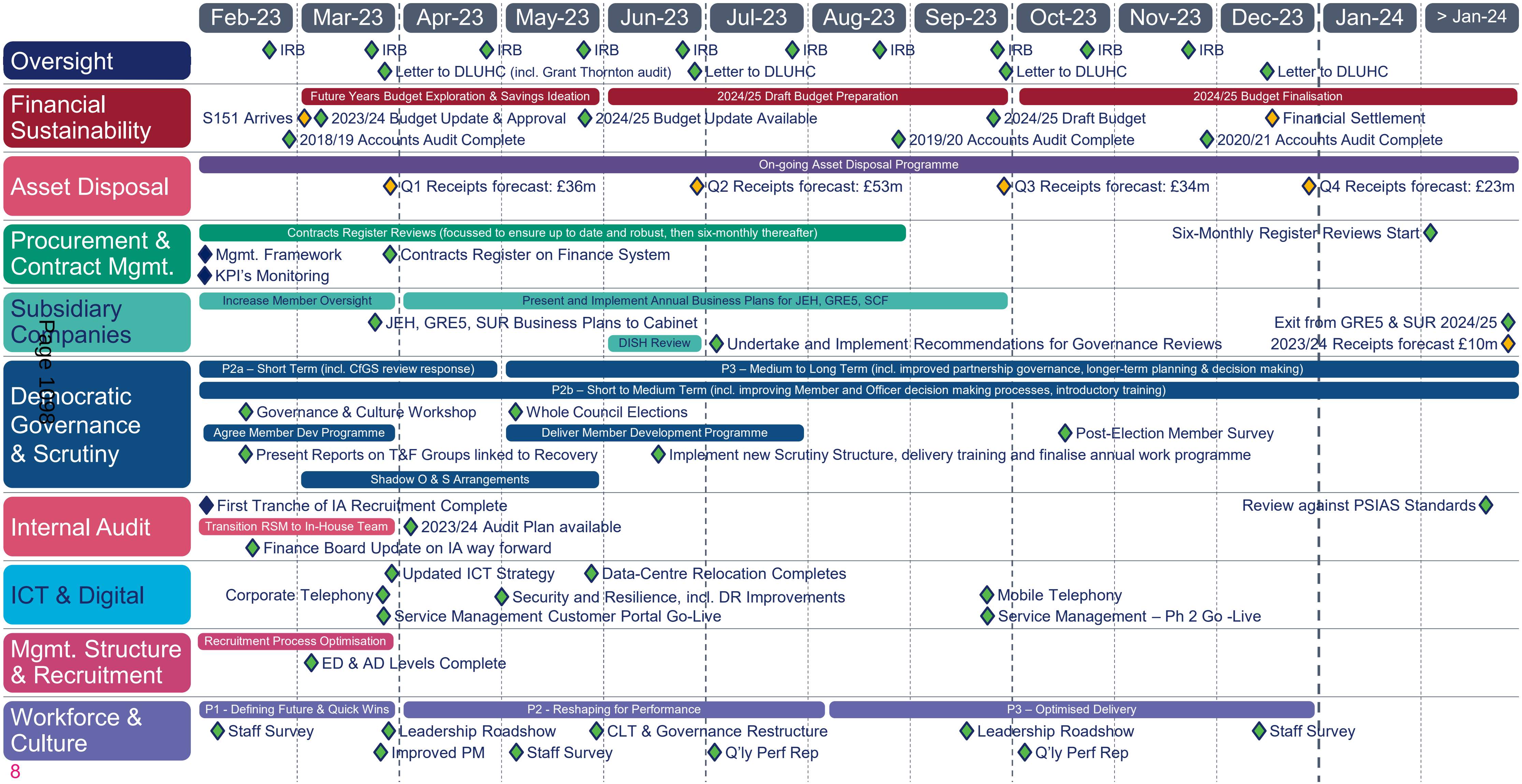
Getting to financial stability

The financial stability plan is starting to come to fruition, and while there is a very long way to go, there are some real improvements coming through:

1. The capitalisation direction has been reduced from around £800m to less than £400m.
2. The need for revenue savings has been reduced from £20m a year for seven years to £20m in 2022/23, £23m in 2023/24 and then £14m a year for five years.
3. The sale of assets to reduce the council’s debt was agreed by cabinet in September 2021 - £172m has so far been generated with a total of £200m planned for 22/23 and £100m in 23/24.
4. The 2018/19 and 2019/20 accounts have been submitted to the auditors.
5. The 2022/23 budget is forecast to be balanced and the £22.4m 2023/24 revenue savings have been identified
6. Comprehensive updates on the financial recovery have been presented to cabinet and every Full Council since September 21.
7. Six of the council’s companies have been closed and four are being radically reviewed with no further expenditure on them, and sales being prepared, alongside greatly improved governance.
8. Internal audit recommendations are now being addressed and procurement has been considerably improved.
9. We can now deliver a balanced in year budget for the dedicated schools grant with a management plan that is highly regarded by DfE, and which is likely to lead to DfE financing a £27m write off of historic debt, subject to formal consideration.

Matters will continue to develop and continuously change, and the challenges are very significant, but the strategy is beginning to show real benefits. The outcome of the 2023/24 local government finance settlement may impact on the above.

Recovery Combined “Plan on a Page”



Feb-23 | Mar-23 | Apr-23 | May-23 | Jun-23 | Jul-23 | Aug-23 | Sep-23 | Oct-23 | Nov-23 | Dec-23 | Jan-24 | > Jan-24

Oversight

IRB
IRB
IRB
IRB
IRB
IRB
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IRB
IRB
IRB
IRB
IRB
Letter to DLUHC (incl. Grant Thornton audit)
Letter to DLUHC
Letter to DLUHC
Letter to DLUHC

Financial Sustainability

Future Years Budget Exploration & Savings Ideation
2024/25 Draft Budget Preparation
2024/25 Budget Finalisation
S151 Arrives
2023/24 Budget Update & Approval
2024/25 Budget Update Available
2024/25 Draft Budget
Financial Settlement
2018/19 Accounts Audit Complete
2019/20 Accounts Audit Complete
2020/21 Accounts Audit Complete

Asset Disposal

On-going Asset Disposal Programme
Q1 Receipts forecast: £36m
Q2 Receipts forecast: £53m
Q3 Receipts forecast: £34m
Q4 Receipts forecast: £23m

Procurement & Contract Mgmt.

Contracts Register Reviews (focussed to ensure up to date and robust, then six-monthly thereafter)
Six-Monthly Register Reviews Start
Mgmt. Framework
Contracts Register on Finance System
KPI’s Monitoring

Subsidiary Companies

Increase Member Oversight
Present and Implement Annual Business Plans for JEH, GRE5, SCF
JEH, GRE5, SUR Business Plans to Cabinet
Exit from GRE5 & SUR 2024/25
DISH Review
Undertake and Implement Recommendations for Governance Reviews
2023/24 Receipts forecast £10m

Democratic Governance & Scrutiny

P2a – Short Term (incl. CfGS review response)
P3 – Medium to Long Term (incl. improved partnership governance, longer-term planning & decision making)
P2b – Short to Medium Term (incl. improving Member and Officer decision making processes, introductory training)
Governance & Culture Workshop
Whole Council Elections
Agree Member Dev Programme
Deliver Member Development Programme
Post-Election Member Survey
Present Reports on T&F Groups linked to Recovery
Implement new Scrutiny Structure, delivery training and finalise annual work programme
Shadow O & S Arrangements

Internal Audit

First Tranche of IA Recruitment Complete
Review against PSIAS Standards
Transition RSM to In-House Team
2023/24 Audit Plan available
Finance Board Update on IA way forward

ICT & Digital

Updated ICT Strategy
Data-Centre Relocation Completes
Corporate Telephony
Security and Resilience, incl. DR Improvements
Mobile Telephony
Service Management Customer Portal Go-Live
Service Management – Ph 2 Go -Live

Mgmt. Structure & Recruitment

Recruitment Process Optimisation
ED & AD Levels Complete

Workforce & Culture

P1 - Defining Future & Quick Wins
P2 - Reshaping for Performance
P3 – Optimised Delivery
Staff Survey
Leadership Roadshow
CLT & Governance Restructure
Leadership Roadshow
Staff Survey
Improved PM
Staff Survey
Q’ly Perf Rep
Q’ly Perf Rep

Directives Progress Summary

Ref	Direction	CLT Lead (Strategic)	SLT Lead (Operational)	Member (Political)	Target Completion	RAG		Commentary / Progress
						Curr.	Trend	
1	Functional Capability Assessment	Sarah Hayward	Dean Tyler		01-Dec-22	C	=	**14/10** - Service plans have been completed, which will address gaps in capability. These are continuing to be iterated to ensure coherence across services and alignment with the corporate plan. SLT will act as the governance body for the service planning. Next steps are to develop reporting arrangements for monitoring progress in delivery, and ensure lessons for next year are captured.
2	Avoid Poor Governance or Financial Mismanagement	Steve Mair	Steve Muldoon / Liton Rahman	Leader / Cabinet Member for Financial Oversight & Council Assets	Continuous	G	=	**28/10** - Extensive finance business plan completed March 2022. Developed a medium and long term financial planning framework. Implemented changes to obtain best value for money. Ensuring financial implications of decisions are understood. Improving capacity, capability and culture to enable future success and monitoring of progress through the Finance Action plan. Embedding strong Financial Governance and risk management. Further improvements in Governance and Culture across the council will also contribute towards the delivery of this direction.
3a	Financial Sustainability Action Plan	Steven Mair	Steve Muldoon / Liton Rahman	Leader / Cabinet Member for Financial Oversight & Council Assets	31-Mar-29	G	▲	**13/10** - The Finance action plan covers 10 years in detail from 2015/16 to 2024/25 and is supplemented by a 14 year active financial model (to 2028/29). Key elements are: Accounts, Assets sales, Capitalisation direction, Revenue budgets, Borrowings, MRP, DSG, Internal audit, Risks and mitigations Finance structure and Directions/recommendations from DLUHC, GT, CIPFA, Directions. The plan is regularly updated.
3b	Democratic Governance Action Plan	Stephen Taylor	Alexander Polak	Leader	01-Dec-23	A	▲	**20/01** - The action plan is progressing. A Project Support Officer has been requested, and will be provided in the near future to help consolidate and deliver plans. **17/11** - Democratic governance action plan updated and reported to Overview & Scrutiny Committee on 17th November as part of wider update.
3c	Scrutiny Action Plan	Stephen Taylor	Alexander Polak	Chair, Overview & Scrutiny Committee	01-Dec-23	A	▲	**20/11 - 20/01** - The action plan is progressing. A Project Support Officer has been requested, and will be provided in the near future to help consolidate and deliver plans. **17/11** - Scrutiny action plan update and reported to Overview & Scrutiny Committee on 17th November, as well as separate report to Overview and Scrutiny Committee on recommendations from CfGS.

Directives Progress Summary

Ref	Direction	CLT Lead (Strategic)	SLT Lead (Operational)	Member (Political)	Target Completion	RAG		Commentary / Progress
						Curr.	Trend	
3d	Internal Audit Action Plan	Steven Mair	Mike Thomas	Cabinet Member for Financial Oversight & Council Assets	31-Mar-23	A	▲	**18/01** - Pre **21/22** internal audits are 97 per cent completed from a total of 276 actions. There is a concerted management effort to complete the remaining recommendations. For the **21/22** internal audits - there are now 128 actions or 52% completed from a total of 245 actions due for completion. A further 66 or 21% are not yet due for completion. As per the direction, the existing service has been reviewed and a fully costed option appraisal for an in-house internal audit function was completed in March 2022. Recruitment to the new team has taken place. Offers have been made to the three most senior posts and these have been accepted – onboarding is currently taking place during January and February. This will allow senior members of the new team to be involved in the 2023/24 audit planning alongside RSM. RSM are committed to deliver the 2022/23 plan up to 31 March 2023 and to provide an orderly handover to the new team. **05/12** - Pre **21/22** internal audits - there are now 269 actions or 97 per cent completed from a total of 276 actions. There is a concerted management effort to complete the remaining recommendations which are rated low. For the **21/22** internal audits - there are now 105 actions or 36% completed from a total of 288 actions. A further 51 or 20% are not yet due for completion. As per the direction, the existing service has been reviewed and a fully costed option appraisal for an in-house internal audit function has been completed. Recruitment advertising completed on **25/11/22** and 25 applications ....
3e	Procurement and Contract Management Action Plan	Steven Mair	Clare Priest	Cabinet Member for Customer Services, Procurement & Performance	12-Jan-23	G	=	**12/01** - Forward planning for 2023/24 financial year has commenced with all directorates, using the contracts register as a key source of information. Updated Contract procedure rules will be used in training sessions for staff planned in January and February 2023.
3f	Information Technology Action Plan	Stephen Brown	Simon SharkeyWoods	Cabinet Member for Customer Services, Procurement & Performance	11-Jan-23	A	▲	**28/12** - ICT & Digital update report discussed at Cabinet and warmly received. New strategy for ICT & Digital Services that is capable of supporting the ongoing change taking place in the Council, will be presented back to Cabinet in first quarter of 2023. Technology Operations Manager recruited and will be joining in January 2023. **24/11** - First high level view of the strategy and plan for ICT & Digital shared in report going to Cabinet in December. Shared with Commissioners 21st Nov, and reviewed at CLT 23rd Nov.
3g	Suitable Officer Structure and Scheme of Delegation	Gavin Jones	Sarah Wilson (MO)	Leader	01-Oct-22	A	▲	**Please see direction 8.**

Directives Progress Summary

Ref	Direction	CLT Lead (Strategic)	SLT Lead (Operational)	Member (Political)	Target Completion	RAG		Commentary / Progress
						Curr.	Trend	
4	Improvement Plan Monthly Reporting	Sarah Hayward	Tony Wisken	Leader	01-Nov-23	A	▲	**20/01** - Reporting and compliance continues to improve. Further work is required to ensure all updates are provided in a timely manner and are of the appropriate depth / quality. **24/11** - Feedback from the Nov IRB on the revised reporting approach was positive. Minor points of feedback have been reflected in the Dec materials. Further work will be required to align the various Action Plans to a common approach. **14/10** - First new style reporting with improved content and evidence produced for the Oct-22 IRB. **22/09** - Initial draft produced for review with Improvement and Recovery Board.
5	Cultural Change Programme	Stephen Brown	Sarah Hayward	Leader	03-Mar-23	R	▲	**18/01** - Programme Manager to lead on Cultural Change expected to start w/c **23/01**. Workstream level plans continue to develop. **01/12** - Briefing by Nick Kemp has taken place with SLT / CLT on **30/11**. **14/11** - A consultant, Nick Kemp, has been appointed to support the Programme. Scoping of key activities is currently being progressed.
6	Subsidiary Company Review	Steven Mair / Sarah Wilson	Carmel Booth	Cabinet Member for Financial Oversight & Council Assets	02-Apr-23	A	=	**20/12** - Agreement from leader to extend terms of reference of cabinet committee to include companies, SCF governance review update presented to December Audit and CG Committee, SCF articles of association reviewed and due for approval January cabinet, JEH, GR5 and SCF annual business plans to be presented to cabinet by end of FY. I would tentatively suggest this could be green, but we have not made progress on DISH, but should have done by April. Maybe we should wait for the business plans to go through and the committee to receive its first report. **05/12** - Update given to commissioners and elected members with timescale for formal cabinet reporting on each council as part of annual business planning. Of the eleven companies, six have been shut, four are currently being very actively managed, one, low risk, will follow in **23/24** (DISH). Capital programme reduced by c £65m, capital receipts of circa £50m will be generated

Directives Progress Summary

Ref	Direction	CLT Lead (Strategic)	SLT Lead (Operational)	Member (Political)	Target Completion	RAG		Commentary / Progress
						Curr.	Trend	
7	Evidence Based Decision Making	Sarah Hayward	Sarah Wilson	Cabinet Member for Customer Services, Procurement & Performance	02-Apr-23	A	▲	**20/22** - Evidence based decision making. Update - data and insight elements incorporated into democratic governance action plan. Lessons learned incorporated into member level reports, including asset disposals, complaints and procurement reports. Progress updates being taken to formal member meetings to demonstrate progress against strategic priorities, with first progress update taken to Asset Disposal Cabinet Committee in December. **16/11** – Following the Commissioner review meeting, the Data Strategy and Governance Board met to scope actions for 2023. The first milestone will be writing and sign-off of a Corporate Data Strategy. The key messages are included in the slide pack. Budget discussions remain on-going and whether additional investment can be identified will determine if the council can pursue a Growth/Transformative path or a Foundations/Incremental path in responding to this Direction in 2023.
8	Senior Officer Structure and Recruitment	Commissioners	Stephen Brown		31-Mar-23	A	▲	**20/01** -Recruitment of the S151 has been completed and two deputies is in progress. Director of Children's Services has been appointed and has started 16th January. Two interim AD have been engaged in Property and Housing. ED Strategy and Improvement interviews taking place at the end of January. **24/11** - An initial two Programme Managers have been recruited to the Transformation Team with an initial focus of SEND and Commissioning.

Avoidance of Poor Governance or Financial Mismanagement Direction 2

An extensive finance business plan completed March 2022 set out our vision to ensure the long-term financial sustainability of Slough by making sure every pound of public money is spent wisely and the financial implications of all decisions are understood. We have:

1. Developed a medium and long term financial planning framework – now embedded in the work around the capitalisation direction, approach to savings, budget and financial reporting processes.
2. Implemented changes to obtain best value for taxpayers money – through changes to the Commercial team, better understanding of contracts and contract management; use of the ECP process to challenge all expenditure, revision of contract procedure rules and associated training.
3. Ensured the financial implications of decisions are understood – developing business case analysis and reviewing council companies; improved risk management arrangements.
4. Operated an efficient & effective customer focussed department, reviewing systems and processes & the way in which Agresso has been utilised, reviewing our teams development & training needs, succession planning.
5. Improved capacity, capability and culture to enable future success – through the departmental restructure, the recruitment of experienced interims to assist with all aspects of the change agenda; and monitoring of progress through the finance action plan.
6. Embedded strong financial governance and risk management – completing annual accounts; reviewing previous annual governance statements; developing new financial procedure rules; agreeing a revised risk management strategy and processes.

Avoidance of Poor Governance or Financial Mismanagement Direction 2

Governance

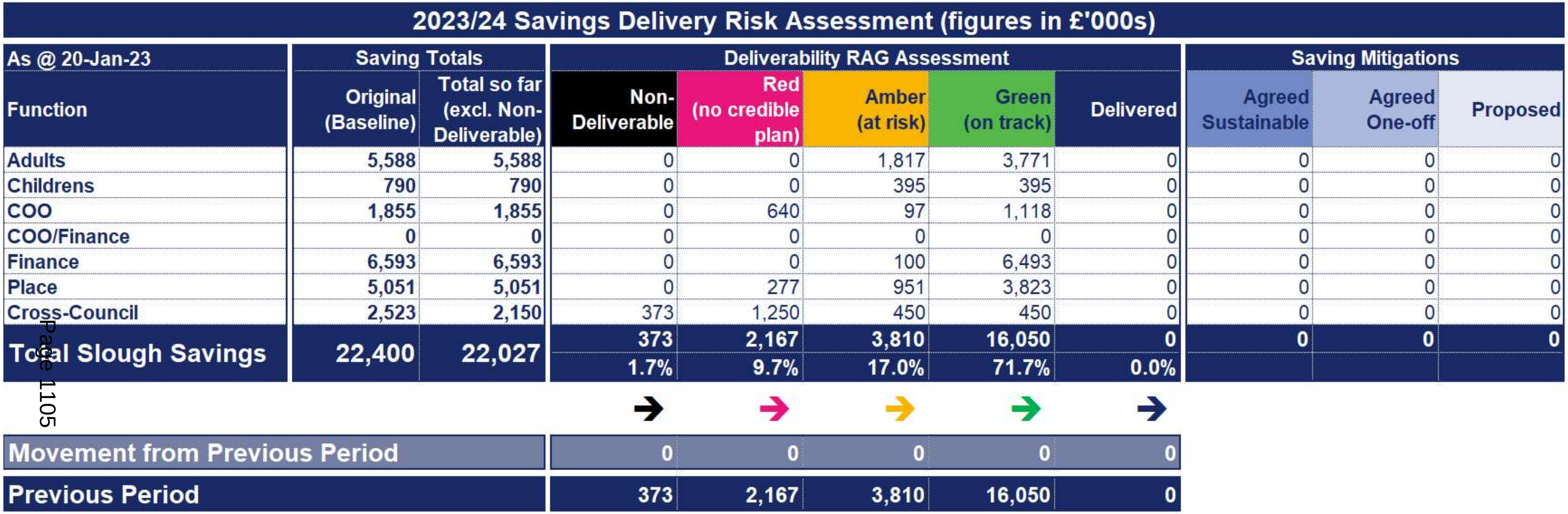
1. Dates set up and pre-workshop work for governance workshops, new process for annual approval of fees and charges.
2. There now a regular suite of complaints reporting – quarterly and annually.
3. All complaint cases now require office to any opportunities for continuous improvement and lessons learned.
4. The Complaints T&F Group have identified learning and service improvement as a key recommendation as part of their findings.

Next steps

1. Devise a bite size training programme for officers to cover variety of topics on good governance.
2. Devise a framework for commissioner decision-making and advice and guidance.

Finance Update - Savings Delivery Risk Assessment

Direction 3.a



2023/24 Savings Delivery Risk Assessment (figures in £'000s)

As @ 20-Jan-23	Saving Totals		Deliverability RAG Assessment					Saving Mitigations		
Function	Original (Baseline)	Total so far (excl. Non-Deliverable)	Non-Deliverable	Red (no credible plan)	Amber (at risk)	Green (on track)	Delivered	Agreed Sustainable	Agreed One-off	Proposed
Adults	5,588	5,588	0	0	1,817	3,771	0	0	0	0
Childrens	790	790	0	0	395	395	0	0	0	0
COO	1,855	1,855	0	640	97	1,118	0	0	0	0
COO/Finance	0	0	0	0	0	0	0	0	0	0
Finance	6,593	6,593	0	0	100	6,493	0	0	0	0
Place	5,051	5,051	0	277	951	3,823	0	0	0	0
Cross-Council	2,523	2,150	373	1,250	450	450	0	0	0	0
Total Slough Savings	**22,400**	**22,027**	**373**	**2,167**	**3,810**	**16,050**	**0**	**0**	**0**	**0**
			1.7%	**9.7%**	**17.0%**	**71.7%**	**0.0%**			
			→	→	→	→	→			
Movement from Previous Period			**0**	**0**	**0**	**0**	**0**			
Previous Period			**373**	**2,167**	**3,810**	**16,050**	**0**			

Any summary commentary goes here...

Financial Update

Direction 3.a

Accounts

1. The accounts for 2018/19 and 2019/20 have been submitted. A very adverse external audit report is expected shortly.
2. The 2020/21 accounts will be submitted shortly.

Budget

1. Budget for 2022/23 – the month nine forecast is currently being prepared and is projecting the Councill will be within budget.
2. The 2023/24 budget gap has been closed.
3. Proposals are also starting to be gathered for 2024/25.

Structure

1. The new finance structure has been approved, recruitment commenced internally in August and externally during October and November closing on the 9th December.
2. Sifting and interviews took place pre and post Christmas with some notable successes. The three senior posts in Internal Audit have been filled with local candidates, a risk and insurance officer post is filled, all people below level 7 are now permanent staff, second interviews have or are currently taking place for 3 strategic finance manager and 2 finance manager roles.

Financial Update

Direction 3.a

Assets and Capitalisation

1. Asset sales are currently forecasting up to over £200m in 2022/23.
2. Currently received £172m, other sales taking place through to March 2023.
3. The capitalisation direction is showing a major reduction, largely, but not solely, arising from the above.

Dedicated Schools Grant

1. The DSG is forecasting to be balanced by 2025/26.
2. The presentation takes place on the 23rd January.
3. The council has submitted proposals to the DfE as required.
4. Final proposal required by 3rd February 2023.
5. Notification of approval expected in March 2023.
6. Could result in write off of £27m of deficit.
7. DfE very complementary about the Council’s work on this.

Note, all figures are volatile and subject to change.

Asset Disposal - Progress Against Plan

1. There are 9 properties on the disposal list for this financial year (2022/2023).

2. Seven sales have completed generating £178m in capital receipts. Loan repayments of £6.5m have also been received. There is a high level of confidence in achieving over £200m in the current financial year.

