

CABINET - MONDAY, 27TH FEBRUARY, 2023

SUPPLEMENTARY PAPERS

The following Papers were tabled at the meeting.

| <u>AGENDA ITEM</u> | <u>REPORT TITLE</u> | <u>PAGE</u> | <u>WARD</u> |
|-------------------------------|----------------------------|--------------------|--------------------|
| - | Budget Presentation Slides | 1 - 78 | All |

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Financial Reports

- ✓ 2018/19 Accounts
- ✓ External auditor recommendations on Observatory House
- ✓ S.25 report
- ✓ Capital Programme
- ✓ Treasury Management
- ✓ HRA
- ✓ DSG
- ✓ Revenue Budget
- ✓ Budget monitor – month 9
- ✓ Finance Action Plan
- ✓ Approval to write-off individual debts greater than £15,000
- ✓ Changes to Slough's Discretionary Council Tax premium on empty properties and second homes
- ✓ Resilience contract for Revenues and Benefits work
- ✓ Procure a provider of e-vouchers for Housing Support Fund awards
- ✓ Changes to Slough's Council Tax Reduction Scheme from 1 April 2023

2018/19 Statement of Accounts

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Slough Borough Council

Draft
Statement of Accounts
2018/19

www.slough.gov.uk

Timeline

- Municipal year end 31 March each year
- Accounts should have been prepared by 31 May 2019
- 1st draft 10 June 2019 – no working papers
- 2nd draft 5 July 2019 – trial balance provided
- 3rd draft 6 January 2020
- 4th draft 3 March 2021 – incomplete a/cs & material error
- September 2020 - more audit issues arising
- 5th draft 7 May 2021

16 July audit starts
Progress hampered by
lack of working papers

More audit issues
arising
Audit suspended

BUT:

- New Finance team appointed latter end of May 2021 identified that these accounts were still not fit for purpose **AND**
- Capitalisation Direction (CD) obtained in March 2022 meant further changes were required

Changes made to 2018/19 accounts (1)

50 changes made in total affect over 100% of figures in core statements **PLUS** 80% of disclosure notes:

- 22 areas subject to detailed review and correction
- 20 changes relate to previous financial years
- 7 changes correct earlier versions of 2018/19 accounts

AND

- 1 further change has been made as a result of the Capitalisation Direction obtained in March 2022

Changes to 2018/19 accounts (2)

| | Total changes £m | Area affected: | |
|--|------------------------|------------------------|-----------------------|
| | | Balance Sheet £m | General Fund £m |
| Land and buildings incorrectly valued | 30 | 30 | |
| Infrastructure not depreciated | 42 | 42 | |
| MRP not charged in line with Regulations | 33 | | 33 |
| Staff costs incorrectly capitalised | 26 | 26 | 26 |
| Income incorrectly recognised | 8 | 8 | 8 |
| Inadequate provisions for bad debts and rating appeals | 32 | 32 | 3 |
| Write off unsubstantiated debtors/creditors | 9 | 9 | 9 |
| Liabilities not included on balance sheet | 8 | 8 | |
| TOTAL | 188 | 155 | 79 |

Impact on Balance Sheet at 31 March 2019

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| | 1st draft June 2019 £m | 5th draft May 2021 £m | Revised February 2023 £m |
|-------------------------------|------------------------------|-----------------------------|-----------------------------------|
| Property, plant & equipment | 1,046 | 969 | 933 |
| Other non-current assets | 142 | 156 | 123 |
| Cash & short-term investments | 70 | 69 | 69 |
| Other current assets | 48 | 36 | 18 |
| Current liabilities | (270) | (276) | (276) |
| Long-term liabilities | (631) | (617) | (636) |
| NET ASSETS | 405 | 337 | 231 |
| | | | |
| Usable Reserves | (83) | (71) | (76) |
| Unusable Reserves | (322) | (266) | (155) |
| TOTAL RESERVES | (405) | (337) | (231) |

Reflects inaccurate asset records and over-capitalisation of staff costs

Net value of Balance Sheet has been reduced by over 40%

Impact on General Fund Balances

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| | General Fund balance with CD | General Fund balance without CD |
|-----------------------------|---|--|
| GF balance at 31 March 2017 | £7m | £29m in deficit |
| GF balance at 31 March 2018 | £2m | £48m in deficit |
| GF balance at 31 March 2019 | £1m | £77m in deficit |

What does this reflect?

- ✗ Inadequate accounting records and controls systems
- ✗ Ineffective systems of internal control, risk management and governance
- == Grossly inaccurate Annual Governance Statement
- == And very challenging budget setting

A&A Regs

Reg 4

Reg 6

Remedy

- ✓ 18 months very demanding work by new Finance Team
- ✓ 43% reduction in net worth of the Council's balance sheet
- ✓ Corrected a/cs provide sound financial base for the Council going forward

Why is this important?

Levels of General Fund and HRA balances affect key budget decisions for the next financial year

Many of the Council's financial problems would have been highlighted sooner if accounts had been produced earlier and to the standard required.

There is a residual risk is that something arises from the previous 3 years' unaudited accounts which adversely affects the estimated GF and HRA balances



Different opinions – what does it mean?

- Approval by s.151 and Council is on the accounts overall
- External audit opinion is:
 - more detailed technical appraisal based on auditing standards
 - line by line assessment of the accounting statements

Process improvements (1)

- ✓ Recruited specialists in local authority financial reporting
- ✓ Training has commenced for Finance staff
- ✓ Templates and checklists have been introduced to improve the quality of draft accounts and working papers
- ✓ Improved presentation and layout of published document
- ✓ Regular meetings with external audit so that technically complex issues are identified and resolved quickly
- ✓ Year-end close and audit is now a priority

Process improvements (2)

- ✓ Improved bank reconciliation processes
- ✓ Review of all debtor and creditor balances
- ✓ Ledger system is now used more effectively
- ✓ Plans in place to review coding structure

Process improvements (3)

New processes will take a while to bed in but the aim is to:

- Produce accounts that meet CIPFA requirements and are easy to audit with minimal changes required
- Ensure that accounts are supported by clear and comprehensive working papers
- Manage the audit process so that accounts can be signed off as quickly as possible.

- **In terms of cultural change, managing year end close and audit is now a priority**
- **BUT experience elsewhere suggest that this can take up to 5 years to embed**

Looking forward...

2018/19 audit due to complete February 2023

Progress on accounts preparation

- 2019/20 accounts prepared by 30 November 2022
- 2020/21 accounts prepared by 28 February 2023
- 2021/22 accounts prepared by 31 August 2023
- 2022/23 accounts prepared by 31 December 2023

Accounts still subject to QA and amendment arising from 2018/19 a/cs audit and new team being in place

External Auditor Recommendations – Observatory House



Background

- A local elector objected in relation to the Council's accounts for 2018/19. The objector asked the auditors to:
 - issue a report in the public interest and
 - to apply to the court that there was 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

GT View

GT have decided not to uphold the objection, however they are making two Statutory Recommendations because of:

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- 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

Issues identified by GT

- Insufficiently detailed specification and quantification of the benefits of the acquisition
- No consideration of alternatives in the formal information provided to Members
- Insufficient sensitivity analysis
- Insufficient explanation of significant financial uncertainties which, ideally