3. AY's Asset Review Report (dated July 2022) identified the potential receipts for this financial year.

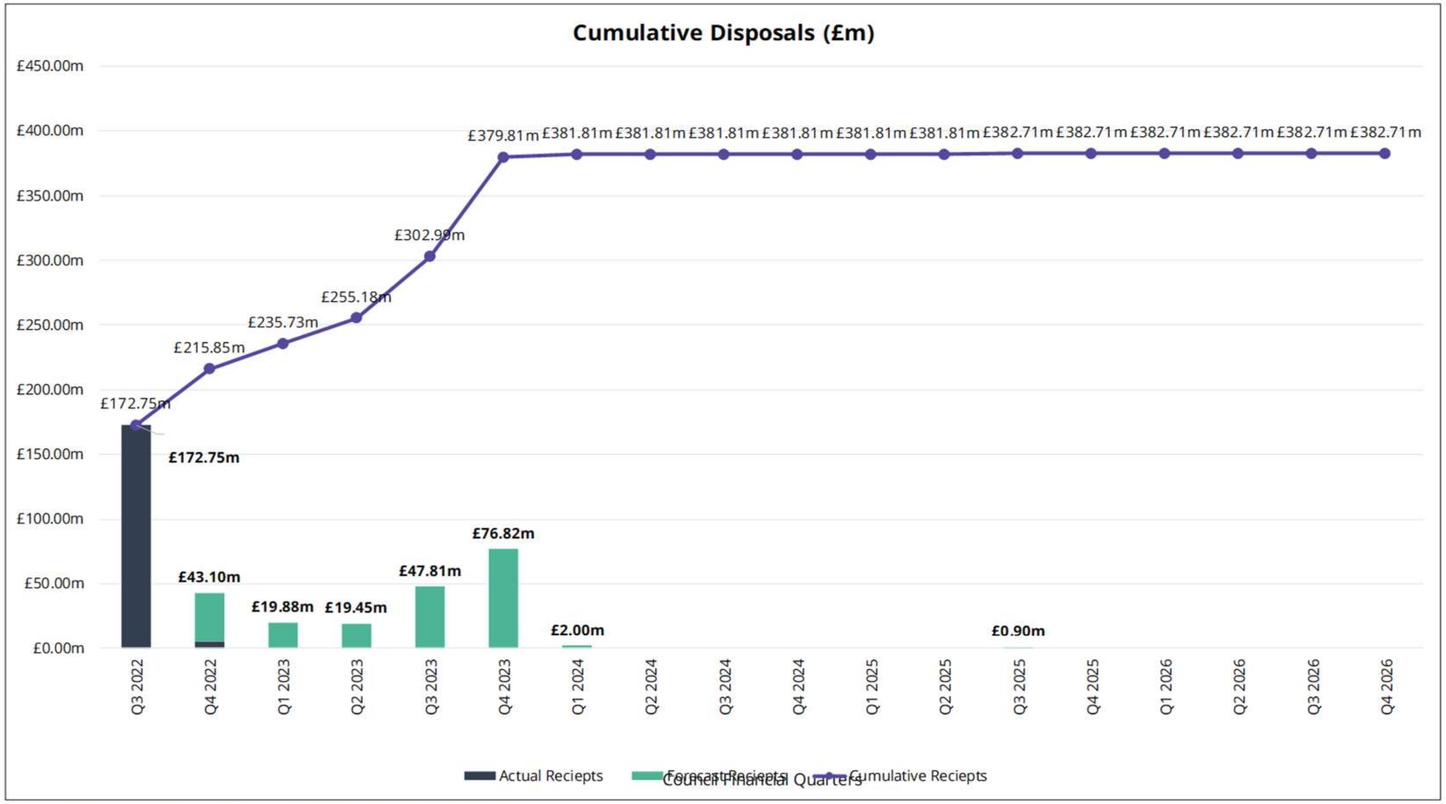
4. totalling £108m, so this will be significantly exceeded.

5. Internal resource added to provide additional focus and control on the programme.

6. An Estates Strategy being commissioned to identify opportunities beyond the initial AY report.

Asset Disposal - Progress Against Plan

Cumulative Disposals



NB: Quarters are Slough Borough Council's financial quarters

Anticipated cumulative receipts:

2022/23	£215,845,000	2023/24	£163,969,346	2024/25	£2,000,000	2025/26	£898,876	2026/27	£0	TOTAL £382,713,223

Democratic Governance

Direction 3.b

Progress

1. Evidence based decision making actions have been incorporated into democratic governance action plan.
2. Review of constitution has commenced and is in progress to inform review at annual council.
3. An Independent remuneration panel is being set up for member allowances. Potential IRP members are being identified and will be appointed to the Panel by the MO in consultation with the Group Leaders.

Next Steps

1. A report on the independent renumeration panel will made to February /March Council for endorsement and approval of their Scheme of Allowances recommendations when received.

Scrutiny

Direction 3.c

Progress

1. Task and finish groups are finishing and will report in January. Commissioners have commended the work of the SCF T&F group in setting a high standard.
2. Officer co-ordination group meeting regularly and to be "champions" for future scrutiny projects.

Next actions

1. Feedback on approach to be gathered and reported to Scrutiny

Internal Audit Action Plan Direction 3.d

Progress on actioning internal audits was slow or non-existent for several years.

Pre 21/22 internal audits:

- Progress has been made in closing management actions from previous financial years.
- There are now 269 actions or 97% completed from a total of 276 actions. Concerted action is to be taken to complete these actions before the year end. All 8 outstanding actions are rated as medium or low priority.

21/22 internal audits:

- There are now 128 actions or 52% completed from a total of 245 actions due for completion. All outstanding reports from 2021/22 have now been finalised and the Head of Internal Audit Opinion has been issued.
- 21% of actions are not yet due for completion.

22/23 internal audits:

- Internal audit plan agreed in July 2022 – 3 reports finalised, 11 further reports have been issued in draft and all are close to completion or subject to further discussion regarding the content.
- Reports on progress of implementing recommendations are made to the Audit and Corporate Governance Committee, Risk & Audit Board, Finance Board and CLT Assurance meetings.

Procurement and Contract Management Action Plan

Direction 3.e

Contracts register is being used as a business as usual tool in forward planning procurement activity, this includes consideration of longer term procurement activity required for high value, high risk contracts. It is also being used to develop the forward plan/contracts over £180k report for April Cabinet

Utilising existing IT systems for the contract register – implementation on Agresso due to be complete by the end of the financial year. The council is also considering in-house tools that can be used for contract management

Revised contract procedure rules we approved at full council in November, processes and procedures have been updated to reflect the minor changes to the rules, which reflects governance in the council. The training programme also reflects the revised rules, and continues throughout January and February.

Moved away from relying on expensive consultancy support, by initiating recruitment to a permanent in-house team, engaged a cheaper consultancy to support specialist procurement where needed and to plug short term gaps in resources.

Procurement and Contract Management Action Plan

Direction 3.e

Savings through detailed review of the council's contracts register

- The contracts register is being actively used to identify opportunities to drive savings and value for money.
- As a result of the reviews, savings of £1.8m have been identified. Note, most of these savings have been put into the Council's MTFS.

Further key development activities

1. Implement the contracts register on the council's finance system, so contracts can be easily linked to budgets and spend – by March 2023.
2. Development of a framework to ensure there is a co-ordinated and consistent approach to contract management – from January 2023.
3. Ensure KPI's are meaningful and monitored effectively – from January 2023.
4. Programme of continuous contracts register reviews to ensure the council is getting the best value for money – from September 2023 and six monthly thereafter.
5. Implement the actions in the procurement and contract management strategy that have not yet been undertaken, throughout the 2023/24 financial year.
6. Overview & Scrutiny Committee have completed a Contracts T&F Group to enhance improvement activity by bringing in additional councillor-level oversight, understanding and challenge. Their report is due to go to February Committee and on to Cabinet thereafter.

The ICT & Digital Team Strategy & Plan

1. The update report on the modernisation of ICT that went to Cabinet in December was warmly received. The new, adaptive strategy for ICT & Digital will come back to Cabinet in March. The new strategy will be robustly linked to the refreshed corporate strategy with a focus on capability, capacity and resilience that supports Slough to be an enabling council.

2. As well as directly supporting the new operating model for the provision of services, the strategy will highlight the work required to reset the IT provision and upskill all staff to use technology resources with increasing effectiveness. This will lead to a council that is more efficient and spending more of its time on serving residents and less time on low value work.

3. An exciting ambition within the new strategy will be to reset our place as an aggregator for the local community where, as well as providing access to council provided services, our offering signposts residents to partners, community groups, charities, etc., that have the ability to support them in whatever life events they are facing. The vision is that we provide a trusted digital space where our communities can find the help they need, often enabling them to solve issues for themselves.

4. As previously stated, the strategy is designed to be flexible enough to accept and welcome change. The opportunity provided by new technologies and/or new ways of working should be exploited more quickly and enable Slough to adapt without major disruption. We will test and learn as we go and embed the elements that have most impact for our residents.

Current activity and next steps

1. Complete the creation of the first draft of the ICT & Digital Strategy and begin socialising it with the lead member, commissioners, and the senior team.
2. Continue to work through the high volume of work in the modernisation programme. This now includes the new housing management system which needs significant focus to meet the future needs of the council.
3. Continue with the current focus on IT service management improvements to ensure that staff receive a more consistent service.

Organisational Structure - Senior Recruitment Update Direction 3.g

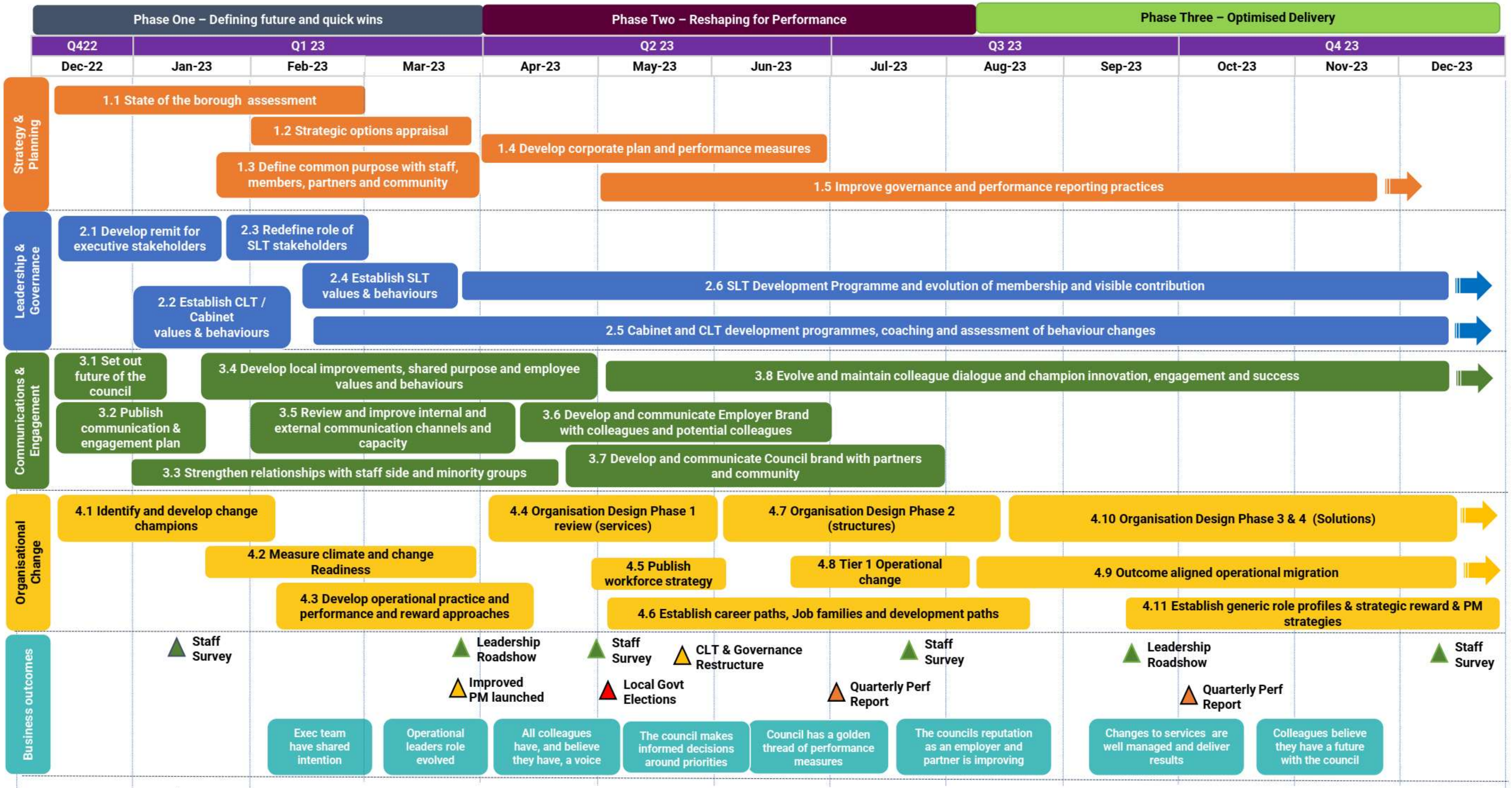
See Direction 8 - Senior Officer Structure and Recruitment

Culture Change

Direction 5

Culture Plan on a Page v0.7

DRAFT DOCUMENT



Phase One – Defining future and quick wins
Phase Two – Reshaping for Performance
Phase Three – Optimised Delivery

Q422 | Q1 23 | Q2 23 | Q3 23 | Q4 23

Dec-22 | Jan-23 | Feb-23 | Mar-23 | Apr-23 | May-23 | Jun-23 | Jul-23 | Aug-23 | Sep-23 | Oct-23 | Nov-23 | Dec-23

Strategy & Planning

- 1.1 State of the borough assessment
- 1.2 Strategic options appraisal
- 1.3 Define common purpose with staff, members, partners and community
- 1.4 Develop corporate plan and performance measures
- 1.5 Improve governance and performance reporting practices

Leadership & Governance

- 2.1 Develop remit for executive stakeholders
- 2.3 Redefine role of SLT stakeholders
- 2.4 Establish SLT values & behaviours
- 2.6 SLT Development Programme and evolution of membership and visible contribution
- 2.2 Establish CLT / Cabinet values & behaviours
- 2.5 Cabinet and CLT development programmes, coaching and assessment of behaviour changes

Communications & Engagement

- 3.1 Set out future of the council
- 3.4 Develop local improvements, shared purpose and employee values and behaviours
- 3.8 Evolve and maintain colleague dialogue and champion innovation, engagement and success
- 3.2 Publish communication & engagement plan
- 3.5 Review and improve internal and external communication channels and capacity
- 3.6 Develop and communicate Employer Brand with colleagues and potential colleagues
- 3.3 Strengthen relationships with staff side and minority groups
- 3.7 Develop and communicate Council brand with partners and community

Organisational Change

- 4.1 Identify and develop change champions
- 4.4 Organisation Design Phase 1 review (services)
- 4.7 Organisation Design Phase 2 (structures)
- 4.10 Organisation Design Phase 3 & 4 (Solutions)
- 4.2 Measure climate and change Readiness
- 4.5 Publish workforce strategy
- 4.8 Tier 1 Operational change
- 4.9 Outcome aligned operational migration
- 4.3 Develop operational practice and performance and reward approaches
- 4.6 Establish career paths, Job families and development paths
- 4.11 Establish generic role profiles & strategic reward & PM strategies

Business outcomes

- Staff Survey
- Leadership Roadshow
- Improved PM launched
- Staff Survey
- Local Govt Elections
- CLT & Governance Restructure
- Quarterly Perf Report
- Staff Survey
- Leadership Roadshow
- Quarterly Perf Report
- Staff Survey

- Exec team have shared intention
- Operational leaders role evolved
- All colleagues have, and believe they have, a voice
- The council makes informed decisions around priorities
- Council has a golden thread of performance measures
- The councils reputation as an employer and partner is improving
- Changes to services are well managed and deliver results
- Colleagues believe they have a future with the council

Key: △ Milestones

Culture Change Direction 5

Progress

1. We are accelerating this programme – a Programme Manager starts 23rd January and the working group is currently meeting on a weekly basis.
2. There has been progress in the Strategy and Planning workstream
    a) CLT received a report in December on the corporate plan, followed by subsequent discussions with Commissioners on this and the council’s purpose.
    b) An initial evidence base is being prepared, including key insights from the 2021 Census, which will be shared in February.
3. The residents’ survey has been prepared and is due to go live on 23rd January.
4. Previous Change Champions have been contacted, with a view to relaunching this initiative.

Next Steps

1. Progress development of corporate plan and purpose.
2. Resident's survey.
3. Develop branding / narrative for culture change programme and launching internally

Subsidiary Company Review

Direction 6

Progress

1. Leader has agreed to extend ToR of Asset Disposal Cabinet Committee to oversee companies – a report will be presented to Cabinet on 26th January.
2. First update on SUR governance review taken to December A&CG Committee
3. SCF articles of association reviewed and amended by members in due course
4. SCF KPIs for service delivery contract are being reviewed with view to amending to avoid duplication with ‘Getting to Good’ performance indicators

Subsidiary Company Review

Direction 6

Next steps

1. Officers have developed a proposal to oversee the council’s interests as shareholder and advise cabinet accordingly. This is based upon an extension of the remit of the current Asset Disposal Group. A paper making recommendations on this will be taken through council decision making in the new year (FY 23/24).
2. Anticipated subsidiary derived capital receipts from sales are: FY 22/23 - £30m. NWQ disposal strategy approved in July 2022 with final disposal approval in Jan/Feb 2023. FY 23/24 - £10m. FY 24/25 - £5m.
3. Above sales receipts excludes JEH - exit plan to be agreed by Cabinet in early FY 23/24 with expected hybrid approach - lease transfer of some assets to the Council and sale of business as a going concern/individual property sales. This will enable JEH to repay its loans to the Council (JEH has assets/debts of c.£50m). Sale of individual properties (that are surplus to requirements/unoccupied) have already been included in the disposal programme for immediate sale.
4. New Business Plans for JEH, GRE5, SUR to Cabinet in March 2023.
5. New and/or revised Shareholder Agreements to be produced for all companies by the end of FY 22/23.
6. SUR estimated exit plan FY24/25 with disposal programme in FY 22/23 and 23/24. Disposals are on track.
7. Recommendations re JEH to Cabinet in early FY 23/24.
8. Exit from GRE5 when works completed – expected FY 2024/25. Expected sale of freehold interest and winding up of GRE5 Ltd.
9. DISH review and changes planned for FY 23/24. Expected transfer to Council.

Better data and insight for Evidence Based Decision Making

Direction 7

Progress

1. Data improvement actions directly linked into democratic governance action plan.
2. Check-in session held with Margaret Lee.
3. Associate Director-level Chair now in place for Data Strategy Group.
4. Draft of Council Data Strategy in development.
5. LGA-led resident engagement survey underway.

Next Steps

1. Progress Council Data Strategy for approval at April Cabinet.
2. Outline links between IT, digital, and data in new IT Strategy due for update at March Cabinet.
3. CLT to decide on accountabilities and responsibilities for data in the new Council Data Strategy.
4. IT and Data teams to lead on mapping all data assets to create a single view and assess current data risks and produce targeted service-level action plans defined by a risk-impact matrix.
5. Resident engagement survey results and State of Slough insight pack to inform Corporate Plan.

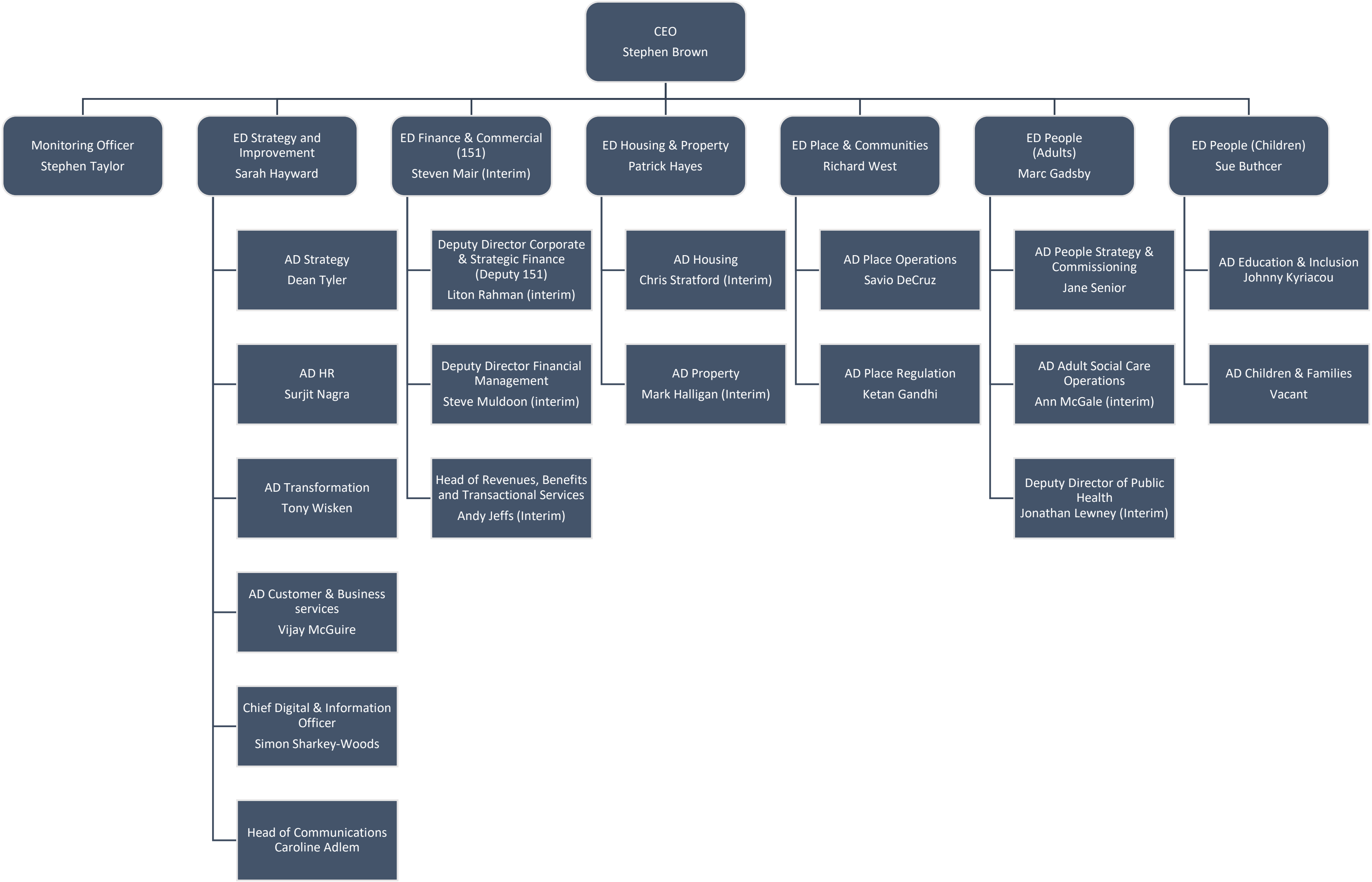
Organisational Structure - Suitable Senior Recruitment Update

Direction 3.g

Ref	Directorate	Tier	Position	Owner	RAG		Target Date	Incumbent	Commentary / Progress
					Curr.	Trend			
P-014	CEO	1	Chief Executive	Stephen Brown	C	=	01-Mar-23	Stephen Brown	**03/11** Stephen Brown appointed as new Chief Executive
P-004	COO	1	Monitoring Officer	Stephen Brown	C	=	26-Nov-22	Stephen Taylor	**13/10** Stephen Taylor joined SBC on 1st October.
P-001	COO	2	AD Transformation	Stephen Brown	G	▲	12-Sep-22	Tony Wisken	**19/01** Contracts being finalised **03/10** Tony Wisken joined SBC on **12/09**, on a secondment basis from Essex County Council. Formal contract details still pending.
P-002	COO	3	Head of Communication	Stephen Brown	C	=	19-Sep-22	Caroline Adlem	**03/10** Caroline joined SBC on **19/09**.
P-005	Finance	1	ED Finance and Commercial Services	Stephen Brown	C	▲	01-Mar-23	Steve Mair	**10/01** - Adele Taylor will be taking up the post in March. Appointment communicated to staff.
P-012	Finance	2	DD Corporate & Strategic Finance	Stephen Brown	G	=	01-Mar-23	Liton Rahman	**18/01** - Interviews are scheduled for February
P-013	Finance	2	DD Financial Management	Stephen Brown	G	=	01-Mar-23	Steve Muldoon	**18/01** - Interviews are scheduled for February
P-011	People		AD People (Adults)	Surjit Nagra	C	=	10-Oct-22		**13/10** An interim has been engaged for this position.
P-006	People	1	ED People (Adults)	Stephen Brown	C	=	01-Feb-23	Marc Gadsby	**02/11** - Marc Gadsby appointed as permanent Executive Director for People (Adults)
P-007	People	1	ED People (Children's)	Stephen Brown	C	▲	01-Feb-23	Sue Butcher	**12/01** - Appointment of Sue Butcher communicated to staff
P-003	Place	1	ED Housing and Property	Stephen Brown	C	=	17-Oct-22	Patrick Hayes	**21/11** - Patrick Hayes Joined on **17/11**
P-009	Place	2	AD Community	Surjit Nagra	C	=	01-Feb-23	Ketan Gandhi	**23/12** - Role no longer being recruited to. Ketan Gandhi picking up community.
P-010	Place	2	AD Housing	Surjit Nagra	C	▲	01-Feb-23	Chris Stratford	**18/01** - Chris Stratford appointed
P-008	Place	2	AD Property	Surjit Nagra	C	▲	01-Feb-23	Mark Halligan	**18/01** - Mark Hallifan Appointed

Senior Officer Structure and Recruitment

Direction 8



- CEO
  Stephen Brown
  - Monitoring Officer
    Stephen Taylor
  - ED Strategy and Improvement
    Sarah Hayward
    - AD Strategy
      Dean Tyler
    - AD HR
      Surjit Nagra
    - AD Transformation
      Tony Wisken
    - AD Customer & Business services
      Vijay McGuire
    - Chief Digital & Information Officer
      Simon Sharkey-Woods
    - Head of Communications
      Caroline Adlem
  - ED Finance & Commercial (151)
    Steven Mair (Interim)
    - Deputy Director Corporate & Strategic Finance (Deputy 151)
      Liton Rahman (interim)
    - Deputy Director Financial Management
      Steve Muldoon (interim)
    - Head of Revenues, Benefits and Transactional Services
      Andy Jeffs (Interim)
  - ED Housing & Property
    Patrick Hayes
    - AD Housing
      Chris Stratford (Interim)
    - AD Property
      Mark Halligan (Interim)
  - ED Place & Communities
    Richard West
    - AD Place Operations
      Savio DeCruz
    - AD Place Regulation
      Ketan Gandhi
  - ED People (Adults)
    Marc Gadsby
    - AD People Strategy & Commissioning
      Jane Senior
    - AD Adult Social Care Operations
      Ann McGale (interim)
    - Deputy Director of Public Health
      Jonathan Lewney (Interim)
  - ED People (Children)
    Sue Buthcer
    - AD Education & Inclusion
      Johnny Kyriacou
    - AD Children & Families
      Vacant

Senior Officer Structure and Recruitment Direction 8

1. Employment & Appeals received a report on Chief Officer exit arrangements and new appraisal process for Chief Executive
2. The Committee also received an update on senior officer structure, recommending minor changes for approval by full council in January 2023.
3. A workshop to review the whole recruitment process for all levels took place on 9th January 2023 with stakeholders. Outcomes are being reviewed to turn into an action plan.
4. Adele Taylor has been appointed as ED for Finance and Commercial Services, and will be taking up her post in March. Interviews for two finance Deputy Directors scheduled for February.
5. Sue Butcher has been appointed as ED of people (children) and the CE of Slough Children First and commenced 16 January.
6. Mark Halligan has been appointed AD for Property.
7. Chris Stratford has been appointed AD for Housing.
8. Interviews for ED Strategy and Improvement are scheduled for the end of January.

Strategy and Transformation

Improvement and Recovery Board Appendices

Contents

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Recent Governance Decisions Taken in Support of Improvement and Recovery

Ref	Report & Subject	Date	Chief & Contact Officers	Portfolio	Key Decision	Summary of Decision	Related Direction and Contribution to Recovery	Link to Document
GD-024	**Cabinet** Financial Action Plan - update	21-Nov-22	Steven Mair ---------------------- Mike Thomas	Financial Oversight and Council Assets	No	To recommend an update on the Financial Action Plan to be presented to Council.	**3a Financial Sustainability Action Plan**: Commissioners reviewed the report and agreed with the contents.	https://democracy.slough.gov.uk/documents/s73695/Report%20and%20Appendices.pdf
GD-025	**Cabinet** Financial Update Report – 2022/23	21-Nov-22	Steven Mair ---------------------- Steve Muldoon	Financial Oversight and Council Assets	No	To note a report on the budget monitor for the second quarter of 2022/23.	**3a Financial Sustainability Action Plan**: Commissioners reviewed the report, agreed with the contents and approved the virements noted in the report and appendix.	https://democracy.slough.gov.uk/documents/s73720/Report.pdf
GD-026	**Cabinet** Treasury Management Mid-Year Report	21-Nov-22	Steven Mair ---------------------- Miriam Adams, Finance Manager - Treasury / Peter Worth, Finance Lead Technical Advisor	Financial Oversight and Council Assets	Yes	To receive an in year update on treasury management activity	**3a Financial Sustainability Action Plan**: Commissioners reviewed the report and agreed with the contents.	https://democracy.slough.gov.uk/mgIssueHistoryHome.aspx?IId=45424
GD-027	**Cabinet** Improvement and Recovery update	21-Nov-22	Stephen Brown ---------------------- Sarah Hayward	Leader of the Council	No	receive an update report on the action plan to improve governance in response to the various statutory recommendations and reports	**All**: To provide an update against the progress the Council has made in addressing each of the detailed Directions and the next steps to further embed the required changes. Commissioners' views on progress will be set out in their letter to the Secretary of State which will be sent in December	https://democracy.slough.gov.uk/documents/s73708/Report.pdf
GD-023	**Cabinet** Disposal of Council Asset - Former Akzo Nobel Site	02-Nov-22	Richard West / Steven Mair ---------------------- Fin Garvey / Peter Worth	Financial Oversight and Council Assets	Yes	Agreed to the disposal of the former Akzo Nobel site and to delegate authority to the ED of Property and Housing, in consultation with the Lead Member for Financial Oversight and Council Assets, and the ED of Finance and Commercial, to negotiate the terms and enter in contract.	**3a Financial Sustainability Action Plan**: Contribution to the Asset Disposal Programme and the financial sustainability of SBC.	https://democracy.slough.gov.uk/documents/s73323/Appendix%201%20-%20Former%20Akzo%20Nobel%20site%20-%20AY%20Recommendation%20Report.pdf

Recent Governance Decisions Taken in Support of Improvement and Recovery

Ref	Report & Subject	Date	Chief & Contact Officers	Portfolio	Key Decision	Summary of Decision	Related Direction and Contribution to Recovery	Link to Document
GD-022	**Scrutiny** Task & Finish Group - Slough Children First Business Planning	24-Oct-22	Andrew Fraser ---------------------- Alexander Polak	Children's Services, Lifelong Learning & Skills	No	Approve the creation of a Task & Finish Group to review Slough Children First Business Planning.	**2 Avoid Poor Governance or Financial Mismanagement** **3b Democratic Services Action Plan** **3c Scrutiny Action Plan**: Allows for an informed review into the arrangements surrounding the company and to make recommendations to Cabinet in time to influence budget setting decisions.	https://democracy.slough.gov.uk/documents/s73221/Task%20and%20Finish%20Group%20-%20SCF%20corporate%20reports%20and%20plans.pdf
GD-021	**Scrutiny** Task & Finish Group - Complaints Handling	20-Oct-22	Stephen Brown ---------------------- Alexander Polak	Customer Services, Procurement and Performance	No	Approve the creation of a Complaints Handling Task and Finish Group.	**2 Avoid Poor Governance or Financial Mismanagement** **3b Democratic Services Action Plan** **3c Scrutiny Action Plan**: Complaints represents an important area for the overall governance of the authority and a valuable source of performance information.	https://democracy.slough.gov.uk/documents/s73128/Task%20and%20Finish%20Group%20-%20Complaints%20Handling.pdf
GD-017	**Cabinet** Corporate Debt Management Policy	17-Oct-22	Steven Mair ---------------------- Peter Robinson	Financial Oversight and Council Assets	No	Approve a Corporate Debt Recovery Policy to support the maximisation of debt collection	**3a Financial Sustainability Action Plan**: Commissioners comment that the policy should balance the need to protect the public purse and support residents and businesses	https://democracy.slough.gov.uk/documents/s72981/Report.pdf
GD-018	**Cabinet** Update on Procurement and Contract Management	17-Oct-22	Steven Mair ---------------------- Clare Priest	Procurement and Performance	No	Update on key developments by the Commercial team to improve procurement and contract management.	**3e Procurement and Contract Management Action Plan**: Commissioners recognise the good progress to build a contract register although this needs regular management with updates to Commissioner	https://democracy.slough.gov.uk/documents/s72986/Report.pdf
GD-019	**Cabinet** Recommendations from the Cabinet Committee on Asset Disposals: Asset Disposal Strategy	17-Oct-22	Richard West / Steven Mair ---------------------- Fin Garvey / Peter Worth	Financial Oversight and Council Assets	Yes	Agree the Asset Disposal Strategy and the declaration of assets listed as surplus.	**3a Financial Sustainability Action Plan**: Adoption of the strategy and delivery at pace are essential to financial sustainability.	https://democracy.slough.gov.uk/documents/s72967/Cabinet%20Paper%20on%20Asset%20Disposal%20Strategy.pdf

Recent Governance Decisions Taken in Support of Improvement and Recovery

Ref	Report & Subject	Date	Chief & Contact Officers	Portfolio	Key Decision	Summary of Decision	Related Direction and Contribution to Recovery	Link to Document
GD-020	**Cabinet** Recommendations from the Cabinet Committee on Asset Disposals: Montem site	17-Oct-22	Richard West / Steven Mair ---------------------- Dean Tyler / Carmel Booth	Financial Oversight and Council Assets	Yes	Disposal of Montem Lane asset.	**3a Financial Sustainability Action Plan**: Commissioners view the disposal as essential to meet the financial recovery goals and is considered to be best value in the market today.	https://democracy.slough.gov.uk/documents/s72948/Report%20Part%20I.pdf
GD-012	**Cabinet** Finance Action Plan - update	21-Sep-22	Steven Mair ---------------------- Mike Thomas	Financial Oversight and Council Assets	No	Update on the work to respond to the serious financial challenges and recommendations made by external agencies	**3a Financial Sustainability Action Plan**: Commissioners pleased to see progress on the implementation of the recommendations arising from the CIPFA review, DLUHC Governance Review, Grant Thornton recommendations and the Directions	https://democracy.slough.gov.uk/documents/s72493/September%202022%20FAP%20Revised%20Master%2019.9.22%20v7.pdf
GD-013	**Cabinet** Financial Update Report - 2022/23	21-Sep-22	Steven Mair ---------------------- Steve Muldoon	Financial Oversight and Council Assets	No	Forecast revenue and capital outturn position for 2022/23 with risks and mitigations.	**3a Financial Sustainability Action Plan**: Commissioners note the forecast for a balanced position on the general fund however there is a shortfall against the savings targets and expect a robust Scrutiny process for 2023/24 budget	https://democracy.slough.gov.uk/documents/s72494/1%20Monitoring%20Report%202022-23%20P4%20DRAFT%20MASTER%2019.9.22%20v4.2.pdf
GD-014	**Cabinet** Update on the procurement forward plan for services in excess of £180,000 and works in excess of £1 million in 2022/23	21-Sep-22	Steven Mair ---------------------- Clare Priest	Procurement and Performance	Yes	Authority for commencement of procurement for contracts to be let in 2022/23	**3e Procurement and Contract Management Action Plan**: Commissioners have reviewed the report	https://democracy.slough.gov.uk/documents/s72291/180%20Contracts%20over%20180k%20cabinet%20report%2022.23%20Sept%20update%20v6.pdf
GD-015	**Cabinet** Waste Collection and Disposal Savings	21-Sep-22	Richard West ---------------------- Savio DeCruz	Transport and the Local Environment	Yes	Agree a range of charges related to waste and disposal as well as frequency of collections	**3a Financial Sustainability Action Plan**: Commissioners decided not to comment to allow freedom for Scrutiny to give consideration to the issue	https://democracy.slough.gov.uk/documents/s72367/Report%20and%20Appendices.pdf

Recent Governance Decisions Taken in Support of Improvement and Recovery

Ref	Report & Subject	Date	Chief & Contact Officers	Portfolio	Key Decision	Summary of Decision	Related Direction and Contribution to Recovery	Link to Document
GD-016	**Cabinet** Disposal of Council Assets in Wolverhampton, Bradford, Gosport and Basingstoke	21-Sep-22	Richard West / Steven Mair ---------------------- Fin Garvey / Peter Worth	Financial Oversight and Council Assets	Yes	Approve four asset sales located outside the borough to generate net savings to the revenue budget and capital receipts	**3a Financial Sustainability Action Plan**: The disposal are essential to meet the financial recovery goals and are best value in the market today	https://democracy.slough.gov.uk/documents/s72368/Report.pdf

Recent Governance Decisions Taken in Support of Improvement and Recovery

Ref	Report & Subject	Date	Chief & Contact Officers	Portfolio	Key Decision	Summary of Decision	Related Direction and Contribution to Recovery	Link to Document
GD-029	**Cabinet** ICT & Digital update	19-Dec-22	Stephen Brown ---------------------- Simon Sharkey Woods	Customer Services, Procurement and Performance	No	Update on the ICT & Digital modernisation and remediation work including new structure and operating model for delivery	**3f IT Action Plan**: Commissioners welcome the report as the first comprehensive document considered by Cabinet in response to this part o the Directions.	https://democracy.slough.gov.uk/documents/s74083/Report%20and%20Appendices.pdf
GD-030	**Cabinet** 2023/24 & 2024/25 Council Tax	19-Dec-22	Steven Mair ---------------------- Liton Rahman	Financial Oversight and Council Assets	No	Agree to approval being sought from DLUHC to increase Council Tax above the referendum limits in each of the next 2 financial years without a referendum	**3a Financial Sustainability Action Plan**: Commissioners reviewed the report and will male any observations direct to ministers	https://democracy.slough.gov.uk/documents/s74211/Ctax%20Council%20Tax%20Report%20191222%20v3a.pdf
GD-031	**Cabinet** Fees and Charge	16-Jan-23	Steven Mair ---------------------- Liton Rahman	Financial Oversight and Council Assets	Yes	Annual review of fees and charges	**3a Financial Sustainability Action Plan**: Commissioners reviewed the report and are content with the proposals.	https://democracy.slough.gov.uk/documents/s74353/Report.pdf
GD-032	**Cabinet** Procurement of Adult Social Care Shared Lives Service Contract	16-Jan-23	Marc Gadsby ---------------------- Jane Senior	Social Care and Public Health	Yes	To ensure that the council can secure a Shared Lives Service that offers best value as part of the ASC Transformation Programme that is procured properly and safely.	**3a Financial Sustainability Action Plan**: Commissioners reviewed the report and are content with the proposals.	https://democracy.slough.gov.uk/documents/s74347/Report%20and%20EIA.pdf
GD-033	**Cabinet** Severance of the Council's leasehold interest at Greenwatt Way	16-Jan-23	Pat Hayes ---------------------- Fin Garvey / Peter Robinson / Peter Worth	Financial Oversight and Council Assets	Yes	Termination of lease agreement and release of overage	**3a Financial Sustainability Action Plan**: Commissioners support the recommendations	https://democracy.slough.gov.uk/documents/s74233/CL%20Cabinet%20Paper%20on%20Chalvey%20Lease%20v3.3.pdf
GD-034	**Cabinet** Recommendations of the Cabinet Committee: Disposal of the Adelphi Theatre, Slough	16-Jan-23	Pat Hayes ---------------------- Steven Mair	Financial Oversight and Council Assets	Yes	Disposal of asset	**3a Financial Sustainability Action Plan**: Commissioners support the recommendations	https://democracy.slough.gov.uk/documents/s74517/Ad%20Cabinet%20Paper%20on%20Adelphi%20Disposal%20Final.pdf

Previous Improvement and Recovery Board Decisions Taken

Ref	Status	Description of Decision	Impact / Rationale of Decision	Date Raised	Raised By	Owner	Consulted Parties	Date Last Updated	RAG	Date Closed
D-001	Closed	Stephen Brown committed to providing a regular savings monitor to lead Members.	Lead Members will be communicated to effectively regarding the savings plans and progress.	22-Aug-22	IRB	Stephen Brown		22-Aug-22	G	13-Oct-22
D-002	Closed	Future reports to the Board should include an update on compliance with the Intervention Directions.	Commissioners will gain increased confidence that SBC are fully addressing the Intervention Directions.	25-Aug-22	IRB	Stephen Brown		13-Oct-22	G	

2023/24 Cost Saving Initiatives, Directorate - Adults

Ref	Saving / Initiative / Project	Service Owner	Politically Sensitive?	Consult Public?	Staff Consult?	Pre-Elect Restricted?	2023/24 Forecast (£'000s)							Trend
							Base (Target)	Black	Red	Amber	Green	Delivered	Total Saving Forecast	
I-001	Transformation programme	Marc Gadsby					2,112			584	1,528		2,112	=
I-002	Better use of Disabled Facilities Grant and equipment	Andre Ansah					100			40	60		100	=
I-003	Align and integrate the range of ASC and PH services with the NHS and/or across East Berks Councils/better use of PH Grant	Vanita Dutta					250			150	100		250	=
I-004	Mental Health	Seb Sebastian					500			100	400		500	=
I-005	Transitions	Uma Macarov	Medium	No	No		400			160	240		400	=
I-006	Diverting demand	Andrea Rodin	Medium	No	No	No	270			54	216		270	=
I-007	Review of hospital discharge / six-week review	Andre Ansah					350			140	210		350	=
I-018	Joint Protocol	Andrea Rodin	Medium	No	No	No	330			66	264		330	=
I-019	Financial Assessments	Alan Bunclark					150			30	120		150	=
I-020	Direct Payment recoupment	Suzanne Binns					200			40	160		200	=
I-021	Levying the OPG determined charge rate of 3.5% plus an annual fee	Alan Bunclark					100			60	40		100	=
I-022	Further cost reductions, efficiencies and vacancy factor						200			80	120		200	=
I-065	Assistive Technology						420			210	210		420	=

2023/24 Cost Saving Initiatives, Directorate - Adults

Ref	Saving / Initiative / Project	Service Owner	Politically Sensitive?	Consult Public?	Staff Consult?	Pre-Elect Restricted?	2023/24 Forecast (£'000s)							Trend
							Base (Target)	Black	Red	Amber	Green	Delivered	Total Saving Forecast	
I-066	Reduce Block Beds						206			103	103		206	=

2023/24 Cost Saving Initiatives, Directorate - COO

Ref	Saving / Initiative / Project	Service Owner	Politically Sensitive?	Consult Public?	Staff Consult?	Pre-Elect Restricted?	2023/24 Forecast (£'000s)							Trend
							Base (Target)	Black	Red	Amber	Green	Delivered	Total Saving Forecast	
I-026	Various - business administration, staffing and other budgets	Sarah Hayward	Low	No	Yes	No	150				150		150	▲
I-029	IT contract savings (£TBC)	Simon SharkeyWoods	Medium	No	Yes	No	525		28	90	613		731	=
I-030	Vacancy factor and other overhead reductions	Sarah Hayward	Medium	No		No	500				500		500	=
I-064	Wide Area Network	Simon SharkeyWoods					40				40		40	=
I-067	TBC						640		640				640	=

2023/24 Cost Saving Initiatives, Directorate - Childrens

Ref	Saving / Initiative / Project	Service Owner	Politically Sensitive?	Consult Public?	Staff Consult?	Pre-Elect Restricted?	2023/24 Forecast (£'000s)							Trend
							Base (Target)	Black	Red	Amber	Green	Delivered	Total Saving Forecast	
I-023	Home to School Transport - various initiatives to reduce spend	Sabi Hothi					490			245	245		490	▲
I-024	HTST - acquire tail lift minibuses and bring routes in-house	Sabi Hothi					250			125	125		250	▲
I-025	Vacancy factor and other overhead reductions/efficiencies	Johnny Kyriacou					50			25	25		50	▲

2023/24 Cost Saving Initiatives, Directorate - Cross-council

Ref	Saving / Initiative / Project	Service Owner	Politically Sensitive?	Consult Public?	Staff Consult?	Pre-Elect Restricted?	2023/24 Forecast (£'000s)							Trend
							Base (Target)	Black	Red	Amber	Green	Delivered	Total Saving Forecast	
I-031	Fees & Charges up 10%	Steve Muldoon					900			450	450		900	▼
I-068	Commissioning	Sarah Hayward					750		750				750	=
I-069	Support Services	COO/Children's					500		500				500	=
I-071	TBC						373	373						=

2023/24 Cost Saving Initiatives, Directorate - Finance

Ref	Saving / Initiative / Project	Service Owner	Politically Sensitive?	Consult Public?	Staff Consult?	Pre-Elect Restricted?	2023/24 Forecast (£'000s)							Trend
							Base (Target)	Black	Red	Amber	Green	Delivered	Total Saving Forecast	
I-060	Vacancy factor and other overhead reductions	Steve Muldoon / Vijay McGuire	Medium	No		No	299				299		299	=
I-032	Increased tax base and collection rate	Liton Rahman	None	No	No	No	917				917		917	▲
I-033	Reduced audit fee, reduced duplicate payments and income	Jas Dalvair					400			100	300		400	▲
I-034	Proactive Single Person Discount monitoring to reduce fraud and error	Andy Jeffs					350				350		350	▲
I-035	Early payment of pension contributions	Miriam Adams					350				350		350	▲
I-036	Budget overheads cleanse	Steve Muldoon					375				375		375	=
I-061	Staffing reduction, fraud department	Peter Robinson					12				12		12	=
I-062	Efficient working practices in Revenues and Benefits	Andy Jeffs					440				440		440	=
I-063	Revenues and Benefits Agency Savings	Andy Jeffs					450				450		450	=
I-070	Minimum Revenue Provision	Steve Muldoon					3,000				3,000		3,000	=

2023/24 Cost Saving Initiatives, Directorate - Place

Ref	Saving / Initiative / Project	Service Owner	Politically Sensitive?	Consult Public?	Staff Consult?	Pre-Elect Restricted?	2023/24 Forecast (£'000s)							Trend
							Base (Target)	Black	Red	Amber	Green	Delivered	Total Saving Forecast	
I-027	Revenue running cost savings from asset disposals	Kamal Lallian	None	No	Yes	No	100			100			100	=
I-037	Reduce staff costs in Planning Development	Daniel Ray	None	No	Yes	No	100				100		100	▲
I-038	Adopt fortnightly waste collections	Alison Hibbert	Low	No	No	No	424				424		424	▲
I-039	Chalvey HWRC Management Fee	Alison Hibbert	Low	No	No	No	40				40		40	=
I-040	Borough Wide Controlled Parking Zones	Kam Hothi	Medium											=
I-041	Switch off streetlighting and park lighting after midnight	Jason Newman	High	Yes	No	Yes	150			150			150	▼
I-042	Stop Bus Subsidy - Service 4, 5 and 6	Savio DeCruz	Medium	No	No	No	160				160		160	=
I-043	Government tapering of concessionary fares	Savio DeCruz	Medium	No	No	No	300				300		300	=
I-044	2023-24 Library Service Model	Liz Jones	High	No	No	Yes	386			386			386	▲
I-045	Improve Trade Waste Business	Alison Hibbert	None	No	No	No	10				10		10	=
I-046	Reduce Parks ad-hoc Work Budget	Alison Hibbert	Medium	No	No	No	277		277				277	▼
I-047	Increase Charges for Parking Permits	Kam Hothi	Medium	No	No	No	48				48		48	=
I-048	Streetworks Section 50 licences	Kam Hothi	None	No	No	No	35				35		35	=
I-049	Streetworks Road Closure Fees	Kam Hothi	None	No	No	No	65				65		65	=

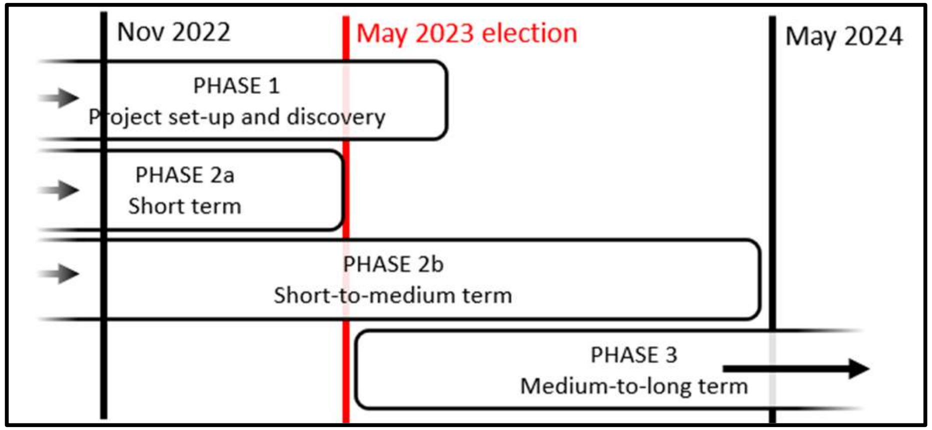
2023/24 Cost Saving Initiatives, Directorate - Place

Ref	Saving / Initiative / Project	Service Owner	Politically Sensitive?	Consult Public?	Staff Consult?	Pre-Elect Restricted?	2023/24 Forecast (£'000s)							Trend
							Base (Target)	Black	Red	Amber	Green	Delivered	Total Saving Forecast	
I-050	Transport and Highways Grant Swap	Savio DeCruz	None	No	No	No	1,071				1,071		1,071	=
I-051	Green Waste Collection Charges	Alison Hibbert	Medium	No	No	No	700				700		700	=
I-052	Reduce Highways Maintenance Works	Kam Hothi		Yes	No	No	100				100		100	=
I-053	All Leisure Service to be Externally Funded	Liz Jones	None	No	No	No	20					20	20	▲
I-054	Kennedy Park Permit Variation	Ancuta Asandei	None	No	No	No	15			15			15	=
I-055	Reduce Spend on Repairs and Maintenance at Corporate Buildings	Kamal Lallian	None	No	No	No	300				300		300	▲
I-056	Reduce Spend on Cleaning at Corporate Buildings	Kamal Lallian	None	No	No	No	200				200		200	▲
I-057	Corporate Contract Efficiencies	Kamal Lallian	None	No	No	No	50				50		50	=
I-058	Stop SBC Funded CCTV Monitoring of Public Spaces	Ketan Gandhi	High	Yes	Yes	Yes	300			300			300	▼
I-059	Parking Income - Increase Controlled Parking Zones	Kam Hothi	Medium	Yes	No	No	200				200		200	▲

Democratic Governance Action Plan — Directions 3.b, 3.g & 7

Timescales

- Further project and resource planning will be part of phase 1.
- While this is underway, the timescales given are fairly broad. All phases are expected to overlap.
- This action plan incorporates the plan for addressing direction 7 on evidence based decision making, as well as aspects of direction 3.g.
- The phases below will also be used within the Scrutiny Action Plan.



Democratic Governance Action Plan

Directions 3.b, 3.g & 7

Headline action	Owner	Indicative Timescale
1. Set up formal project management and reporting arrangements	Monitoring Officer	Phase 1

Actions to date:

- Set up Corporate Governance Working Group
- CG Working Group formally requested Project Support Officer from PMO – recruitment underway
- Put in place formal reporting to relevant elected member meetings (Audit & Governance Cttee)

Next steps:

- Align plan, materials and reporting with whole-council approach to recovery action planning and reporting
- Confirm programme/project management resource – recruitment underway

Democratic Governance Action Plan

Directions 3.b, 3.g & 7

Headline action	Owner	Indicative Timescale
2. Continuous ongoing development of this plan including fostering a culture of looking to best practice across the sector, amongst members and officers.	Monitoring Officer	Phase 1

Actions to date:

- Two workshops with all Democratic Services staff to check and develop the plan
- Plan discussed monthly at Corporate Governance Working Group
- Launched Member Survey to enable benchmarking
- Ongoing work to align this plan with (or within) the culture change workstream
- **Next steps:**
- Formulate overall philosophy of governance in the authority, expressed through corporate documentation
- Assess baseline and benchmark via survey of staff and members
- Schedule a LM&Ds discussion on the existing ‘policy statement on corporate governance’, with a view to collecting feedback for an update, to be agreed by appropriate Member forum and full council.
- Review: governance framework (CIPFA/SOLACE guidance), outstanding internal audit actions, Business Continuity and emergency planning arrangements, and major corporate systems and their business impact / risks etc.

Democratic Governance Action Plan

Directions 3.b, 3.g & 7

Headline action	Owner	Indicative Timescale
3. Continue to improve forward planning of decision-making, including early engagement with members and other stakeholders	Chief Executive / Monitoring Officer	Phase 2a

Actions to date:

- Internal corporate schedule produced and reviewed weekly at CLT and SLT
- Internal corporate schedule reviewed at Lead Members and Directors meeting
- Visits by Head of Governance and Scrutiny at all DLTs to conduct horizon scanning and further embed use of corporate schedule as business planning tool
- MO has met all ADs and EDs to understand the causes of governance issues and set clear expectations.

Next steps:

- Create and deliver further Slough-specific training on working in a political environment, for senior leaders and frequent report authors
- Report Member Survey findings to Standards Cttee in February along with Member Development Strategy and Plan informed by the results

Democratic Governance Action Plan Directions 3.b, 3.g & 7

Headline action	Owner	Indicative Timescale
4. Improve effectiveness of, and compliance with, formal decision-making processes	Monitoring Officer	Phase 2a

Actions to date:

- Senior officer training programme to improve report writing
- Clear timescales and clearance processes published and promoted throughout council
- Cabinet reports reviewed at CLT and LM&Ds
- *Guide* to cabinet and committee lead-in dates published and publicised internally
- Lead members briefed and presenting reports at Cabinet meetings
- Commenced RAG-rating of cabinet report compliance with corporate timescales for SLT/CLT monitoring

Next steps:

- Improve quality of Cabinet and Committee reports.
- Implement data recording in Democratic Services to understand frequency of late reports by directorate.
- Review whether single member decision-making should be introduced.
- Review processes for significant officer decision-making

Democratic Governance Action Plan

Directions 3.b, 3.g & 7

Headline action	Owner	Indicative Timescale
5. Further improve quality of formal reports	Monitoring Officer	Phase 2a

Actions to date:

- Officer training to top three tiers on report writing
- Improved clarity and timeliness of clearance processes and discussion at CLT re: cabinet reports
- Improved early briefing of lead members
- Discussions underway with IT about options for bringing formal report workflow into a document management system such as the one currently being procured.

Next steps:

- Deliver further bite-size sessions about report-writing for lead officers
- Create self-service guidance for officers about formal report writing and decision-making processes
- Agree ultimate responsibility for report quality and quality assurance and compliance with report template.
- Explore options for using a document management system to improve document handling, version control, sign-offs etc
- NB further improvements in process, timeliness and engagement (elsewhere in plan) will further improve quality

Democratic Governance Action Plan

Directions 3.b, 3.g & 7

Headline action	Owner	Indicative Timescale
6. Establish agreed and documented expectations and consistent processes for commissioner decisions	Monitoring Officer	Phase 2a

Actions to date:

- Bespoke training session on essentials of local government decision-making for top three tiers
- Feedback captured from above event and actions discussed and agreed at CLT
- MO and governance officers routinely meeting with new senior staff, to conduct bespoke governance induction.

Next steps:

- Review induction processes and introduce session on ‘governance in a political environment’ for new starters
- Review management and senior officer development programme to incorporate support for officers who have been promoted within the organisation

Democratic Governance Action Plan

Directions 3.b, 3.g & 7

Headline action	Owner	Indicative Timescale
6. Establish agreed and documented expectations and consistent processes for commissioner decisions	Monitoring Officer	Phase 2a

Actions to date:

- Meeting between chief of staff, former MO and COO
- Discussion with other local authorities under statutory intervention for example frameworks

Next steps:

- Working with the commissioners and their chief of staff, devise a framework for consistent, robust and transparent commissioner decision-making, advice and guidance.

Headline action	Owner	Indicative Timescale
7. Ensure effective introduction to local government decision-making and processes as part of induction are in place for all new starters and those promoted including senior officers.	Monitoring Officer	Phases 2a & 2b

Actions to date:

- Bespoke training session on essentials of local government decision-making for top three tiers, feedback captured and actions discussed and agreed at CLT.

Next steps:

- Review induction processes and introduce session on ‘governance in a political environment’ for new starters.
- Review management and senior officer development programme to incorporate support for officers who have been promoted within the organisation.

Democratic Governance Action Plan

Directions 3.b, 3.g & 7

Headline action	Owner	Indicative Timescale
8. Ensure effective and respectful member officer relations	Monitoring Officer	Phases 1, 2a & 2b

Actions to date:

- Training session for top three tiers on member officer relations protocol
- Externally facilitated workshop between CLT and lead members
- Review of member casework system
- Report to Standards Committee on various matters on ethical framework, including member complaints
- Meetings between statutory governance officers and leaders of groups
- Have drafted a Member Survey to be conducted alongside staff survey
- Governance culture workshop for top two tiers with external facilitator using CfGS toolkit – sessions on 10 Jan and 7 Feb

Next steps:

- Gather feedback from staff and members, via methods to be decided e.g. surveys, workshops etc
- Link to wider culture change action plan

Democratic Governance Action Plan

Directions 3.b, 3.g & 7

Headline action	Owner	Indicative Timescale
9. Assess and improve how the council's real situation compares to its sense of self	Chief Executive / Monitoring Officer	Phase 2b

Actions to date:

- Training and self-assessment for Audit committee members
- Training and annual report for scrutiny members
- Externally facilitated workshop between CLT and lead members and regular lead member briefings and meetings
- Annual report on complaints data taken to Audit and Corporate Governance
- CLT Assurance meetings to review performance data
- Completed first of two workshops with external facilitator on CfGS' seven characteristics of good governance with officers
- Member survey findings to be reported to Standards Cttee in February

Next steps:

- Conduct workshops with external facilitator involving members (and senior officers).
- Review: how officers and members monitor and act on data about the council's performance; approach to resident / public participation in decision-making; options for gathering residents' views on satisfaction with services and how members self-assess their performance.

Democratic Governance Action Plan

Directions 3.b, 3.g & 7

Headline action	Owner	Indicative Timescale
10. Improve organisational awareness of Slough's particular political dynamics	Chief Executive / Monitoring Officer	Phase 2b

Action to date:

- Training on local government decision-making for officers and feedback report to CLT, agreeing next steps.

Next steps:

- Governance and political awareness built into officer induction programme
- Put in place Member-Officer relationships and culture development programme
- Leadership development to include political awareness and skills – potentially with input from ADSO
- Consider programme of encouraging senior officers to observe formal meetings (and feed back?)
- Consider how to use induction, (and perhaps the Lord Mayor's office) to create more opportunities for members and officers to meet and mingle informally.

Democratic Governance Action Plan

Directions 3.b, 3.g & 7

Headline action	Owner	Indicative Timescale
11. Revise directorates' internal schemes of delegation in line with recently reviewed Scheme of Delegations	Chief Executive / Monitoring Officer	Phase 2b

Action to date:

- Reviewed and amended Scheme of Delegation to Officers, including delivering training to senior officers on delegations
- Introduced internal schemes of delegation per directorate, including consistent sections on financial, HR and procurement delegations
- Amended contract procedure rules to set out thresholds for officer decision making
- Amended financial procedure rules to set out thresholds for officer decision making

Next steps:

- Update internal schemes of delegation to reflect new senior officer structure
- Implement annual review of internal schemes
- Review thresholds and procedures for significant officer decision making

Democratic Governance Action Plan

Directions 3.b, 3.g & 7

Headline action	Owner	Indicative Timescale
12. Improve Member Development	Monitoring Officer	Phase 2a

Actions to date:

- Bespoke training for scrutiny members
- Bespoke training for Audit and Corporate Governance Committee members
- Welcome induction event and handbook for new members
- Briefings with chairs and vice-chairs of scrutiny
- Briefings in advance of formal member meetings

Next steps:

- Agree 4-year member development strategy, designed with input from councillors – Standards Cttee in February
- Agree annual member development plan at Standards Cttee in February, aligned to above strategy

Democratic Governance Action Plan

Directions 3.b, 3.g & 7

Headline action	Owner	Indicative Timescale
13. Improve provision of information to Members	Monitoring Officer	Phase 2a

Actions to date:

- Review and communication on member casework, agreed with leaders of groups
- Weekly member bulletin rebranded and relaunched
- Briefings with lead members and scrutiny members
- Confidential budget papers available to scrutiny members in advance of budget scrutiny
- Rebranded member bulletin and incorporated Customer Service data infographic

Next steps:

- Produce a position statement on what information councillors can expect to be provided with and when.
- Include training on availability and functionality of Insite in induction programme
- Consider creating intranet or SharePoint pages dedicated to information for Councillors
- Implement regular programme of ‘all member scrutiny briefings’
- Corporate push to improve consistency and completeness of officers’ email signatures and phone book entries
- Each Executive Director-Lead Member partnership to have a re-set conversation to define what performance information is shared and reviewed, and at what frequency.

Democratic Governance Action Plan

Directions 3.b, 3.g & 7

Headline action	Owner	Indicative Timescale
14. Deliver accurate and efficient all-out election and maximise the intended benefits of the change to four yearly elections	Returning Officer	Phase 2a

Action to date:

- Council decision to move to whole council election
- Boundary review
- Polling station review (underway)
- New Returning Officer and senior leads for election management
- Proposals in development by Strategy team relating to a longer-term strategic planning and delivery cycle linked to the four-year municipal cycle

Next steps:

- Identify and maximise the intended benefits of the change to four yearly elections

Democratic Governance Action Plan

Directions 3.b, 3.g & 7

Headline action	Owner	Indicative Timescale
15. 2022/23 Annual review of Policy Statement on Corporate Governance	Monitoring Officer	Phase 1

Actions to date:

- New Policy Statement on Corporate Governance based on CIPFA framework approved by full council.

Next steps:

- Conduct desktop analysis of organisational governance.

Headline action	Owner	Indicative Timescale
16. 2022/23 Annual review of Policy Statement on Corporate Governance	Monitoring Officer	Phases 1, 2a & 2b

Actions to date:

- Recruitment of senior interim lead for governance and scrutiny, including fulfilling statutory scrutiny officer
- Commencement of recruitment to scrutiny role vacancy
- Advertise Scrutiny Post and other vacancies in the Democratic Services team
- **Next steps:**
- Finish recruitment to vacancies including new scrutiny posts created in response to Government intervention.
- Review: service provision with a view to streamlining offer, support for partnership meetings and review cost-effectiveness of Statutory Appeals service.

Democratic Governance Action Plan

Directions 3.b, 3.g & 7

Headline action	Owner	Indicative Timescale
17. Ensure document storage and retention arrangements are robust	Monitoring Officer	Phase 2b

Actions to date:

- Review of deeds by legal team, including advice on deeds packets
- Review and plan for storage of existing physical deeds
- **Next steps:**
- Review circumstances around deeds and storage of legal documentation by SBC in-house.
- Review arrangements for electronic deeds storage.

Headline action	Owner	Indicative Timescale
18. 2022/23 Implement annual review of constitution	Monitoring Officer	Phases 2a & 2b

Actions to date:

- Rolling review of the constitution based on needs
- Consulted Extended CLT on whether any further elements of the constitution require to be updated

Next steps:

- Conduct minor review of constitution for 2023 AGM with a view to more significant rolling review thereafter

Democratic Governance Action Plan

Directions 3.b, 3.g & 7

Headline action	Owner	Indicative Timescale
19. Strengthen community engagement in the council's recovery and improvement	Monitoring Officer	Phase 2b

Actions to date:

- Confirmed re-subscription to Citizen Space as the single online tool used by the council to consult and engage with residents.

Next steps:

- Review community participation and engagement in local democracy / decision-making

Democratic Governance Action Plan

Directions 3.b, 3.g & 7

Headline action	Owner	Indicative Timescale
20. Improve how the council looks to the future to assure its own viability and set its decision-making priorities	Monitoring Officer / ED for Strategy	Phases 2b & 3

Actions to date:

- New five year corporate plan linked to recovery themes
- Proposals in development by Strategy team relating to a longer-term strategic planning and delivery cycle linked to the four-year municipal cycle

Next steps:

- Build cycle of corporate planning into corporate schedule and communicate the intended pathway to the organisation
- Long-term options for future viable governance of the authority explored and assessed
- Refresh the service planning cycle

Headline action	Owner	Indicative Timescale
21. Improve quality of local (external) partnerships	Monitoring Officer	Phase 3

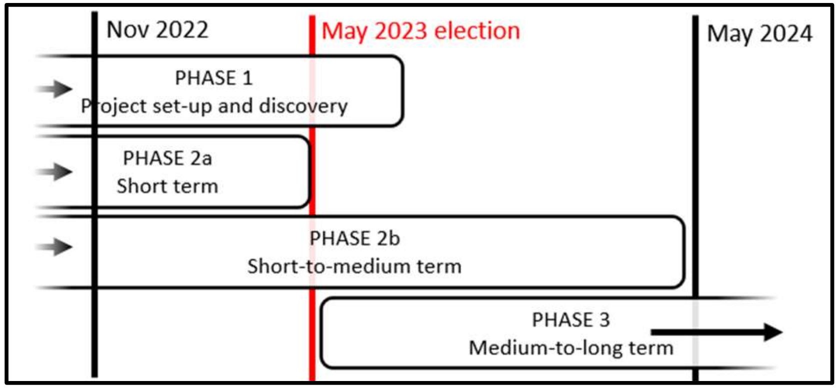
- Review partnerships governance
- Implement changes that improve efficiency and effectiveness of partnership arrangements

Scrutiny Action Plan

Direction 3.c, 5 & 7

Timescales

- Further project and resource planning will be part of phase 1.
- While this is underway, the timescales given are fairly broad. All phases are expected to overlap.
- The same phases are used within the Democratic Governance Action Plans.


Nov 2022

May 2023 election

May 2024

PHASE 1
Project set-up and discovery

PHASE 2a
Short term

PHASE 2b
Short-to-medium term

PHASE 3
Medium-to-long term

Scrutiny Action Plan

Direction 3.c, 5 & 7

Headline action	Owner	Indicative Timescale
1. Set up project management and reporting arrangements	Monitoring Officer	Phase 1

- Align plan, materials and reporting with whole-council approach to recovery action planning and reporting.
- Seek programme/project management resource.
- Create informal ‘Democratic Governance Improvement Group’ chaired by Monitoring Officer.
- Assess baseline and benchmark via e.g. survey of staff and members.

Scrutiny Action Plan

Direction 3.c, 5 & 7

Headline action	Owner	Indicative Timescale
2. Respond to CfGS review in relation to reorganising scrutiny arrangements	Monitoring Officer / Statutory Scrutiny Officer	Phase 2a

Actions to date:

- Commissioned Centre for Governance and Scrutiny to undertake a review of scrutiny function. This has been published, endorsed by Council and member training delivered
- Established which member/s will lead on the development of the scrutiny function
- Held first meeting of the Member Working Group on Scrutiny (3 January) and agreed key principles for the new design of scrutiny

Next steps:

- Continue to work with members to review and develop these proposals for Slough
- Agreement of detail by Member Working Group, constitutional changes considered by Constitution Member Working Group, for agreement by Council at AGM 2023.
- Implement CfGS recommendations endorsed by Council 22 November.

Scrutiny Action Plan

Direction 3.c, 5 & 7

Headline action	Owner	Indicative Timescale
3. Formulate a cohesive work programme for scrutiny	Monitoring Officer / Statutory Scrutiny Officer	Phase 2a

Action to date:

- Work programming events held in-year with officer and member involvement
- Launch of three T&F Groups to conduct focused work and a work programme for the remaining panels focussing on Budget/savings, improvement and recovery

Next steps:

- Continue to develop a cohesive work programme for scrutiny, tightly focused on scrutiny of the council's plans for financial and organisational recovery and progress against those plans, in line with the CfGS recommendations.

Headline action	Owner	Indicative Timescale
4. Re-instate regular all-member briefings outside of formal committee settings	Monitoring Officer / Statutory Scrutiny Officer	Phase 2a

- Proposals to be made in February for regular programme of 'all-member scrutiny briefings' to improve all members' knowledge and connection to the business of the council, increase scrutiny bandwidth and take 'for information/learning' items out of committee setting allowing better prioritisation of impactful items.

Scrutiny Action Plan

Direction 3.c, 5 & 7

Headline action	Owner	Indicative Timescale
5. Elevate and support the role of the Chair of Overview & Scrutiny	Monitoring Officer / Statutory Scrutiny Officer	Phase 2a

Action to date:

- Statutory Scrutiny Officer now meeting weekly with Chair of O&S Cttee
- Chair of O&S Cttee now periodically invited to Improvement Board meetings with Commissioners, Cabinet and senior officers, when O&S is under discussion.
- LGA mentorship reinstated for O&S Chair

Next steps:

- Review the Special Responsibility Allowance attracted by the Scrutiny Chair position and other scrutiny lead roles, via an Independent Remuneration Panel

Headline action	Owner	Indicative Timescale
6. Improved mechanisms for holding Cabinet Members to account	Monitoring Officer / Statutory Scrutiny Officer	Phase 2a

Action to date:

- Cabinet members invited to present and answer questions at budget scrutiny sessions in February 2023, and invited to receive T&F group reports in public committee meetings (also February 2023).

Next Steps:

- Further review strength of cabinet connections with scrutiny - e.g. regularity of attendance, portfolio updates etc

Scrutiny Action Plan

Direction 3.c, 5 & 7

Headline action	Owner	Indicative Timescale
7. Recruit resource to vacancies in Democratic Services and Scrutiny	Monitoring Officer / Statutory Scrutiny Officer	Phase 1

Actions to date:

- Recruitment of interim head of governance and statutory scrutiny officer
- Scrutiny role and other democratic services posts have been advertised

Next steps:

- Continue recruitment process

Headline action	Owner	Indicative Timescale
8. Improve the ways in which scrutiny members are kept appraised of forthcoming executive decisions and issues	Monitoring Officer / Statutory Scrutiny Officer	Phase 2a

Action to date:

- Significant improvements to early engagement with budget setting
- Regular meetings between O&S Chair and Chief Exec have now commenced.

Next steps:

- Embed mechanism to ensure that scrutiny members are availed of the public Forward Plan of cabinet decisions and are using it to inform their work
- Design effective use of corporate performance management information and KPIs by scrutiny councillors
- Support scrutiny members to understand their rights to access information

Scrutiny Action Plan

Direction 3.c, 5 & 7

Headline action	Owner	Indicative Timescale
9. Improve year-round scrutiny of the financial cycle	Monitoring Officer / Statutory Scrutiny Officer	Phase 1

Actions to date:

- Significant improvements to early engagement with budget setting
- Additional round of finance training and detailed pre-meeting for December round of budget/savings scrutiny meetings carried out on 24th November.

Next steps:

- Work towards whole-year focus on financial management in scrutiny, in accordance with guidance from CfGS.

Scrutiny Action Plan

Direction 3.c, 5 & 7

Headline action	Owner	Indicative Timescale
10. Deliver sustained programme of Scrutiny member and officer training and skills development	Monitoring Officer / Statutory Scrutiny Officer	Phases 2a & 2b

Actions to date:

- Training delivered to all scrutiny members taking account of early draft findings of CfGS review.

Next steps:

- Commission the member training proposal set out by Centre for Governance & Scrutiny
- Consider options for co-option in order to bring in exemplars of effective scrutiny to the committee setting
- Deliver further training to lead officers at suitable intervals
- Put in place weekly meetings for officer leads of T&Fs to discuss progress and process and thereby share good practice
- Involve service-based officers heavily in the leadership and delivery of T&F group support, encouraging learning-by doing
- Deliver member training and induction, including about scrutiny and chairmanship, post-election.

Headline action	Owner	Indicative Timescale
11. Review constitution re: scrutiny rules and practice, including call-in		Phase 2a

- Review constitution re: scrutiny rules and practice, including call-in, for recommendation by working groups to Council at AGM 2023.

Scrutiny Action Plan

Direction 3.c, 5 & 7

Headline action	Owner	Indicative Timescale
12. Improve overall support for Scrutiny Members to continuously improve effectiveness of scrutiny	Monitoring Officer / Statutory Scrutiny Officer	Phases 2a& 2b

Actions to date:

- See actions 5, 8 & 10.
- Offered intensive officer support of O&S Chair including regular weekly meetings with the statutory scrutiny officer.
- Pre-meetings more routinely in place for all committees.

Next steps:

- See action 2 & 10.
- With the support of CfGS, empower scrutiny members to self-evaluate their performance in committee and plan steps towards further improvement.
- Implement system of pre-meetings with facilitated identification of key lines of inquiry for key items

Internal Audit Bring In House

Direction 3.d

Ref	Status	Deliverable or Milestone	Owner	Progress	Delivery Dates		Date Delivered	Additional Comments
					Original	Forecast		
IA-001	C	Recruit to new IA Team	Mike Thomas	First round of adverts completed and shortlisting taking place	25-Nov-22	30-Nov-22	25-Nov-22	
IA-003	C	Shortlisting	Mike Thomas	Shortlisting to take place 1 December and 14 December 2022	25-Nov-22	01-Dec-22	14-Dec-22	2 phases of shortlisting in case first round is unsuccessful
IA-002	C	Recruitment advert extension approved	Mike Thomas	Advert extended to 9 December to attract additional candidates	09-Dec-22	09-Dec-22	09-Dec-22	Completed
IA-004	C	Interviews and Assessment centres	Mike Thomas	Interviews and Assessment centres to take place weeks commencing 5 and 12 December	16-Dec-22	16-Dec-22	16-Dec-22	Completed 3 Offers made to Head, Internal Audit Manager and Senior Auditor
IA-005	C	Offer Letters	Mike Thomas	Pre Christmas 2022	31-Dec-22	22-Dec-22	22-Dec-22	Completed
IA-007	A	New In House team commence work	Mike Thomas	Depends on recruitment	31-Dec-22	31-Jan-23	31-Jan-23	Arranging start dates and induction – all three new staff have indicated relatively short notice periods.
IA-13	A	Failure to recruit In House Team	N/A	Plan B is in place for RSM to continue for **23/24** should recruitment not be successful - it is likely other options will be considered	31-Dec-22	31-Jan-23	31-Mar-23	Not an issue as senior recruitment taken place - completed
IA-008	A	Transition from RSM to IN House team	Head of FG, IA	Depends on recruitment – internal auditor posts will need re-advertising or support through alternative means.	31-Mar-23	31-Mar-23	31-Mar-23	During February and March 2023
IA-10	A	Development of IA approach and launch of new service	Head of FG, IA	Review of approach to consider support for departments and managers	31-Mar-23	31-Mar-23	31-Mar-23	This will take place during 2023/24 as the new team sets up and beds in.
IA-11	A	Reduction in historical IA recommendations	Mike Thomas	IA Tracker in place and being utilised to reduce number of IA recs	31-Mar-23	31-Mar-23	31-Mar-23	Ambition is to reduce the number and risk rating of IA recommendations on an annual basis
IA-006	G	2023-24 IA Plan	Mike Thomas	Work with RSM and new team to develop and transition a plan for 2023/24	01-Apr-23	01-Apr-23	01-Apr-23	New Team to work with RSM to develop plan for 2023/24 and transition of work
IA-009	A	Quality Review of IA work	Head of FG, IA	Review against PSIAS standards to be undertaken within two years of new team starting	31-Mar-24	31-Mar-24	31-Mar-24	Subject to quality of work and recruitment

Internal Audit Bring In House

Direction 3.d

Ref	Status	Deliverable or Milestone	Owner	Progress	Delivery Dates		Date Delivered	Additional Comments
					Original	Forecast		
IA-12	R	Positive Head of Internal Audit Opinion	Head of FG, IA	This will be work in progress for a number of years	31-Mar-24	31-Mar-24	31-Mar-24	Significant number of variables that can impact including outcome of External Audit findings; recruitment of a IA team and general response from departments to implementing IA recommendations

Procurement and Contract Management Action Plan

Direction 3.e

Ref	Status	Deliverable or Milestone	Owner	Progress	Delivery Dates		Date Delivered	Additional Comments
					Original	Forecast		
M-004	G	Deliver contracts register	Clare Priest	**22/12** - Contracts register in place and reflects new council structure - now being used as Business as Usual activity, including forward plan for 2023/24 which will go to April cabinet	30-Jun-22	30-Jun-22	30-Jun-22	
M-006	G	Update Contract Procedure rules	Clare Priest	**29/11** - Updates approved, along with revised financial procedure rules at full council on 22nd November	22-Nov-22	22-Nov-22	22-Nov-22	Major update to CPR's was done in November 2021 which underpins improvement in governance
M-002	G	Develop procurement and contract management processes and procedures, and train staff	Clare Priest	22/12- Processes and procedures updated to reflect changes to contract procedure rules, training sessions booked and advertised for January/February 2023	31-Dec-22	31-Dec-22		Note there will be changes to procurement legislation in 2023 which will necessitate a review of the councils contract procedure rules
M-001	A	Recruit to vacant posts within the Commercial Team	Clare Priest	22/12- Posts have been advertised, expect a second round of recruitment for procurement category managers and contract management support lead	30-Mar-23	30-Mar-23		Posts have been advertised, expect a second round of recruitment for procurement category managers and contract management support lead
M-003	G	Implement contract management system (Agresso)	Clare Priest	**22/12** - meeting held with Agresso technical lead - confirmed that initial implementation can be delivered by the end of the financial year and enhancements/add on modules can be delivered thereafter	31-Mar-23	31-Mar-23		
M-007	G	Development of meaningful KPIs and performance data	Clare Priest	22/12- KPI's to be developed from January onwards, including performance relating to exemptions. Procurement review board tracker has been reviewed to ensure information is captured	31-Mar-23	31-Mar-23		
M-009	G	Develop forward plan for 2023/24	Clare Priest	**22/12** - Contracts register will be used and form the basis of the forward plan, meetings with directorates has commenced, and will take place throughout January 2023	01-Apr-23	01-Apr-23		
M-005	A	Develop and implement social value policy	Clare Priest	**22/12** - Policy being developed, will work with procurement consultants to implement	31-Dec-23	31-Dec-23		
M-008	A	Implement procurement and contract management strategy	Clare Priest	**22/12** - Strategy in place, LGA procurement strategy maturity assessment to be undertaken. Implement contract management framework when resources in place	31-Mar-24	31-Mar-24		Predicated on fully resourced in house team

ICT action plan - cloud migration for line of business applications

Direction 3.f

Ref	Status	Deliverable or Milestone	Owner	Progress	Delivery Dates		Date Delivered	Additional Comments
					Original	Forecast		
M-007	A	APAS Migration of the council’s planning application to the cloud	Stephen Menzies	**06/01/23** - server infrastructure set-up complete and application loaded to infrastructure. Vendor undertaking configuration and testing.	30-Nov-22			
M-001	R	*Northgate Housing Migration of the council’s housing management system to the cloud	Tom McAuliffe	**06/01/23** - Project being moved to the ICT and Digital programme for delivery. Workshops planned for January and project will be reset and rebaselined for delivery.	31-Dec-22	31-Dec-22		
M-010	G	Agresso finance system Migration and ongoing service management of the council’s finance system to a new supplier (Cloud Hosted)	Stephen Menzies	**06/01/23** - Project went live in December. Some post go-live issues to be addressed. Infrastructure decommissioning work has started.	31-Dec-22	31-Dec-22		
M-004	G	Academy (Revs and Bens) Migration of the council’s revenues and benefits case management system to the cloud	Stephen Menzies	**06/01/23** - Project undertaking go-live activities 6 and 7 January. Minor test case errors outstanding. Manual workarounds in place.	31-Jan-23	31-Jan-23		
M-008	A	ITSM Phase one Implementation of an IT service management application – case management and customer portal.	Stephen Menzies	**06/01/2023** - Options appraisal complete. G-cloud 13 Framework newly launched. Procurement can't complete until access to framework is provided by CCS. Issue escalated to Procurement.	31-Mar-23	31-Mar-23		
M-009	A	EDMS Implementation of a council wide electronic document management system	Stephen Menzies	**06/01/23** - Report for new two year contract will be considered by Cabinet in January. Work has started on the future medium/long term technology and resourcing strategy.	31-Mar-23	31-Mar-23		

ICT action plan - cloud migration for line of business applications

Direction 3.f

Ref	Status	Deliverable or Milestone	Owner	Progress	Delivery Dates		Date Delivered	Additional Comments
					Original	Forecast		
M-005	A	Flare Implementation of a new case management system for regulatory services	Stephen Menzies	**06/01/2023** - Options appraisal complete. G-cloud 13 Framework newly launched. Procurement can't complete until access to framework is provided by CCS. Issue escalated to Procurement.	30-Sep-23	30-Sep-23		
M-012	G	Liquid Logic (Adult social care) Migration to the cloud of the council's Adult Social Care system, Children's Social Care & Early Help applications.	Stephen Menzies	**06/01/23** - Requirements gathering and business case being drafted. Workshop planned with service area and vendor.	TBC	TBC		Timelines to be agreed with service area once requirements gathering, BC drafting and workshop has completed.

ICT action plan - cyber security and resilience

Direction 3.f

Ref	Status	Deliverable or Milestone	Owner	Progress	Delivery Dates		Date Delivered	Additional Comments
					Original	Forecast		
M-009		Cyber reporting Implementing a range of cyber reporting on the council's cyber security and resilience	Stephen Menzies	**06/01/23** - Not started yet. Resource to be allocated January 2023.				
M-010		PSN/DWP re-certification Preparing for the submission of the council's PSN certification	Stephen Menzies	**06/01/23** - Not started yet. Resource to be allocated January 2023.				
M-005	A	NCSC services Implementing a range of free NCSC provided IT services for network and email security	Stephen Menzies	**06/01/23** - Work being undertaken by cyber security officer.	31-Dec-22	31-Dec-22		
M-006	R	Multi factor authentication (MFA) Implementing MFA across council devices.	Stephen Menzies	**06/01/23** - Specialist cyber security consultancy contract awarded. Consultant being recruited. Project timelines to be reviewed when consultant onboarded.	31-Dec-22	31-Dec-22		
M-008	R	Ransomware Implementation of a ransomware file encryption protection solution	Stephen Menzies	**06/01/23** - File share permissions have been set-up. Vendor meeting 9/1/23 to confirm migration and testing activities	31-Jan-23	31-Jan-23		
M-002	R	Security incident and event monitoring (SIEM) Implement a SIEM tool to log and monitor traffic on the council's networks and devices	Stephen Menzies	**06/01/23** - ITT commercial model outstanding. ITT to be released to market early January.	31-Mar-23	31-Mar-23		
M-003	R	Active Directory Implementing additional controls and security policies on the council's Active Directory	Stephen Menzies	**06/01/23** - Specialist cyber security consultancy contract awarded. Consultant being recruited. Project timelines to be reviewed when consultant onboarded.	31-Mar-23	31-Mar-23		

ICT action plan - cyber security and resilience

Direction 3.f

Ref	Status	Deliverable or Milestone	Owner	Progress	Delivery Dates		Date Delivered	Additional Comments
					Original	Forecast		
M-001	R	Back-up Implementing a cloud-based back-up solution for the council's applications and data	Stephen Menzies	**06/01/23** - ITT commercial model outstanding. ITT to be released to market early January.	30-Sep-23	30-Sep-23		
M-004	R	Legacy operating systems Replacing legacy operating systems which are out of date and unsecure	Stephen Menzies	**06/01/23** - Specialist cyber security consultancy contract awarded. Consultant being recruited. Project timelines to be reviewed when consultant onboarded.	30-Sep-23	30-Sep-23		
M-007	R	IT health checks Undertaking regular IT health checks on the council's networks.	Stephen Menzies	**06/01/23** - Specialist cyber security consultancy contract awarded. Consultant being recruited. Project timelines to be reviewed when consultant onboarded.	30-Nov-22	Ongoing		

ICT action plan - End use compute

Direction 3.f

Ref	Status	Deliverable or Milestone	Owner	Progress	Delivery Dates		Date Delivered	Additional Comments
					Original	Forecast		
M-006		Anti-virus Implementing a new anti-virus solution	Stephen Menzies	**06/01/23** - Not started yet. Resource to be allocated February 2023				
M-002	R	Corporate and contact centre telephony Migration to a new service provider for corporate and contact centre telephony services	Stephen Menzies	**06/01/23** - Migration planning and data collection underway. Comms Strategy in development.	28-Feb-23	28-Feb-23		
M-004	A	Always on VPN Improving remote access over VPN for staff	Stephen Menzies	**06/01/23** - Netscaler upgrade complete. Network testing being carried out. Poor download performance in test and access issues to MS Office being reviewed and resolved.	31-Jan-23	28-Feb-23		
M-003	A	Laptop AutoPilot Automating process of building staff user profiles onto new laptops	Stephen Menzies	**06/01/23** - Reviewing existing laptop images. Project cannot be rolled out until the Always On VPN project has completed. All non impacted activities are being delivered in parallel.	31-Jan-23	31-Mar-23		
M-005	R	InTune mobile device management Implementing new approach to managing council devices remotely	Stephen Menzies	**06/01/23** - 540/700 devices upgraded to InTune. Comms campaign being started to encourage remaining staff to upgrade as soon as practical now that staff are returning to work after break.	31-Dec-23	31-Dec-23		

ICT action plan - upgrading infrastructure

Direction 3.f

Ref	Status	Deliverable or Milestone	Owner	Progress	Delivery Dates		Date Delivered	Additional Comments
					Original	Forecast		
M-009	G	Cloud assessment Identify the potential for more efficient hosting options for applications used across the council	Stephen Menzies	**06/01/23** - This project hasn't started. Resource to be allocated late February 2023 to scope project.				
M-001	R	Disk storage replacement Replacement of the council's storage area network equipment.	Stephen Menzies	**06/01/23** - new SAN has been installed, powered up and connected to the network. Porting identification exercise to be undertaken and migration plan to be reviewed by project team and vendor.	31-Dec-22	31-Jan-23		
M-007	R	Disaster recovery as a service Procurement and implementation of a cloud disaster recovery service	Stephen Menzies	**06/01/23** - Awaiting commercial model from procurement to complete ITT. Release to market early January.	28-Feb-23	28-Feb-23		
M-005	A	Wi-Fi Review and upgrading of the council's Wi-Fi service within Observatory House	Stephen Menzies	**06/01/23** - Requirements being collected and business case drafted.	31-Mar-23	31-Mar-23		
M-002	R	Core switch migration Upgrade and replacement of the core switch	Stephen Menzies	**06/01/23** - Cable audit has completed. Reviewing opportunity to migrate some services ahead of the DC relocation in May as there are services which are currently not supported on the existing switch.	31-Mar-23	30-Apr-23		
M-006	G	Data centre relocation Relocating the council's data centre to a central government, highly available and flexible location	Stephen Menzies	**06/01/23** - Cable audit complete. Awaiting sealing of contract to allow commissioning of data lines to new data centre. Migration date agreed for May to minimise impacts on key council activity relating to FYE.	31-Jan-23	31-May-23		Mid-May migration date is based on: a) telcom data lines - earliest date available, mid February b) financial year end and start activities with residents, mid March to Mid April c) local govt. election in May

ICT action plan - upgrading infrastructure

Direction 3.f

Ref	Status	Deliverable or Milestone	Owner	Progress	Delivery Dates		Date Delivered	Additional Comments
					Original	Forecast		
M-008	A	Office 365 Phase 2 Maximising the use of online collaboration and productivity tools available from Office 365	Stephen Menzies	**06/01/23** - Initial project scoping complete. Wider piece around staff adoption and end-to-end support on adoption being developed.	30-Jun-23	30-Jun-23		

Subsidiary Company Review Direction 6

The Council had 11 companies: Six have been shut and four are currently being very actively managed.

1. Reviews of three (GRE5, SUR and JEH) have been undertaken and measures introduced to improve governance, management, reporting, stabilise/reduce operating costs, generate capital receipts and reduce capital spend.
2. One, low risk, will follow in 23/24 (DISH) as planned.
3. Directors/Board representatives have been replaced for all, apart from DISH. Board meetings and reporting have been regularised, new board terms of reference agreed, director contracts agreed, director appraisal programme in place.
4. Officer corporate oversight boards have been established to provide support to representatives, strengthen communication, reporting and performance oversight.
5. Short term Council capital programme commitments have been reduced by at least £65m.
6. Programme to accelerate asset disposals to generate cash receipts of c.£40m in 22/23 and 23/24.
7. Acceleration of loan repayments to the Council. SUR loan facility reduced from £10m to £nil in 12 months.
8. Additional external funding obtained to reduce Council's financial exposure e.g. HE grant to GRE5 of £10m.
9. Reduced operating costs for SUR and JEH with reduced scale of operations and reduced capex programme.

Subsidiary Companies Action Plan

Direction 6

1. In FY 2022/23, the Council has simplified the Council’s corporate structure and reduced its resource requirements by closing down all of its dormant companies.

2. Six companies have been closed down this year.

3. The Council’s activities have been focused on the higher risk companies; GRE5, JEH and SCF, as well as its regeneration partnership, SUR.

4. This has included significant changes to the governance, management, reporting and financial arrangements across these entities as set out in this section and improvements will continue to be made.

5. Critically, these changes have, or will have, a significant impact on the Council’s financial position over the next few years; generating capital receipts, reducing borrowing requirements, MRP and the Council’s exposure to financial risk. JEH losses have been stabilised and the company now has a net operating profit. The SUR operating model and costs have been significantly reduced to reflect the new scale of operations. A good quality team has been put into place in GRE5 to provide leadership and manage the programme.

6. The remaining four companies will be closed down by 2024/25 which allows for key projects to be completed and/or transfer or sale of assets. SUR/GRE5 expected FY24/25. DISH/JEH expected FY23/24 - 24/25.

Subsidiary Companies Action Plan

Direction 6

The improved governance arrangements should also enable the Council to make timely informed decisions on key strategic and financial matters that are critical to the Council’s capitalisation directive. These include:

1. The Council’s capital programme has been reduced (e.g. SUR programme reduced by c £50m and the JEH acquisition programme was been stopped reducing the capital programme by a further £15m);

2. The increased loan repayments to the Council improving cash flow and borrowing costs (e.g. a significant reduction in the SUR loan facility from £10m to £nil this year);

3. Capital receipts have been accelerated. NWQ and Montem Lane sale are expected to complete before the end of FY 22/23 (c £40m).

4. Reduced cost exposure on key development sites;

5. Reduced operational losses for JEH due to the change to its acquisition strategy and improved Council operational oversight; and

6. Additional sources of funding have been identified and approved to reduce the Council’s overall financial exposure (e.g. Homes England funding of at least £10m for GRE5 as a contribution towards the ACM programme and additional First Homes grant funding to accelerate the sales of apartments at the Old Library Site).

Subsidiary Companies Action Plan

Direction 6

1. FY 2023/24 will see a focus on JEH to enable the Council's loan facility to JEH to be paid down. The company has property assets of c£50m and associated loans of c£50m. It is expected that Cabinet will be asked to approve the transfer of some assets back to the Council and the sale of assets to third parties. This will enable JEH to be closed down. Cabinet decision required in early 23/24.

2. The Council will also seek to exit completely from GRE5 following the completion of the ACM works at Nova House and the settlement of the legal claim against the warranty provider. This is expected in FY 24/25 – works scheduled to be completed in early 2024.

3. Activity in relation to DISH has not been prioritised in FY 22/23 and is programmed for early FY 23/24.

4. DISH is a company limited by guarantee provided by the Council. It was established in 1988 and has one lease (with the Council) for 54 homes.   It is considered to have a lower risk profile compared to the other companies which has informed the timing of a cabinet paper on the way forward.

5. Further governance and oversight improvements – new Shareholder Agreements (March 23) and new member oversight (for start of FY 23/24).

Subsidiary Companies Action Plan - Appendix

GRE5

1. Company limited by shares (100% owned by the Council). GRE5 owns the freehold lease for Nova House - a residential block of flats with cladding and structural defects.

2. Report to cabinet and full council to set out options and regularise the loan arrangement (Reports June/July 2021 and loan fully executed and in place).

3. New directors appointed based on skills audit. External appointments following interview process.

4. Separation between board and shareholder function, with shareholder decisions made at officer, cabinet or council level as appropriate (loan arrangement agreed by full council).

5. Securing of additional funding from HE and commissioning of developer for cladding and associated works (£10m +) to reduce Council financial exposure.

6. Programme update to cabinet (March 23).

7. Exit arrangements expected in financial year 2024/25 due to works contract and ongoing litigation (legal case expected to be concluded in FY 23/24.

Subsidiary Companies Action Plan - Appendix

SUR

1. SUR is not a company, it is a limited liability partnership, with specific limited liability partnerships created underneath for each scheme. It is a joint venture between the Council and Muse.

2. Its purpose is to manage and deliver regeneration schemes – established in 2013.

3. Cabinet reports are produced for each site on a case by case basis. Recent papers on Montem, Stoke Wharf and NWQ disposals.

4. Corporate oversight board to strengthen governance and the Council's management arrangements – operated throughout FY 22/23.

5. Significant progress on site by site disposal of SUR opted sites. Two expected to complete FY 22/23 (NWQ and Montem) and further sales in FY 23/24.

6. New Executive Director of Housing and Property will have lead responsibility for exit arrangements once current schemes are complete or alternative arrangements entered into. Phased exit following site disposals – winding up expected FY 24/25.

Subsidiary Companies Action Plan - Appendix

Direction 6

JEH

1. JEH is a company limited by shares – 100% owned by the Council. Set up in 2017 with the sole purpose to acquire and hold housing properties, majority rented at LHA. Includes temporary accommodation portfolio.
2. External review by Local Partnerships, funded by LGA – in FY 22/23. Recommended a phased exit incl. some properties to be transferred back to the Council / some properties to be sold; but with further work required before recommendations could be confirmed and set out in an Action Plan. Further data and analysis is required to support the LP recommendations to ensure that the wider Council revenue implications are clearly understood.
3. Council has provided a loan facility to JEH to enable the acquisition of properties – c. £50m debt. Loan Facility has been restricted to this level – facility was up to c £65m.
4. New directors appointed with monthly board meetings and new reporting arrangements. New board terms of reference and directors contracts in place.
5. New SLA between Council and JEH to ensure transparency around services provided and cost recovery. JEH has no staff – all services are provided by the Council.
6. Separation of banking arrangements put in place.

Development Initiative Slough Housing (DISH)

1. Company limited by shares set up in 1988 for sole purpose of leasing and managing 54 properties.
2. Properties are all tenanted with stability in its tenants.
3. Options review and exit strategy scheduled for financial year 2023/24 due to lower risks.

Subsidiary Company Action Plan

Direction 6

Ref	Status	Deliverable or Milestone	Owner	Progress	Delivery Dates		Date Delivered	Additional Comments
					Original	Forecast		
M-002	A	Make sure that the directors appointed by the Authority are appropriately skilled in either technical or company governance matters.		**30/11** - Skills audit undertaken for all except DISH. All Directors replaced to meet requirement of skills audit. Interviews conducted and Terms of Appointment produced and signed for all directors and assurance sought regarding training and induction in place for each company except DISH **13/1** – first round of Director appraisals have taken place and will continue on a rolling basis.				Review of DISH to be completed by FY 2023/24 Q1 due to it being lower risk.
M-004	A	Ensure board functions effectively under a nominated shareholder representative		**30/11** - Shareholder/member representative for each company. Representative is supported by corporate oversight board of officers for all except DISH. Reports being taken for approval by cabinet where required/appropriate. E.g. SUR disposals, and GRE5 loan facility approval, SCF business plan and in-year contract change. **13/1** – Handover undertaken with Pat Hayes in his new role as shareholder representative for JEH, SUR and GRE5.				Review of DISH to be complete by FY 2023/4 Q1 to consider need for corporate oversight board if not transferred into the Council.
M-005	A A	Establish a plan to internalise, close or sell as appropriate		**30/11** - Six dormant companies wound up. Options review undertaken for all companies except DISH. Cabinet authority to undertake discussions with DfE for SCF. Cabinet decision on all schemes held by SUR, with plan to dispose of all sites and winder up the partnership by 2024 latest. Options review undertaken by Local Partnerships for JEH – to be reported to Cabinet in early 2023/24. Likely phased disposal/transfer programme to be recommended to Cabinet. Winding up of JEH following changes. Cabinet approval to direction of travel to dispose of GRE5, implementation to be after completion of building works and conclusion of litigation **13/1** – No change to plans. SUR - decisions re the disposal of opted sites continue to be made by Cabinet on a case by case basis (most recent ones – Montem and NWQ). No new activity is being undertaken by SUR and the LLP will be wound up following completion of asset sales. GRE5 – update paper on Nova House works programme and associated matters to be provided to Cabinet (in addition to the annual Business Plan) in March 23. GRE5 Ltd be sold and/or wound up in 24/25 following completion of works – optimum exit strategy to be agreed (e.g. sale of lease or sale of business/share				Review of DISH to be complete by FY 2023/4 Q1 due to it being lower risk.

Subsidiary Company Action Plan Direction 6

Ref	Status	Deliverable or Milestone	Owner	Progress	Delivery Dates		Date Delivered	Additional Comments
					Original	Forecast		
M-003	A	Ensure board functions effectively under the terms of an explicit shareholder agreement.		**30/11** – A range of agreements exist between all companies and the Council as shareholder, except DISH. The agreements differ depending on the nature of the corporate entity. Corporate oversight boards and governance reviews undertaken as appropriate to check compliance with requirements of agreements for all except DISH. **13/1** - Business plans for all companies to be approved by Cabinet for next financial year (February 23 Cabinet). **13/1** – New Shareholder Agreements to be approved by Cabinet for all companies in March 23.	31-Mar-24	31-Mar-24		Review of DISH to be complete by FY 2023/24 Q1 due to it being lower risk.

Key Service Updates

Health and Social Care Integration

- A procurement exercise has been undertaken concerning the voluntary and community sector contracts and a report will be presented to Cabinet in March 23 as per the Corporate Forward Plan.

- Approval for contract award for an Integrated Substance Misuse Service and Rough Sleepers Substance Misuse outreach service was secured in November 22. Mobilisation has commenced for these services with new contracts going live in April 23.

Public Health

- Recruitment to the substantive posts in the Public Health Team is now underway.

- The majority of the team are currently interims. Improving long-term public health outcomes is heavily reliant on stable partnerships and a substantive team will be a key step to ensuring this.

Key Service Updates

Reablement

- The Reablement recruitment advertisement campaign concluded. Good response, interviews happening throughout January 2023.
- Reablement Workshops are being run through January setting the culture for the team for team members.
- Reablement Roadshows for wider teams planned through 2023.
- Processes associated to the new working model have been implemented and are now being reviewed to assess benefits.
- In year savings have been re-profiled to consider the timeline of recruitment activity which is the significant factor for driving financial efficiencies.
- Methodology for how impact of reablement efficiencies is measured and tracked has concluded.

Key Service Updates

Children

- LGA will undertake a peer review of the Corporate Parenting Panel on 18/19 January.
- Further meeting taking place with the DfE regarding the SEND WSOA on 26 January.
- Safety Valve initial proposal feedback meeting on 22 January.
- The Early Help Strategy is being prepared to be taken to the Slough Wellbeing Board.

Key Service Updates

Place

- SBC has been awarded £9.2 million in the second round of the Levelling Up Fund, to transform the A355 Farnham Road in Slough to better serve pedestrians, cyclists and drivers, with faster access for buses to improve journey times.

Communications

- Peer review issues and recommendations are forming the basis of an action plan
- Second round of staff roadshows to be held w/c 23 January 2023
- Three small getting to know you sessions (six staff members at each) held with the CE, receiving positive feedback from attendees
- Community engagement touchpoints identified across the organisation to enable coordination of key messages
- Report to CLT on communications planning 18 January 2023 and monthly reporting to CLT commenced
- Brand review awarded to external creative agency, work commenced 18 January 2023
- Fortnightly bins creative and media buying campaign awarded 23 January 2023

Key Service Updates

Customer services

- The Customer Contact Centre has exceeded the corporate plan targets for the service in October, November and December (currently 55% of calls answered, and 10 minutes wait time).

	Oct-2021	Oct-2022
Calls Received	17389	13891
Calls Answered	6124	11191
% Answered	35.2%	80.6%
Average Wait Time	00:17:48	00:05:10

	Nov-21	Nov-22
Calls Received	16,722	13,812
Calls Answered	6,669	10467
% answered	39.9%	75.8%
Average wait time	00:16:53	00:06:58

	Dec-21	Dec-22
Calls Received	11,222	10,025
Calls Answered	5,471	7682
% answered	48.80%	76.60%
Average wait time	13:41	06:08

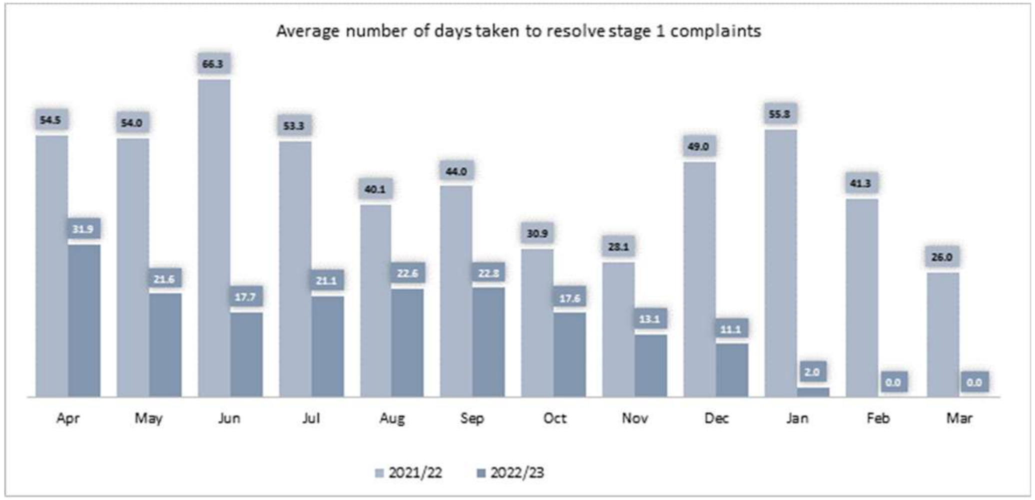
Average wait times have improved our customers’ experience substantially since the same period last year

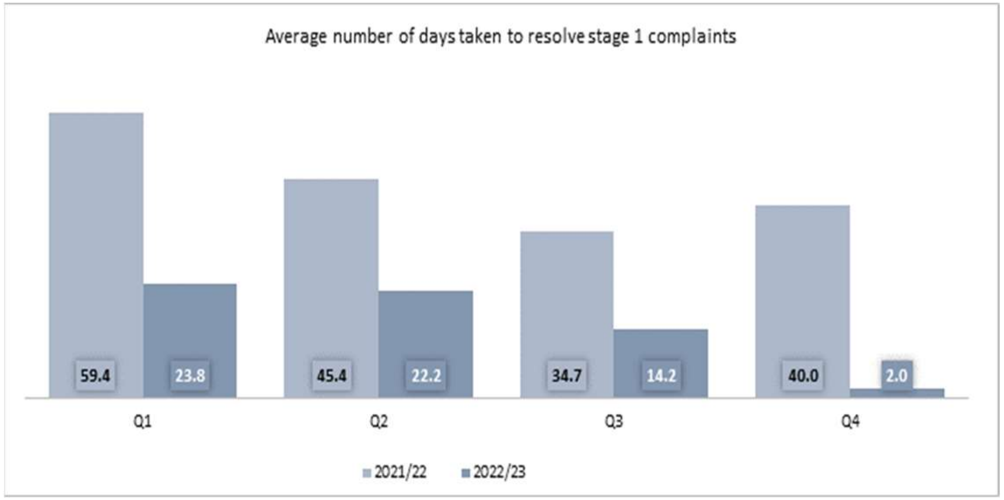
- The service is currently working on a draft high level programme plan, which includes initiatives to embed a corporate ‘Customer Focussed’ culture within the organisation. Further workstreams focus on the Customer Contact Centre.
- A paper on approach / methodology to develop the customer care standards is in the process of being finalised and will be tabled for discussion and engagement with the wider leadership.
- Service redesign is progressing well, with full engagement of staff within the service to define a revised interim target operating model; conversations have taken place with HR, and the detailed business case is currently in development stages.

Key Service Updates

Complaints

- From December, we have introduced a weekly outstanding cases report, detailing all outstanding casework per service and issued to services, requesting urgent action.
- Quarterly complaints monitoring report re-introduced and circulated since 17 November.
- Members Complaint handling T&F Group has completed – the final recommendation report to be presented at the Customer & Community scrutiny panel in February 2023.
- We are carrying out periodic quality checks on complaints to ensure learning actions are registered and followed through





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Report of the Overview and Scrutiny Task and Finish Group on Contract Management

JANUARY 2023

1. Foreword

In July 2022 the Overview and Scrutiny Committee agreed to convene a Task and Finish group on contract management to investigate issues concerning contract management which had not been addressed by the council for many years. The aim of the Task and Finish group is to make recommendations to improve the management of contracts at Slough Borough Council.

I am very grateful to the members of the Task and Finish group for their input and contribution to our work. I would also like to thank the officers and contractors who were interviewed as part of the work of the Task and Finish group, and the support provided by the Head of Commercial services and the Head of Governance and Scrutiny to ensure the smooth running of the meetings.

Our investigations highlighted several themes concerning procurement and contract management and they have informed the recommendations of the Task and Finish group. I hope the recommendations are endorsed by the Overview and Scrutiny Committee and Cabinet, as these will improve the Council's approach to contract management and drive better value for money for our residents.

Councillor Harjinder Gahir
Chair
Contract Management Task and Finish Group

2. Executive summary and recommendations

2.1 An Overview and Scrutiny Task and Finish group on contract management was convened in November 2022 to review three contracts and to make recommendations to improve contract management at Slough Borough Council.

2.2 Good contract management leads to improved supplier performance and quality, mitigation of risks, reduction of contract disputes or surprises and delivery of better outcomes to time, quality, and budget.

2.3 The Task and Finish Group have made the following recommendations to improve contract management:

- The start of the procurement process must be well managed, with clear outcomes and deliverables in the procurement specification, which include outcomes-based deliverables, gateways, monitoring, timelines, milestones and reporting.

- When assessing tenders for work they should be scored against the outcomes and deliverables in the specification and the results retained as evidence.

- Where authority is delegated to Officers for the award of a high value/high risk contract, this should be in consultation with the lead member. Members must be properly consulted with evidence of decisions in writing and their agreement clearly sought.

- Council staff must follow a proper governance process, as set out in the updated Contract Procedure Rules, including having an effective and up to date forward procurement plan.

- Cabinet reports for procurement must set out the evidence base for a particular recommendation and have an effective options appraisal as part of the report. Consideration should be given to phasing procurement and reserving future decisions to Cabinet for high value / high impact commissioning.

- Contracts on the Council's contract register must be risk assessed to identify the scale of the risk for each contract. This should be done using a standardised risk assessment matrix that considers contract value, business value and impact, sourcing and contractual complexity, and performance. This will ensure that mitigations are put in place to proactively manage risks.

- There must be a dedicated contract manager for high-value/impact contracts identified through the risk assessment process. This officer should be appropriately trained and should have responsibility for monitoring the contract and ensuring compliance with the contractual requirements. The officer should keep records of contract meetings and should convene formal monitoring meetings as required by the contract. The officer should raise any risks with the relevant Executive Director. The officer should have access to legal and finance advice, as required, to assist with their role.

- Meaningful Key Performance Indicators must be developed for contracts and reviewed and followed up regularly at contract review meetings to ensure that any performance issues are discussed and challenged accordingly. For more significant commissioning arrangements, contract review meetings should include operational and strategic meetings with key officers in attendance. These meetings should be confidential to allow for full and frank discussion, with opportunity to agree minutes to be put in the public domain where updates are to be provided to a formal member meeting. If a contractor is invited to attend a formal Member meeting, consideration should be given to allowing this to take place in Part 2 to allow for a more detailed discussion about any issues.

- A standardised framework for contracts should be implemented, which includes a contract management plan for each contract, tailored to take account of value and impact of the contract. This considers important mechanisms for the management of a contract, including roles, responsibilities and governance, dispute resolution, key performance indicators, and exit plans.

- When commissioning management consultancy, consideration should be given to the payment mechanism and if this is on a time and materials basis, there should be close monitoring of the value being delivered via this arrangement and consideration of alternatives, such as recruiting in-house resource.

- When commissioning services, ensure that decisions are informed by data, including benchmarking data where available, to demonstrate value for money for Slough's residents.

- Ensure there is an effective mechanism to review commissioning activity, including reviewing whether the arrangement delivered on the intended strategic aims and capturing any lessons learned. Regular reports should be presented to CLT and the Lead Member responsible for contract management.

3. Introduction

3.1 Effective overview and scrutiny should provide constructive ‘critical friend’ challenge, amplify the voices and concerns of the public, be led by independent people who take responsibility for their role and drive improvement in public services.

3.2 The recommendations from this report should lead to benefits of good contract management and in turn lead to:

- better evaluation of supplier’s performance through higher quality contracts allowing for action to be taken to increase the performance and effectiveness of the contract
- decisions being taken at the proper time, which mitigates potential risks appearing in the future
- reducing contract disputes or surprises

4. Background

4.1 At the July Overview and Scrutiny committee, it was agreed that a task and finish group would be convened on contract management, with an aim to reviewing the council’s contracts register and selecting three contracts to focus on. The group would:

- Meet with relevant officers for those contracts and discuss the key lines of enquiry; and
- Bring a report back to a future meeting of Scrutiny for consideration.

4.2 The members of the group were:

- Councillor Harjinder Gahir (chair)
- Councillor Fiza Matloob
- Councillor Jina Basra
- Councillor Kamaljit Kaur
- Councillor Puja Bedi (attended one meeting out of four meetings)
- Councillor Wayne Strutton (attended one meeting out of four meetings)
- Supported by Clare Priest Head of Commercial Services and Alex Polak Head of Governance and Scrutiny.

4.3 The objectives of the group set out in the terms of reference were to:

- consider what thought went into the initial procurement phase to ensure the end contract would deliver the outcomes needed (e.g. what the specification was, what the KPIs are)
- consider the contract management activity in place, to determine what processes have been put in place to monitor performance
- understand what action is being taken where delivery is not what was expected
- determine what learning is being derived from the process to ensure any lessons are fed into next procurement activity

5. Methodology

5.1 The task and finish group reviewed the council's contracts register and came up with a shortlist of contracts it was interested in reviewing.

5.2 Each contract on the shortlist was risk assessed in relation to:

- Contract value
- Business value and impact
- Sourcing complexity
- Contractual complexity
- Performance

5.3 As a result of the risk assessment, the task and finish group identified the following contracts to review:

1. **GateOne**
   Gate One were procured as the Council's "delivery partner" to work with the Council as part of its transformation programme (also known as "Our Futures") in June 2019. This contract is no longer in place, so the emphasis was a "backwards look" and lessons to be learned.

2. **Matrix**
   Matrix is the Council's contract for the supply of temporary labour.

3. **Osbourne**
   Osbourne is the Council's repairs maintenance and investment contract for the Council's housing stock.

5.4 The key lines of enquiry document shared at the July Overview and Scrutiny committee was refined to ensure that the most important aspects of contract management were considered. The document was shared with the chair of the London Procurement Network, for external quality assurance, who confirmed that this was a best practice approach.

5.5 The key lines of enquiry were used at each evidence gathering session to ensure there was a consistent approach to scrutiny of the contracts being reviewed.

6. Evidence gathering sessions

6.1 For each contract an "evidence pack" was compiled and sent to the committee before the meeting, this included:

- Recent committee reports on the contract, e.g., that had been presented to Overview and Scrutiny committee or the Employment and Appeals committee within the last six months
- A copy of the contract
- Key Performance Indicators
- Recent Internal Audit reports

6.2 For each contract review, managers were interviewed that represented the service, the management of the contract and financial considerations. The Head of Commercial services was also in attendance at all meetings, in her role supporting the Task and Finish group as subject matter expert and representing procurement and risk management.

6.3 The agenda for each session was as follows:

- Introduction on the contract from the service area and contract manager
- Questions and answers from members of the Task and Finish group
- Key lines of enquiry
- Reflections on emerging themes

6.4 Summary of each contract discussion is as follows:

GateOne

Gate One were procured as the Council's "delivery partner" to work with the Council as part of its transformation programme in June 2019. The only Cabinet authority for this is in April 2019 where wide-reaching decisions were made as follows:

1. That the business case be agreed for a transformation programme to deliver a new operating model for the Council, including procurement of a delivery partner;

2. That a budget of £4.2m be agreed to fund the programme, funded from the transformation fund in accordance with the flexible capital receipts strategy;

3. That the chief executive has delegated authority to deliver and implement the programme.

In addition, in March 2021, a report to the Procurement Review Board from the Director of Transformation requested the direct award of £495,000 to Gate One for further work between March 2021 and August 2021. The report referred to authority as being the April 2019 Cabinet decision.

The start of the procurement process was not well managed. There was a lack of detail on the commissioning processes and no apparent agreed deliverables and outcomes for the programme overall and in particular for the delivery partner. As a result only two consultancies were interviewed for the work after submitting bids and Gate One, who had not delivered a Local Authority transformation programme were appointed. Other large consultancies apparently did not bid as from the documentation were not aware the work was for a transformation programme. The Chief Executive, had delegated authority to appoint the contractor, but not in consultation with the lead member. Therefore, the Chief Executive did not consult with the leader or members to explain why GateOne were suitable or provide a report to evidence how they were appointed.

The contract was procured through a framework on a time and materials basis. This meant that the contractor was paid for hours worked not on outputs or deliverables. This limited the Council's ability to fix the price for certain activities based on delivery of results and required closer monitoring of spend and activity to ensure it provided value for money. The Director designated to lead the programme did not appear to robustly manage the contract, agreeing an extension without considering returning the matter to Cabinet and authorising payment of invoices with no breakdown of outputs delivered or inputs. As a result, Gate One were given the impression that the work they were doing was effective and when the Director left, it was difficult for the Council to dispute payment of the invoices with GateOne.

A contract of this type needs close management, including whether deliverables were appropriate or timely, and this did not happen. No concerns on GateOne's performance were raised at the time by the Director of Transformation or the Chief Executive, the client lead and project sponsor for the contract.

It was evident that some of the work being undertaken by GateOne was outside the work outlined in the original business case approved by Cabinet in April 2019. This included organisational development, governance, member workshops and localities.

As a result, the transformation programme was not implemented well and has led to a staffing structure which is not fit for purpose and does not deliver the financial savings anticipated. Implementation of this programme was deemed to be a major contributor to the governance and financial issues identified in the Department for Levelling Up, Housing and Communities (DLUHC) commissioned Governance Review. Current staff still refer to the organisational damage caused by the failures of the Our Futures programme.

Aside from the annual budget reports, which contained details of delays in delivering anticipated savings and details of capital spend, there was no formal reporting mechanism back to Cabinet on the programme. This demonstrated very poor governance for such a costly and significant programme of change. This was a significant factor in the resulting non-delivery of results for a contract that cost the Council £2.8m. It appeared that Gate One were being commissioned to support a much wider level of activity than originally envisaged, including supporting on HR and ICT transformation. This resulted in individuals being charged out at day rates, sometimes multiple officers on the same day, for activities that could have been commissioned via an agency worker arrangement at lower cost. It should also be noted that the Transformation programme did not feature on the corporate risk register.

It is easy to hold Gate One responsible for the failures in delivery of the Our Futures programme, however it was the Council that was responsible for commissioning and managing the programme and Council officers who procured and managed the contract. Issues were flagged including by an LGA external review, the results of which were presented to the Audit and Corporate Governance Committee.

It is essential that the Council learns from the mistakes made. The Council has reviewed its Procurement Review Board to ensure this has an appropriately strategic focus. This Board ensures all procurements are managed appropriately with clear outcomes.

To improve outcomes the Council has set up a new Programme Management Office, dispensed with as part of the transformation programme.

Major contracts must have contract managers assigned with the appropriate level of experience and specialist training has been provided to key officers with responsibility for strategic commissioning activity.

Members must also ensure that work programming is focused on corporate priorities. It is surprising that despite the Our Futures programme being a major project to transform the Council, it was not reported on the corporate risk register, was not part of the internal audit programme and was not subject to periodic reporting to Cabinet or Overview and Scrutiny. Members should be curious and ask questions, ask to see evidence and data – this is scrutiny's role in particular.

Matrix

The Matrix contract's purpose and how it was procured was outlined during the evidence gathering session. The key driver for this contract is the organisation's need for good quality specialist roles where there are national shortages.

In 2013, Matrix was procured through a procurement process to provide workers through a neutral vendor model. This contract ended and a further procurement exercise was undertaken, in 2019. Matrix were confirmed as the preferred providers but on this occasion, to provide the services through a hybrid model. The hybrid model allows us to have better control on the types of temporary labour contracts we have including rates and charges, as opposed to the previous model where agencies would control fees and charges. Matrix benchmark against current market rates to ensure we are getting value for money. Moving to the hybrid model has reduced costs by £40,000 per annum, by being able to source temporary labour through CDL, and approximately £300,000 per annum through reduction of agency margins. The new contract was effective from January 2020 and has given the council more control and better reporting, including centralised records regarding the engagement of agency workers, which was not in place previously.

Every organisation has a need for temporary workers – there are peaks and troughs which require temporary workers to cover the gaps. There is an added pressure at Slough due to the Our Futures restructure, public criticism of the Council in relation to its governance and financial sustainability and the impact of the Council's financial deficit reducing the Council's ability to fund necessary staff recruitment. The Council is currently re-branding as an organisation to make Slough an attractive place to work. This has been successful in recruiting to vacant posts in Finance, following their restructure earlier in the year.

The recent audit of Matrix was included in the evidence pack reviewed by the Task and Finish group, this highlighted several actions that need to be addressed to ensure the Council is getting good value for money from the contract, and the requirement to reduce reliance on temporary labour to enable the Council to significantly reduce costs.

Management information on numbers of agency staff needs to be regularly and consistently provided to managers to ensure that expenditure on temporary labour is monitored by managers and to review why agency bookings are needed and what action is being taken to recruit permanent staff. The Council should also undertake periodic benchmarking exercises to ensure that bookings are in line with market rates and to ensure that the contract is delivering best value. The approach needs to be agreed with Matrix and where issues identified remedial action is taken in collaboration with Matrix. It should be noted that Matrix have contracts with several local authorities and therefore it should be easy to compare rates Slough Borough Council is paying compared to similar organisations.

The audit also identified the need to obtain Key Performance Indicator data prior to contract review meetings so this can be reviewed to identify any performance issues to be discussed with Matrix and this is documented during contract review meetings, this will evidence that there is scrutiny of Matrix's performance and evidence discussion of service delivery issues.

Osbourne

The discussion focussed on the mechanisms in place to review performance of the Osbourne contract including the role of the operational and strategic management boards. The quarterly board meetings have up until now, been arranged on an ad hoc basis and the recent audit identified the need to standardise these and be more frequent to hold the contractor to account.

Historically the amount of detail on performance provided was inadequate and more key performance indicator information is needed to determine how the contract is performing. For example, what percentage of jobs are coming from the same tenants and the number of repairs completed in one visit.

It was acknowledged that performance varies in the contract, this was evidenced in the report the Task and Finish group received from the Extraordinary Neighbourhood and Community Services Scrutiny Panel in April 2022. Whilst performance on compliance work and planned works is good, the number of tenants not satisfied with responsive repairs is considered too high at 20%. The low penalty clause in the contract means that there is insufficient incentive for the contractor to get it right first time and performance measures focussing solely on the number of jobs attended rather than how many jobs are successfully completed does not adequately determine how well the contract is performing. This is being addressed through more formalised, frequent, and standardised board meetings to monitor the contract.

Tenant satisfaction levels are not acceptable, with 20% of tenants not satisfied with responsive repairs. The reasons why tenants are not satisfied is regarding the amount of time for the job to be done or where jobs are not completed. Communication with tenants is one of the causes of complaints – management of their expectations is needed to reduce this.

Osbournes are catching up with a legacy of jobs not completed, this was due to a backlog created during the Covid lockdowns. As this occurred two years ago the contractor need to get more resource assigned to clear this. The knock-on impact for the customer will be that more resource will ultimately be freed up to get more jobs done.

The contract has been in place for 5 years, extension is due in December 2024, the council will be looking at options regarding extension or re-procurement.

6.5 A summary of the key lines of enquiry is as follows:

Area	Key questions	GateOne	Matrix	Osbourne
Planning and governance	Contract ownership is clear, with the budget holder, senior responsible owner (SRO), and contract manager clearly defined	Clear project sponsor but the contract manager and senior responsible officer roles got blurred – there wasn't a contract manager in place	Responsible owner is clear, and Contract Manager is responsible for managing the day-to-day relations with Matrix and relationship between SBC and Matrix to review any issues with delivery of the contract. This includes issues with individual workers	There is a contract manager, SRO and budget holder identified
	Contract management issues and performance are reported through the governance structure with senior level engagement	No there was no clear governance structure in place	Bi-monthly monitoring meetings, with senior management of Matrix	Strategic management board with senior representatives All performance measures are circulated
People	The contract manager has a detailed knowledge of the contract and other relevant issues, such as service level agreements, and ongoing supplier performance	No contract manager No deliverables set Time materials basis – GateOne officers not necessarily being used in the right way	Contract manager has knowledge of the contract and relevant issues on service level agreement. Any concerns are discussed either as they arise during the contract on a day-to-day basis or addressed at the monitoring meeting, dependant on the urgency or nature of the issues arising.	All stakeholders are aware of what is expected regarding responsive repairs and planned works. Some aspects of the contract are not being delivered but are not essential to the main outcomes – e.g. additional pieces not deliverable because of the pandemic. The core of the contract is being delivered.
Administration/ Managing performance	There is regular and ad hoc reporting of contract management information. Supplier performance is assessed using clear, objective and meaningful metrics	See above There is some evidence that GateOne were setting out what the project should achieve, without a separation of function between management of the	There is quarterly reporting to the Employment and Appeals Committee (EAC) members. A Temporary staffing report is produced on agency spend and activity including	Key performance indicators were revised in October 2021, to ensure the right things were being measured. They have tracked improvement and

Area	Key questions	GateOne	Matrix	Osbourne
		project and management of the contract with the delivery partner.	responses to any ad-hoc requests for management information on agency data or Freedom of Information requests. Metrics are reported on a quarterly basis at EAC and reviewed on Monthly monitoring meetings	reflect the service delivered.
Managing relationships	Both regular structured and informal communication routes between the contract manager and supplier are open and used; customer and supplier staff are co-located where appropriate.	No clarity over contract manager role No formal contract management meetings There were daily conversations but not on the management of the contract	The appointed Customer Success Executive, who is the liaison with the Contract Manager on day-to-day issues to manage the customer and supplier. HR business partners review spend and the need for continued use of agency workers with managers.	There is colocation with Osbourne which allows for formal and informal communication This is part of the contract that works well
	Problem resolution processes are well defined and used, and are designed to ensure minor problems do not escalate and cause relationship issues; a 'blame culture' is avoided (for example, through the use of a 'relationships charter' or similar document).	No concerns were raised with GateOne No one was asking GateOne what SBC wanted to achieve	The relationship with Matrix is robustly managed and any problems or issues are quickly resolved with the Customer Success Executive, if any issues become challenging these are escalated to more senior Customer Success colleagues or Business Manager of Matrix which the Contract manager has regular access to. Customer expectations are clearly defined in the contract and Service Level Agreement with Matrix.	There is a problem resolution template but never have to use it – issues are regularly discussed inside and outside of meetings. There isn't a blame culture – but people are held to account Co-location means issues can be resolved quickly before they escalate.

7. Themes

7.1 Through review of the evidence packs, discussion with the contract manager and review of the key lines of enquiry, a number of themes have been identified by the Task and Finish group as lessons learned for the review.

Procurement

7.2 Ensure the beginning of the procurement process is well managed, and evidence based. Ensure that Members are properly consulted and provided evidence of decisions in writing and their agreement is clearly sought. Where authority is delegated to an Officer for the award of high value/high risk contracts, this should be in consultation with the lead member. Ensure that the specification developed and procurement that is undertaken is done in the most appropriate way for the service being provided. For example, if management consultancy is appointed on a time and materials basis, client-side resources need to be in place to ensure the consultants are being used appropriately and provide value for money. Have clear outcomes and deliverables to assess the success of the arrangement and ensure that objectives are achieved.

Key Performance Indicators

7.3 Meaningful performance indicators are required to ensure that there are no perverse or unexpected consequences from them. Where they are loosely defined, it will lead to performance issues not being brought to the fore. For example, a contract that specifies performance that is measured on a sample, will miss parts of the contract that are underperforming and as a result, give an inaccurate view of performance as a whole. This will have knock on impacts for residents. KPI’s should be reviewed on a regular basis at contract review meetings.

Dedicated contract management

7.4 Where there is a dedicated contract manager, the contract will perform better than where none is in place, this needs to be supported by governance and mechanisms where the contract can be regularly reviewed, and issues can be escalated in a timely manner. It must be noted that failure of a contract is the client’s responsibility.

Re-Procurement

7.5 Contract re-procurement needs to be planned and options considered based on the performance of the contract to ensure that re-procurement activity does not repeat the mistakes made in the previous procurement.

Reporting and risk assessment

7.6 Regular reporting to Cabinet and Scrutiny must be done for high-risk projects, and those must be risk assessed using a standardised framework similar to that used to select contracts during this review.

Problem resolution

7.7 Contract managers should use informal and formal mechanisms to resolve disputes, where there are problem resolution templates in place, these should be used to escalate issues that cannot be resolved informally.

8. Recommendations

8.1 In reviewing the key themes, the Task and Finish group have made the following recommendations in the report:

8.1.2 The start of the procurement process must be well managed, with clear outcomes and deliverables in the procurement specification, which include outcomes-based deliverables, gateways, monitoring, timelines, milestones and reporting.

8.1.3 When assessing tenders for work they should be scored against the outcomes and deliverables in the specification and the results retained as evidence.

8.1.4 Where authority is delegated to Officers for the award of a high value/high risk contract, this should be in consultation with the lead member. Members must be properly consulted with evidence of decisions in writing and their agreement clearly sought.

8.1.5 Council staff must follow a proper governance process, as set out in the updated Contract Procedure Rules, including having an effective and up to date forward procurement plan.

8.1.6 Cabinet reports for procurement must set out the evidence base for a particular recommendation and have an effective options appraisal as part of the report. Consideration should be given to phasing procurement and reserving future decisions to Cabinet for high value / high impact commissioning.

8.1.7 Contracts on the Council's contract register must be risk assessed to identify the scale of the risk for each contract. This should be done using a standardised risk assessment matrix that considers contract value, business value and impact, sourcing and contractual complexity, and performance. This will ensure that mitigations are put in place to proactively manage risks.

8.1.8 There must be a dedicated contract manager for high-value/impact contracts identified through the risk assessment process. This officer should be appropriately trained and should have responsibility for monitoring the contract and ensuring compliance with the contractual requirements. The officer should keep records of contract meetings and should convene formal monitoring meetings as required by the contract. The officer should raise any risks with the relevant Executive Director. The officer should have access to legal and finance advice, as required, to assist with their role.

8.1.9 Meaningful Key Performance Indicators must be developed for contracts and reviewed and followed up regularly at contract review meetings to ensure that any performance issues are discussed and challenged accordingly. For more significant commissioning arrangements, contract review meetings should include operational and strategic meetings with key officers in attendance. These meetings should be confidential to allow for full and frank discussion, with opportunity to agree minutes to be put in the public domain where updates are to be provided to a formal member meeting. If a contractor is invited to attend a formal Member meeting, consideration should be given to allowing this to take place in Part 2 to allow for a more detailed discussion about any issues.

8.1.10 A standardised framework for contracts should be implemented, which includes a contract management plan for each contract, tailored to take account of value and impact of the contract. This considers important mechanisms for the management of a contract, including roles, responsibilities and governance, dispute resolution, key performance indicators, and exit plans.

8.1.11 When commissioning management consultancy, consideration should be given to the payment mechanism and if this is on a time and materials basis, there should be close monitoring of the value being delivered via this arrangement and consideration of alternatives, such as recruiting in-house resource.

8.1.12 When commissioning services, ensure that decisions are informed by data, including benchmarking data where available, to demonstrate value for money for Slough's residents.

8.1.13 Ensure there is an effective mechanism to review commissioning activity, including reviewing whether the arrangement delivered on the intended strategic aims and capturing any lessons learned. Regular reports should be presented to CLT and the Lead Member responsible for contract management.

Review of workforce strategy business case for Slough Children First

Report by People Scrutiny Panel Task and Finish Group

January 2023

Forward by Chair

Members choose the topic of workforce strategy as an area of focus when reviewing the SCF draft business plan due to the significant impact this has on improvements to services for children and families. Members have received reports in the past highlighting various strategies to recruit and retain staff but have not always understood the reasons why these strategies have not led to improvements in the services.

The group would like to thank SCF staff and the DfE commissioner for attending the meetings and providing members with full and frank responses to questions. Members would also like to thank the officers who assisted with the process. Finally I would like to thank my fellow group members for the time commitment to reviewing a significant amount of material and to identifying key lines of enquiry.

I am looking forward to hearing the debate at the Panel and at Cabinet and updates in the future on whether and how the recommendations have been taken forward.

Councillor Naveeda Qaseem

Executive Summary

The Task and Finish Group on reviewing SCF's business plan was convened in October 2022, following a recommendation from Cabinet in the same month. The group reviewed documentation from SCF and SBC and national public documents, as well as held meetings with various stakeholders.

The Group decided to focus on workforce strategy, however the recommendations are wider than this due to the helpful contributions made by participants in meetings and learning from elsewhere.

All individuals involved and all organisations involved in delivering services for children and young people want to do their best for children. Many staff are motivated by the positive difference they can make to individual children's lives. However, services operate as part of a complex system and to ensure that collectively these services are providing cost effective and high quality support requires the various agencies to work together in partnership at both a strategic and operational level. For this reason the recommendations are split into recommendations for the wider partnership of agencies comprising the children's workforce, recommendations for the Council who still retains duties and responsibilities in relation to services to children and also has responsibility for holding SCF to account for its performance and to SCF.

Group composition

Members of the Task and Finish Group were:

Councillor Qaseem – Chair of the task and finish group and Chair of People Scrutiny Panel
Councillor Puja Bedi
Councillor Brooker
Councillor Sandhu

Lead Officers – Peter Robinson – Finance Lead, Sarah Wilson – Principal Lawyer

Scrutiny Lead Officer – Alexander Polak – Head of Governance and Scrutiny

Democratic Services – Manize Talukdar

Context

Why did we set up the group?

The Council's children's social care functions have been provided by a separate company under statutory intervention of the Department for Education (DfE) since 2015. In 2021, the entity was re-named Slough Children First (SCF) and changed so it became wholly owned by the Council.

Under a new service delivery contract, SCF is required to prepare a draft annual business plan and under their articles of association, this requires approval by the Council as a reserved matter. Last year's business plan was submitted late in the year and there were concerns about the deliverability of aspects of it. Cabinet approved the plan in February 2022 on an interim basis and there was no opportunity for the People Scrutiny Panel to review it.

The business plan for 2023/24 was submitted in draft in July 2022 and requested a significant increase in funding for the financial years 2023/24 through to 2025/26. Due to the level of increased funding and concerns about deliverability of the "invest to save" proposals, the DfE commissioned Mutual Ventures to undertake a review of the business plan.

The People Scrutiny Panel is the designated scrutiny committee to deal with all matters relating to children's social care. This Task and Finish Group was set up to consider the draft business plan and the Mutual Ventures report..

What Were We Looking at?

On 9 November 2022 a meeting was held to scope the review. Officers gave advice to focus on a specific area of the business plan and to do an in-depth review, rather than try to review the whole plan. The Group came to a decision that it should not seek to replicate the work of Mutual Ventures and wanted to focus on a topic where they could add value based on members' local knowledge. The group decided to focus on workforce strategy. Although it had been an area of focus in previous scrutiny meetings members were not sure they had ever got beneath the issue and why the plans and assurances given had not led to improvements. It also linked to financial sustainability and quality of practice.

Who Did We Speak To?

Between November and December 2022, the Group convened meetings and interviews to gather as much information and seek as many views as were required to make recommendations. Members were keen to hear from staff with SCF, including frontline workers and middle managers. The Group felt that they had heard the views of senior managers, both in the draft business plan and business cases and in formal scrutiny meetings. They therefore asked to meet with members of front-line staff and for senior managers not to attend the meetings, however a draft of this report was sent to them for comments.

The Group spoke to the following people:

- Paul Moffat – DfE Commissioner
- A group of team managers

- The Virtual School Head
- An apprentice who was also a care leaver
- A group of managers, including the Head of HR, supporting on practice learning and development

How Did We Engage With People?

The Task and Finish Group wanted to use different ways of engagement based on the different interviewees. The methods used were:

- Virtual interview: This was used for the DfE Commissioner
- Face to face meeting in SCF offices for group of managers
- Face to face meeting in SCF offices with apprentice and Virtual School Head
- Face to face meeting in SCF offices with staff leading on HR and social worker training and development

We also had email correspondence and sent a draft of our report to the following:

- SCF Board of Directors, including statutory Director of Children's Services
- DfE Commissioner
- Lead Member for Children's Services and Lifelong Learning

What Did We Read?

The Group was provided with a large amount of background information to undertake this review. The documents that were used were:

National and publicly available documents:

Centre for Governance and Scrutiny – 10 questions guidance
ADCS Building a workforce that works for all children
Sunderland City Council Ofsted inspection report

SCF documents:

Draft business plan July 2022 v.1.7
Draft business cases, including prevention and early help business case, targeted help business case, edge of care business case
Draft workforce business case – Enhanced retention offer – Frontline case holding social work – July 2022
Workforce Strategy Headlines Oct 2022
Workforce Strategy Group TOR 3.0
Revenue Business Case – SCF – Staffing savings – undated but for 2022/23 to 2024/25
Exit interview data
Minutes and other documentation relating to staff forums and feedback

SBC documents:

Report to task and finish group on SCF draft business plan and Mutual Ventures review
Cabinet report – October 2023

DfE documents:

Mutual Ventures report – Slough Children First Business Plan Review – 16 December 2022

Key themes

National Context

National pressures

In March 2019, the Association of Directors of Children's Services published a position paper "Building a workforce that works for all children".

This paper emphasises the critical role that the wider "children's workforce" plays, which includes teachers, sports coaches, school nurses and police officers. Appendix 1 details the various roles in the children's workforce and how they interact with one another. As responsibility for these services sit across a multitude of government departments, it risks creating a siloed context at a national level and cuts for funding in these areas impact on the ability for the system to improve outcomes for children and families.

Career progression routes throughout children's services should be championed nationally, as well as locally.

Children's services, in parallel with adults' services, have moved to adopt strengths or restorative based approaches to practice. To work this needs to be applied across the whole children's workforce, not just children's social care.

> The use of restorative and relationship-based practices to support children and families is an example in which professionals seek to work with children and families so they can find their own solutions to problems rather than the state intervening further in family life.

The issues facing children and families are multi-faceted and cannot be the responsibility of statutory services alone. This requires greater investment in the early years' workforce and leadership development for aspirant and serving directors of children's services. This includes a greater focus and investment in training black, Asian and minority ethnic leaders for the future and opportunities for new apprenticeships.

The role and expectation of child and family social work has changed significantly in the thirty years since the Children Act 1989. There is an increased level of contact to children's social care and increased prevalence of poor parental mental ill-health, domestic abuse and substance misuse. These challenges cannot be met by social work alone and there needs to be a focus on and development of the wider children's workforce to meet these needs at the earliest possibly opportunity.   The introduction of apprenticeships for children, young people and families' practitioners and managers aimed specifically at staff working in early help and residential care roles offers a new route into the sector.

Families with children face higher levels of poverty than any other demographic group and living in poverty puts children at a greater risk of multiple individual and family-level vulnerabilities such as domestic abuse, adult substance misuse and poor mental health.

Schools are the eyes and ears of the safeguarding system and increases in the number of pupils being excluded, “off-rolled”, becoming home educated or attending an illegal school continues to grow, putting vulnerable children at risk.

In a review of local area SEND inspections, Ofsted found that joint commissioning of services is underdeveloped in many areas and that the training of health staff on the SEND reforms has been variable.

Youth services are a key part of early help and should be resourced sufficiently, particularly at a time of rising levels of serious youth violence and criminal exploitation.

A shared language is needed to seek to empower children and families and seek to change the narrative around the most vulnerable, particularly children in care.

A simple, yet aspirational and shared ambitions for all children to be able to say they:

- Live in a safe environment, free from poverty
- Are supported at the earliest opportunity
- Have the opportunity to thrive in life
- Have access to an education that supports them to grow and develop
- Are listened to and valued.

Learning from Sunderland City Council

Sunderland City Council has made highly impressive improvement incrementally from its inspections in 2015 and 2018 of inadequate to an overall grading of Outstanding in July 2021. The improvements include:

- Early help provision being comprehensive, well embedded and an innovative multi-agency service able to meet increasingly complex levels of need.
- Workers’ persistence in developing relationships and use of tools from the chosen model of practice to work with parents and children to help parents understand what life is like for their children living with issues such as parental mental health, domestic abuse and substance misuse.

- There is a robust approach for children and young people when they are at risk of exploitation with a facilitated joined-up approach from a wide range of agencies such as different police teams, social care and housing and robust tracking and multi-agency procedures for children missing education and effectively home-educated.

Hearing the voice of the child is an exceptional strength in Sunderland, with their voices resounding in records and clearly informing future planning.

- The senior leadership have transformed the culture of the children's company, focusing on quality of practice and ensuring consistently good outcomes for children and young people. Staff across the council and the multi-agency partnerships are hugely focused on seeking to identify vulnerabilities and needs, providing support for children and families before problems escalate.
- Senior managers have focused on recruiting a permanent and excellent set of social workers to replace the short-term and agency staff that were previously in post. Highly experienced managers have been recruited and supported with well-focused training and mentoring opportunities and there is training of caring and skilled staff to become social workers. Post qualification support and training is benefitting the service and families.

Senior leaders and elected members are aspirational corporate parents, focusing on improving the lives and experiences of cared for children and care experienced young people.

- There is increased participation of children in training and all council departments consider the impact of their work on children, giving a palpable sense across the council that cared for children and care experienced young people are "our children".
- All social workers were complementary about working in the children's company, describing being well supported by visible and approachable managers. They all have reasonable caseloads and are supported to carry out innovative and direct work with children. They receive reflective supervision and appropriate challenge to improve practice.

Slough Context

Partnership working

There needs to a strong sense of place, that staff are part of something bigger. This needs to be considered at a strategic and operational level. Strategically the partnership needs to consider the recruitment pressures and options to provide a local offer to promote Slough as a place. Senior leaders should have a coherent message and joined up strategy. Local investment in the local economy should be explored to provide future public servants.

Options for care leavers to take on apprenticeships across the wider partnership should be considered. The partnership should be ambitious and consider large numbers of young people who can be supported, including care leavers or care experienced young people. The local message should be about public service being really positive.

Operationally the focus should be on how the system operates as a whole. There must be a clear role for teachers and health workers in understanding a family's needs.

Funding levels
The baseline budget needs a review, part of which has been undertaken by the Mutual Ventures review. It needs to be recognised that if other parts of the Council are not where they need to be, e.g. SEND services or housing, pressure will be felt in children's social care.

SCF Context

Support from leaders and managers
This is critical to retention of staff. Staff will stay (and return) to an organisation that supports and values them, even if neighbouring boroughs are paying more.

> Newly qualified social worker had a late visit and got home at 10pm, manager sent a cake to say "thank you – you went above and beyond".

Social workers need to feel safe and supported in making decisions and carrying risk.

> My Head of Service is amazing, stayed because of HoS – compassionate, supportive, empathetic.

It is positive to note that there has been a permanent appointment to the Executive Director of People – Children / Chief Executive of SCF. In the past five years, there have been eight people in this role. This is exhausting for staff and creates uncertainty. The individual needs to demonstrate emotional intelligence, be someone that staff can trust, who will advocate on their behalf and puts children at centre of decision-making. There is evidence to show that good leadership creates good management, and this will attract and retain staff. There needs to be a consensus approach between SBC, SCF, DfE and DLUHC commissioners. All need to start talking about things that can be done well.

Message from leadership team must be “we care about you, value you as practitioners, but also as individuals”

Support during transition periods have not always been managed well. Staff transitioning from council into SCF did not have clear communication on whether their roles would be protected and there would be a restructure.

Successful recruitment and retention strategies
This requires consistency in leadership, a clear model of practice, lots of events recognising work and staff talking with pride about the organisation. Staff like to work for an organisation that values them and will stay even if there is a possibility of earning more money elsewhere.

A need for investment in staff and managers. For managers, there should be a learning and development programme – how to build morale, tackle under-performance and sickness.

Senior leaders should be visible and have a consistent approach.

A “Grow your own” strategy should be considered. It is positive to encourage people from the local area as this builds up loyalty, but there should be a balance. If too many people are recruited from the local area, it risks not encouraging applicants from outside to bring new ideas in. At present there is insufficient evidence to show that “growing your own” will reduce the turnover of staff.

A Social Worker Academy model relates to strategies to allow unqualified staff to train. It represents a long-term approach and is in its infancy in SCF.

The increased cost of living could mean more staff wish to work locally to reduce their financial burden. SCF must ensure that it still maintains high standards and should consider what is the right way for Slough for the next 5-10 years in terms of workforce strategy based on national pressures and the local context.

A recent advertising campaign for a junior Level 4 role led to 97 applicants. SCF promoted the positives about working for Slough. The cohort of children in Slough deserve motivated and skilled staff and that is where the focus should be.

Word of mouth and networking is a strong informal strategy. Staff are recommending that their friends come to work for Slough, two individuals recently joined having had a poor experience elsewhere.

Community Care – could not get any positive stories about Slough, had a conversation with them about changing the narrative of Slough.

Turnover is at lowest level for some time demonstrating that the current strategies are starting to have an impact. Overall turnover has now dropped to 25%. This is the result of the apprenticeship and step-up programme. No single team has less than 65% permanent staffing, which based on historic figures is a significant improvement and provides evidence that the current workforce strategies are started to show impact.

Different programmes for recruitment and retention should be implemented as opposed to a one size fits all. This includes the step-up programme, ASYE (newly qualified) and good links with universities. SCF have a positive relationship with the Buckinghamshire New University and are forming links with Brunel and Royal Holloway.

Newly qualified social workers – SCF has run recruitment campaigns twice a year for newly qualified roles to allow those who have undertaken placements in SCF to apply for a role. For more recent ASYE, responding to feedback, frontloaded training, understanding that the university experience has been largely virtual and people are not confident to do frontline work. 80% of placement students apply for a role in SCF and for the last cohort all those who applied secured a role with SCF.

The step-up programme is a DfE funded programme that has run for the last 7-8 years. A fast track to qualification for those who are changing career. There is a consortium across Berkshire and a link with the Bucks New University. All who have applied for ASYE role have been appointed. Started with four ASYE, but are now up to eight.
Overseas qualified staff need to be supported into senior practitioner roles to avoid losing them to other local authorities. Previous experience of a manager in Milton Keynes indicated it is rare for that authority to recruit externally and it gives opportunities to those in posts already to progress their career.

Mix of newly qualified/overseas to more experienced staff
No one size fits all. The balance depends on how experienced the managers are and the makeup of the team. Newly qualified social workers can be some of the best staff – need to ensure staff can rely on intuition and skills rather than focusing on procedure. Look at the whole team, if all have less than two years' experience, likely to not be appropriate. Risk that newly qualified are over cautious, rely on legal opinion, push for child protection measures, leading to too many children receiving statutory services.

Overseas trained staff can have lots of experience but need support to understand the UK legislative system and language and cultural differences. Terminology and understanding of what is appropriate in the UK system is important.

Training and development

The transformation team is in its second year as a result of DfE funding. With reduced capacity they have focused on safeguarding and the family support teams. It is important to hear practitioners' voice and the need to feel safe. This requires the first line manager group to be supported and that has a drip down effect. Funding for transformation or practice mentoring/improvement ends in March 2023 and no there is no budget for a principal social work role which is a risk.

Practice mentors and practice improvement team is invaluable for overseas qualified and AYSE staff.

Overseas recruitment has been successful, SCF now have three cohorts since starting the programme in September 2021. Have been successful in retaining recruits and this compares favourably with experienced of overseas qualified social workers in other areas. Need for tailored training to learn about practice in UK. Have weekly reflective groups to support workers, might focus on personal issues such as relocating and bringing family over, finding a property, using public transport, understanding tax system, emotional support. Support has improved since the first cohort, who had to spend first 10 days in a hotel due to lockdown restrictions.

The overseas qualified staff see passing probation as a big step. One of the managers bought a gift and a card for those qualifying to celebrate them passing probation.

Need to ensure SCF are valuing staff, so they see a future in the organisation. When in a role for 5-6 years, staff can feel frustrated that there are no opportunities to progress.

Benefit of working across the different teams and in particular spending time in the targeted early help service. Allows you to get to know what is around locally and community resources.

If there is a financial investment in training and development, staff should be required to pay this back if they leave within a certain number of years.

Impact on children

There needs to be less focus on the Ofsted judgement and more focus on impact on children. This does not mean that the judgement is not important or SCF or the Council should not continue to strive to be good, but the focus and performance data should capture the impact and voice of children. Children in residential placements with interim and short-term staff feel the impact and this can feel like their life is not much better than before, it may even be worse. SCF and the Council have responsibilities in relation to corporate parenting. A good parent should know their children: when vaccinations are due, attend parents evening, advocate for them. High turnover leads to a loss of corporate memory and lack of stability and can be very damaging for children.

Options to involve young people in workforce planning. This is not about a Children in Care Council, it is about putting young people at heart of decision-making. SCF should avoid being tokenistic, young people should be visible and able to articulate their impact in a non-aggressive and helpful way. Options to have young people involved in interviewing social workers, their voice incorporated into the training programme.

> Families read the press, they don't feel safe and this acts as a barrier to building relationships and makes the job harder.

Need to change the narrative from money to keeping children safe. Impact of delay for children at risk of exploitation, children need really intensive work and wrap around support. The edge of care team would help. There used to be an Innovate team with domestic abuse and youth workers and staff valued this team.

The hub workers are incredible – working with families intensively on a one to one basis, but this is not about buildings, it is about working in a family hub.

Support for children in care and care leavers

Support for UASC is a concern with increasing numbers. Struggling to get local placements for children with no additional needs. 270 children in care and only 50 placements in the in-house fostering team. Struggling to find carers to foster teenagers and sibling groups. In Slough, historically difficult due to cost of living pressures and lack of spare rooms. Increase in family foster carers which is a court drive. Need to demonstrate to the court that every family member put forward have been considered. Historically assessments were not as solid as they could have been. Greater drive through courts to keep children within their family network.

> Court required explanation as to why SCF could not find a local placement for children under 5 years.

Should be increased promotion and incentives to foster carers. Best way is via word of mouth and if existing foster carers were valued more, word will get out. Historic cuts to fees has reduced numbers – previously had 48 foster carers, now down to 22. However, do have foster carers who are being used by neighbouring authorities due to only having the ability to take one child and this not matching the need in Slough. Slough have bigger families, maybe 5, 6 or 7 children and older children. One example is Eastern European family with 13 children needing a respite placement.

"Don't want to go home – I love you"
Child in care to new female foster carer

Huge amount of time wasted on travelling to see children placed out of area.

Measure participation of children through attendance at conferences, but not via qualitative data. Lack of funding for advocacy, despite referrals being made. Reaching out to local companies, but Covid has impacted all charities.

Have an amazing service co-ordinator, very creative reaching out to baby bank for pyjama packs, books, chocolate, sleeping bags, but outside of her role.

Opportunities for apprenticeships for care leavers is positive but has had to be widened this year due to a lack of applications. Understanding that some care leavers do not want to go to university and need opportunities to secure apprenticeships in a field of their choice is key.

An apprentice is being used to quality assure personal education plans. Good opportunity to learn from experience from a person who has been in care.

Supportive management is key to success for apprenticeships and supporting care leavers into employment. Need to feel supported when feeling over-whelmed or not well. Need to understand whole person, for example how they get to work and impact of working hours.

The Virtual school is supporting a wider group of young people at a strategic level. Includes training for social workers, mental health training, advice and guidance regarding SEND and an advice line. Monitoring attendance of young people, results for those in need and under child protection plans is poor compared to children in care. Recognising barriers from not having an adult at home who is literate. This requires multi-agency working.

Young people in system do not always feel that their voice is heard. Need an open line of communication and if social workers change frequently, they do not have time to build a relationship. Children and young people do not want to have to repeat their story multiple times.

Improvements in personal education plans seeing voice of child very clearly – has its own section for comments to be added. In the annual report, responded to feedback on transition from primary to secondary and secondary to training.

> Children and young people do not want to have to repeat their story multiple times.

Capped / guaranteed caseloads

Important for newly qualified staff not to have too many cases. But can be an arbitrary figure. Whilst Ofsted talk about 14, not clear whether this is 14 children or families. May have a family of 5 children included in a caseload of 25-30. Need to understand what the figures mean. Need good performance management data. If team managers receive good data, they will manage performance. Must be used as a way of managing resources, not as a tool to criticise. Could have a caseload of 24 which a social worker is managing well and 5 will close in next couple of months. But if it encourages cases to be closed too early, they will end up back in the system. Look out for staff leaving due to high caseloads, social workers not completing tasks or filing reports on time or raising concerns about burn out.

Protected caseloads for overseas trained staff is necessary but can already see that many have got the skills to move into senior roles or take on more complex cases.

With reduced turnover and improved recruitment, caseloads are starting to come down to more manageable level.

Use of retention payments

Staff can easily move to other local authorities – many are easily commutable. Need to focus on offering something to encourage people not to leave, this is not always about cash and terms and conditions. Often about other things. Staff do choose to work for local authorities that are judged inadequate, and this is not necessarily a disincentive. Social workers are interested in getting good supervision, having a supportive legal service, clear role of partners in the wider system and whether senior leaders and politicians talk about the good job that is being done.

If Slough is in the middle of pay scales, focus on good supervision and management, support, good IT, caseloads, supportive colleagues, partnership working. If managers are spending percentage of their week fighting other parts of the system, they will see this as wasted time. Need to see and hear about those issues and focus on fixing them.

Equality of pay is a concern, if there are bonuses and retainers in some areas, leads to other staff feeling devalued.

Why do you get £3,000 for being here for a year?

Many staff are invested in Slough, want to give back to the town. Not just people who live in Slough, as some staff live some distance away. Want to work for a forward-facing organisation that values you and provides flexible working arrangements.

Not always are financial package, staff value flexible working, teams decide on level of flexibility dependent on nature of role. Caseloads are a key factor, now the caseloads are coming down and increased staff stability, options for more flexibility.

Option to offer relocation package or loans that must be repaid may be preferable as encourages staff to invest in local area.

Support systems

Three different IT systems in place – children don't even have the same reference number in each and the detail is different in each system.

Pool cars not available, meaning overseas staff have had to finance own vehicle or rely on public transport. Some students not able to drive, options to fund driving lessons.

Relocation allowances – overseas workers can get up to £8,000 dependent on agency, repayable if choose to leave within 3 years.

Wellbeing support – offering specific wellbeing workshops – genuine long-term commitment to this, as the work is emotionally demanding. Hold open forum safe spaces to talk about experienced. Have a toolkit of support.

"Nobody offered wellbeing sessions like this before"
Social worker who joined recently

Recommendations

Partnership recommendations

1. Recognise the importance and value of the wider “children’s workforce” and develop a shared language across the partnership to empower children and families and to be aspirational and express a shared ambition. All agencies to develop performance metrics to measure these outcomes.
2. Explore opportunities to extend the education and employment support to children in need and under child protection plans, including having a multi-agency structured apprenticeship programme focused on the value of public service.
3. Embed a multi-agency partnership approach to supporting families impacted by the cost of living pressures, including ensuring all partners recognise the impact on children living in poverty.
4. The safeguarding partnership to review its arrangements for youth services.
5. Multi-agency partnership focus on early help and prevention.

SBC recommendations

6. Ensure that SBC is appropriately considering the risks to children and families when commissioning and designing services to target mental health, domestic abuse and substance misuse.
7. Ensure SBC’s education service is appropriately supporting the private, voluntary and independent early years workforce to develop their skills in supporting vulnerable children and families.
8. SBC education services to work with schools to reduce prevalence of children missing education, inappropriate home schooling and exclusions and off-rolling.
9. SBC to review its capacity and resources for joint commissioning of services with health.
10. All council departments to consider and assess the impact of their work on children and families within Slough.

SCF recommendations

11. Retention strategics need to focus on non-pay elements. The business case for retention packages is not supported by the evidence presented to the group.
12. SCF strategies need to have a greater focus on impact on the child and family and creating stability for children and families. The Edge of Care Team business case should be supported, however the Family Hubs should be considered on a wider multi-agency partnership basis.
13. Ensure managers have access to good quality management data that supports them to make decisions on caseloads that take account of the context and skills of the team. This should include those on child protection plan and not just children who are looked after.

14. Utilise Slough’s diverse population as a positive and avoid focus on Slough being similar to London boroughs, complexity of casework and negativity of the Ofsted rating. Many social workers see the cohort of children and families as a key opportunity to make a real difference.
15. Focus constrained resources on leadership and management development and career progression opportunities for internal staff, as well as loans and payments to support staff with capital outlay.
16. Ensure SCF’s model of practice is appropriately strength based / restorative in approach.
17. Embed hearing the voice of the child into all records and decision-making and monitor this on a qualitative basis.
18. Explore opportunities for children and families to be part of delivering training and developing and influencing decision-making at a strategic level.

Commendations

The Members of the Group identified areas of good practice. It is essential that these areas are highlighted as part of this review so that they are maintained and set an example to other areas. The following commendations were made:

- There are very good links with Buckinghamshire New University for social work placements.
- The workforce plans supporting the need to ‘grow your own’ and recruit newly qualified social workers were embedded, well understood and were reducing the recruitment and retention issues that have been seen in the past.
- Morale appears to be strong within SCF, with many comments about the support that managers, including members of the extended leadership team, provided to staff. This helped staff feel safe and supported.
- Staff were keen to share the excellent leadership and management support being offered, as evidenced by staff choosing to return to SCF.
- The focus on securing apprenticeships for looked after children is positive, although it is also positive to see that these opportunities have been extended to a wider group of young people in the local area.
- Through their interviews with managers that staff and managers were highly conscientious and really seem to want to make a difference to young people’s lives.

The Group wish to congratulate staff on the improvements made to date.

Reflections on the task and finish group process

Members, officers of SBC and staff from SCF welcomed this approach and enjoyed discussing the workforce issues in a more informal setting. The group meetings in SCF offices enabled staff to share their experiences in a frank way and for elected members to hear these experiences from a wider group of people as opposed to just reviewing written reports.

Having access to a wide range of written material, including confidential documents which would not normally be reported in a formal member report assisted elected members to understand and delve into the issues.

The task and finish group model also allows officers and scrutiny members to get to know each other and to understand their distinct roles and responsibilities.

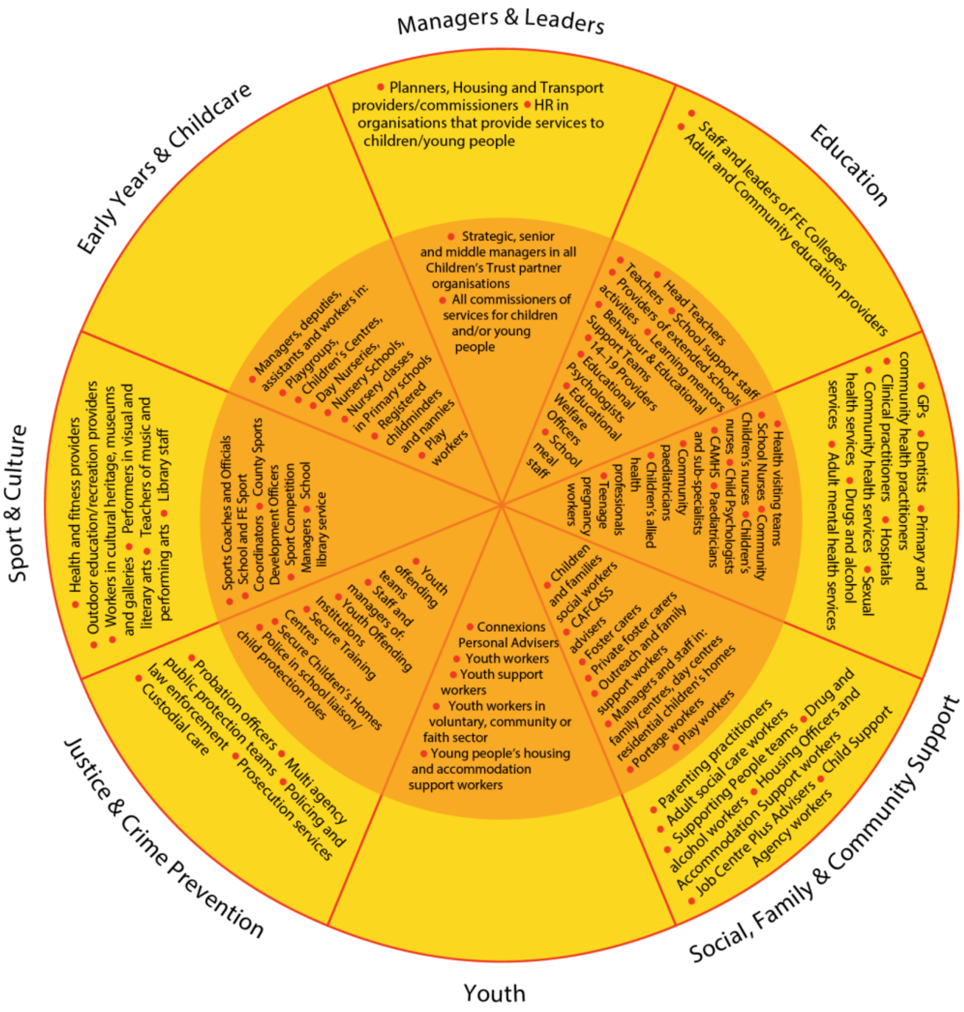
There were challenges in terms of time constraints and the amount of documentation that elected members were expected to review. Members were disappointed that it was not possible to arrange a virtual meeting with their counterparts at Sunderland City Council and meetings with external bodies should be considered early in any future task and finish group.

The Group would strongly recommend that this model of scrutiny is utilised in the future.

Appendix 1 – Children and young people’s workforce

● Core Children’s Workforce: People who work or volunteer with children, young people and their families, or are responsible for their outcomes all the time.

● Wider Children’s Workforce: People who work or volunteer with children, young people, and/or their families part of the time, or are responsible for their outcomes as part of their jobs.



Source: Department for Children, Schools and Families, 2020 Children and Young People’s Workforce Strategy

REFERENCES FROM OVERVIEW & SCRUTINY

Final recommendations from the Customer & Community Scrutiny Panel Task & Finish Group on Complaints

As approved by the Panel on 1st February 2023

Resolved – That the report be noted and that the following Recommendations be endorsed:

1: Move to a 2-stage corporate complaint process with extended timescales at each of the two stages, as set out in paragraphs 2 and 3 on page 95 of the Task & Finish Group report;

2: Introduce accessibility of different languages on the council's website reflective of the ethnic makeup of the borough, to make it easier for customers to access services and navigate information relating to service requests;

3: Make the online complaint page more robust;

4: Encourage officers to use various communication methods when investigating complaints;

5: Strengthen the learning and improvements captured through complaints and ensure that these are incorporated in all future complaints' reports;

6. The complaints team should log and monitor improvement actions relating to upheld complaints and that quarterly reports be submitted to Directorate Leadership Teams and the appropriate Commissioner, with an escalation to the Corporate Leadership Team for any persistent outstanding actions.

Complaint Handling Review

Findings and Recommendations

Report by the Customer and Community Scrutiny Panel Task and Finish Group

January 2023

Contents

1. Chairman’s forward

The complaints procedure has been looked at recently by the Audit and Governance Committee and the Customer and Community Scrutiny panel. It was decided to have a Task and Finish group to look at the system. It was clear through our investigations that it needed revising. This is particularly the case when there is confusion between what is a complaint and what is a request for service for example asking for a fly tip removal is not really a complaint but a request for service. If it is accepted as a complaint, it creates extra paperwork and delays the fly tip removal. The same applies to Councillors submitting the matter as case work.

The joint chairs would like to thank the officers from other local authorities who took time to explain how their complaints are dealt with and the help and guidance of the Slough officers.

Councillor Preston Brooker and Councillor Kamaljit Kaur

2. Executive Summary

A Customer and Community Task and Finish centred on complaint handling was convened in November 2022 following approval at the Customer and Community Scrutiny meeting held on the 20th October 2022.

The purpose of the Task and Finish group was to review the council's complaints process and make recommendations for improvement which would build on the work already reported to the Audit and Governance Committee on 28 September 2022.

The main objectives of the Complaints team are to:

- Provide a framework for raising complaints which is simple for customers to use and is equally accessible to all
- Give customers confidence that their comments are listened to, and that their complaints are being dealt with effectively
- Ensure action is taken to solve problems and approach complaints with a positive attitude, in that complaints provide an invaluable rich source of feedback to our organisation
- Learn from complaints and prevent the recurrence of problems – with a focus centred on continuous improvement
- Generate a consistent approach to feedback and complaints throughout the Council

The Task and Finish Group have concluded their review and made the following five key recommendations to improve the organisations approach to complaint handling:

Recommendation 1
Move to a 2-stage corporate complaint process with extended timescales at each of the two stages

Recommendation 2
Introduce accessibility of different languages on the council's website reflective of the ethnic makeup of the borough – to make it easier for customers to access service and navigate information relating to service requests

Recommendation 3
Make the online complaint page more robust

Recommendation 4
Encourage officers to use various communication methods when investigating complaints

Recommendation 5
Strengthen the learning and improvements captured through complaints and ensure that these are incorporated in all future complaints' reports.

The recommendations highlighted above will lead to an improved, streamlined, and accessible complaints process for residents. For the organisation the recommendations will ensure that we distil a culture of learning and continuous improvement from complaints.

The Customer and Community Scrutiny panel are asked to review and endorse the recommendations from the Task and Finish group.

3. Group membership and Terms of Reference

The group was jointly chaired by**:**

- Councillor Preston Brooker and Councillor Kamaljit Kaur

Attendees invited on request:

- Co-opted member Trevor Pollard (Resident's Panel Board)
- Lead Officers-Vijay McGuire; Associate Director - Business & Customer Services, Finbar McSweeney; Complaints, Casework & FOI Lead
- Scrutiny Lead Officer – Alexander Polak – Head of Governance and Scrutiny
- Democratic Services – Manize Talukdar

Terms of Reference

The Aim of the Task and Finish Group were to

- ➢ Provide constructive 'critical friend' challenge
- ➢ Amplify the voices and concerns of the public
- ➢ Be led by independent people who take responsibility for their role
- ➢ Drive improvement in public services

The objectives of the group set out in the terms of reference were to:

- ➢ Ensure residents had an easy and accessible method to submit any formal dissatisfaction about Council services and staff
- ➢ Consider the processing of complaints and determine if sufficient methods were in place to monitor performance and collate real time reports
- ➢ Understand what actions were taken where the level of service provided was less than expected
- ➢ Determine what learning was being carried out and being shared to avoid complaints of a similar nature being submitted

The Board would**:**

- ➢ Review the complaints process and make recommendations, building on the work already reported to the Audit and Governance Committee.
- ➢ Meet with relevant officers and refer to the effective complaint handing guidance from the Local Government & Social Care Ombudsman; and

- Report back to the Customer and Community Scrutiny Panel within three months, subject to the discretion of the Panel Chair.

4.Context

Why did we set up the group?

On 28 September 2022 the Audit and Corporate Governance Committee received the annual statutory complaints report. The report included:

- A summary of decisions upheld by the Local Government and Social Care Ombudsman (i.e., where an independent body has upheld a complaint about The council)
- A summary of complaints received by the Council
- A thematic summary of the nature of the complaints and the actions taken to demonstrate improvement and learning arising from the complaints received

One of the actions from section 3 of the report to Audit and Corporate Governance Committee (Appendix A) advised.

Officers are liaising with scrutiny members in relation to setting up a task & finish group to look at best practice guidance and the Local Government & Social Care Ombudsman's training programme to enable recommendations to be made to cabinet on improving the complaints process.

Councillors have an important dual role signposting complaints on behalf of members of the public and scrutinising the delivery of local services. Councillors therefore have a unique perspective on the Council's complaints process, and many reasons to want to make sure it works effectively.

It is critically important that Councillors have confidence in the arrangements which their own council has in place for handling residents' complaints on their behalf, as well as understanding the system and feeling an ownership of it. Furthermore, there is an opportunity to learn about the Council's performance in numerous areas by looking at trends and themes in the complaints it receives.

This demonstrates the importance of complaints in the overarching governance of the Authority and provides a valuable source of data insight & information for Overview and Scrutiny.

What was the methodology?

On 2 November 2022 a meeting with the co-chairs was held to scope the Task & Finish review.

The agreed scope of the task and finish group was to:

- Define what is a complaint and what isn't a complaint

- Understand the complaints process itself - with a view to making recommendations on how to improve the process
- Understand service-by-service performance on complaints – and propose recommendations to help improve performance and how to respond to a complaint

Research conducted by the group included

Definition

Online searches to determine the various definitions of a complaint which included:

- Reviewing the Council's current corporate complaint process and its Tenant and Leaseholder complaints policy
- Reviewing the external review of Liverpool City Council's complaint procedure carried out by the Local Government & Social Care Ombudsman (LGSCO)
- Reading the Local Government Association (LGA) and the LGSCO websites for information on complaints

Understand the complaints process

- Referring to documentary evidence received from officers. Please see the list on page 8 titled **What Did We Read?**
- Communication and engagement with officers responsible for complaint management within directorates to understand the issues, challenges, and current processes in place at directorate level
- Reading and reviewing examples of(redacted) repeat complaints – to ascertain the root cause of the issue which would then seek to identify improvements to eradicate repeat contact, reduce demand levels and ultimately improve the resident experience
- Networking with other authorities to understand their processes, for comparison and context to inform the Task and Finish Review
- Researching how to handle complaints - and identifying good practise to inform the recommendations of this Task and Finish Group

Understand service-by-service performance on complaints and identify recommendations to help improve performance including how to respond to a complaint

- Reading the annual and quarterly complaint reports, to inform the current baseline position
- Reviewing the number of complaints received by type, service, and issue
- Understanding why complaints responses miss deadlines and reading policies and case studies of issues. With a view to determining if provided any insight as to the process. In addition conversations with lead officers from various departments to deep dive into service specific issues and challenges relating to complaint handling and management.

Who Did We Speak To?

Between November and December 2022, the Group convened meetings and interviews to gather as much information to inform the current baseline position of handling and management of complaints. Members were keen to hear from other local authorities to compare how their complaints were being handled and managed. The Group were also keen to speak with officers responsible for complaint management within directorates. The Group spoke to the following people:

- Tina Dunkin, Acting Director Customers, Culture, Libraries and Registration London Borough of Hounslow

  Andrea McGuire Customer Feedback Manager, Liverpool City Council

Slough Council officers responsible for complaint management within directorates

- Corrine McNeal – Council Tax
- Jamal Imam-Customer services
- Kingsley Yirenkyi-Customer services
- Tony Turnbull-Housing Neighbourhood services
- Vikki Swan – Housing repairs (Osborne)
- Kam Hothi- Parking, Highways & Street works

How Did We Engage With People?

The Task and Finish Group carried out virtual interviews with the London Borough of Hounslow, Liverpool City Council and held a virtual round table session with internal officers responsible for managing complaints within directorates

Email correspondence and telephone calls were undertaken with the Complaints team

What Did We Read?

The Group was provided with a large amount of background information to assist with their discovery phase of the review. The documents that were used included :

- ➢ Definition of a complaint examples taken from the website Corporate complaints – Slough Borough Council and the Housing policy Complaints and neighbourhood services – Slough Borough Council
- ➢ Content of an Adult Social Care complaint originally logged in August 2021 which took over 100 days to be responded to
- ➢ Housing Repair related complaint determined in October 2022 and outcome included repeat concerns
- ➢ Housing Ombudsman complaint handling code and link for the complaint handling self-assessment which the Council completed; Housing Ombudsman Complaint Handling Code - self assessment – Slough Borough Council
- ➢ Number of complaints responded to within the relevant timescales

- Quarterly report and reference to Local Government & Social Care Ombudsman Public Interest Report Slough woman unable to access upstairs because of council grant delay - Local Government and Social Care Ombudsman
- Templates for complaint replies
- Open letter in November 2022 from the Housing Ombudsman about handling damp and mould complaints; Ombudsman writes open letter to social landlords urging renewed focus on damp and mould approach - Housing Ombudsman (housing-ombudsman.org.uk)

5. Key themes which determined the Recommendations

These include learning from London Borough of Hounslow and Liverpool City Council

Quotes from the officers responsible for complaint management within directorates are shown in speech bubbles.

Recommendation 1
Move to a 2-stage corporate complaint process with extended timescales at each stage.

- Websites from Buckinghamshire Council, Royal Borough of Windsor, Liverpool City Council, Maidenhead and London Borough of Hounslow were reviewed. The group noted their 2-stage process and the benefits of the process change
- Conversations with Hounslow and Liverpool councils confirmed that over a period of one year, a reduction in stage 2 complaints had been seen,

Departments have to be reactive to communication submitted by residents

- LGSCO complaints and guidance were reviewed– their advice is the number of stages should be minimised; Guidance on Effective Complaint Handling for Local Authorities - Local Government and Social Care Ombudsman
- An FOI request was sent by the Complaints team to various local authorities of a similar population size, requesting information on their approach to complaints. A summary of the responses received are shown below:

  20 Local Authorities responded, of these 15 currently have a 2-stage complaint process.

Table 1.1 shows the timescales allotted to each stage of the complaint process by each Authority.

10 of those who responded have a 10-day response timescale at stage 1 and the remaining 15 days or more.

Of all councils who responded 17 have a response timescale of 15 days or greater at stage 2, with 5 of these allocating a 15-day response time and the remaining authorities 20 days or more.

One local Authority Bracknell Forest who has a stage 3 process has a response time of 10-20 days for each stage of their process.

Table 1.1 Local Authorities Complaint process by stages and number of working days required to respond at each stage.

Local Authority	Number of Councillors	Stage 1	Stage 2	Stage 3
Test Valley	36	10	15	
Halton	54	10	28	
Bracknell Forest	42	10-20	10-20	10-20
Thanet	56	10	20	
Malvern	45	15	15	15
Teignbridge	46	20	20	
Preston	48	20	35	
Epping Forest	58	10	15	
Blackpool	42	10	15	Undefined
North Herts	49	10	10	
Lancashire	84	20	20	
Ipswich	46	10	20	20
Horsham	48	20	20	
East Lindsey	54	15	20	
Waverley	57	10	15	
Tendring	48	15	20	
Hillingdon	53	10	10	15
Reading	48	20	30	
Warwick	44	20	20	
Nuneaton	34	10	Undefined	

Recommendation 1
After speaking with Hounslow and with Liverpool councils and noting the Complaint teams' findings, a 2-stage process is preferable to allow more time for a robust and quality of response to be sent.

> The recommendation therefore is for stage 1 complaints to be answered within 15 working days. This allows officers more time to produce a thorough and qualitative response with the aim of mitigating complaints escalating to stage 2. This acknowledges the challenges the organisation has in terms of resource and capacity in departments to give them the time to deal with a complaint under stage 1.
>
> A recommendation that Stage 2 be extended to 20 working days – in line with other local authorities. This will allow a thorough final investigation and reply. This timing also considers allocating a senior manager to investigate and respond.
>
> Holding replies should only then be used sparingly and when needed. The ending of the Stage 2 will refer the complainant to the relevant Ombudsman if they remained dissatisfied.

Recommendation 2
Introduce accessibility of different languages on the council's website reflective of the ethnic makeup of the borough.

- ➢ Some case studies highlighted that customer sometimes have difficulty explaining what outcome they seek and it is therefore important for officers to fully understand what points are within a complaint.

After the group spoke with Hounslow Council and viewed their website London Borough of Hounslow Website homepage they thought it would be beneficial for Slough's website to be explore and consider opportunities similar to that of Hounslow to improve accessibility. There is a translation function on Hounslow's website home screen which allows the whole website to be available in languages that are reflective of the ethnic makeup of the borough. In turn, this would improve ease of access to help customers raise complaints and access other services. The recommendation is for the Council's website to be accessible in different languages therefore making it reflective of the ethnic makeup of the borough.

Recommendation 3
Make the online complaint page more robust.

After reading local authorities' websites mentioned in Recommendation 1, the group were impressed with the layout and simplicity of their respective complaint information contained within their web sites. The Group therefore felt that information relating to complaints must be easy to understand, and which explains what constitutes a complaint, the stages involved, what is and is not a complaint and how to submit a complaint. The group further noted that some customers complain when they are refused service for which there are existing appeal processes already in place.

We have to quantify what is a complaint - Could a matter be an appeal or request for service instead?

The recommendation deduced from this discovery stream is to update the Council's website page to:

- Ensure the new 2 stage complaint process is thorough and clearly available on the website once formally approved.
- Define and make clear the differences between complaint and service request.
- Include a Report It button at the top of the complaint page – like the website of Royal Borough of Windsor & Maidenhead. This would assist customers in realising that they do not need to submit a complaint when asking for action to take place e.g., remove litter, fix a non-working streetlight.
- Ensure information on how to Appeal a decision is highlighted on the complaints page e.g., Benefit appeal, Penalty Charge Notice, Special Educational Needs & Disabilities (SEND) appeal. This would allow customers to make the distinction between an appeal against a decision and a valid complaint relating to dissatisfaction of services received

Recommendation 4

Encourage officers to use various communication methods when investigating complaints.

The group noted that officers currently communicate with customers predominantly by email when complaints are investigated. Contacting customers via telephone could eliminate confusion on points contained within the original complaint and could be used when providing progress on their complaints

Pressure on teams can delay responses and this affects the quality of the response

The recommendation proposed by the group is for officers to wherever possible or appropriate contact customers via telephone to provide clear explanations, progress updates and to be more accessible which in turn will improve times

Clarifying concerns with the complainant by telephone is often beneficial

Calling customers will provide them with the assurance that their complaint is receiving attention.

By keeping the customer informed throughout an Investigation and providing timely updates/holding replies, customers will have reassurance that their concerns are being taken seriously and help to mitigate complaints moving to the next stage of the process

Recommendation 5
A greater emphasis on enhanced learning themes with appropriate improvement action which will be reported through quarterly and annual reports.

After speaking to Housing and to Liverpool Councils and reading various complaint related literature, the group understood it is not possible to embed an effective complaint process if the Council does not have a robust mechanism by which improvements can be made to service delivery informed by feedback and data from our residents.

We discuss complaints/learning in monthly departmental meetings and where we can improve

We recognise and promote the benefits of learning with our team

Currently it takes a while to implement changes but we realise learning from complaints does need to happen

The group acknowledged that

- Complaints attributed to service departments must be used to recognise and improve service provision, ensuring accountability and ownership of cases
- Departments have continued to work well against the backdrop of challenges relating to capacity and depleted resources
- Departments must improve their approach to learning and embed continuous improvement through the findings of their complaints and for the complaints team to continue to request learning / improvements implemented resulting from upheld complaints.
- Ensure that learning and improvements are embedded as part of business as usual when complaints are being investigated and for these to be appropriately recorded and shared through the suite of governance complaint reports to provide assurance and compliance
- Identifying improvements and learning is the responsibility of the service areas
- All complaints reporting should include detailed learning themes by directorate. This highlights what service improvements have been made because of a complaint investigation and should seek to identify and measure the impact of proposed improvements to see if there is a reduction of cases or whether further changes need to be implemented
- As part of reporting improvements resulting from complaints, services should be held accountable if there are re-occurring themes against which they have previously reported improvements. Furthermore, if reports continue to highlight the same themes - despite improvements being identified service areas will be formally reminded to review and evidence effective implementation of improvements

As a Council, we must.

- Actively listen, understand, and read all correspondence from the resident
- Acknowledge in writing or telephone to confirm receipt, seek clarity, and advise of steps being taken to resolve their complaint
- The tone and language in a response is integral to the customer experience and must be clear, concise, jargon free and in plain English. Follow up communication asking if the resident is satisfied with the final outcome of the complaint is essential to the resolution / closure of each complaint with a specific emphasis on next steps that can be taken if they still remain dissatisfied.

The Task and Finish Group requested that a full review of the complaints procedure be undertaken after 2 years to analyse how effective these recommendations have been and whether data is showing improvements across all departments' council wide.

Recommendations

The Task and Finish Group have made the following five key recommendations to improve complaint handling along with proposed completion dates;

Recommendation 1
Move to a 2-stage corporate complaint process with extended timescales at each stage. **Completion by September 2023**

Recommendation 2
Introduce accessibility of different languages on the council's website reflective of the ethnic makeup of the borough. **Completion by end of February 2023**

Recommendation 3
Make the online complaint page more robust. **Completion by September 2023**

Recommendation 4
Encourage officers to use various communication methods when investigating complaints. **Commence immediately and will be continual**

Recommendation 5
Strengthen the learning and improvements captured through complaints and ensure that these are incorporated in all future complaints' reports.
Commence immediately and will be continual

The Task and Finish Group propose that the recommendations highlighted above will lead to a much improved, more streamlined, and accessible complaints process for residents and staff which will ensure that as an organisation we distil a culture of learning from complaints. This in turn will demonstrate our commitment to continuous improvement Customer and Community Scrutiny panel are asked to review and endorse the recommendations from the Task and Finish group.

7. Appendix

LGSCO and Complaints Report - Audit and Corporate Governance Committee.

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

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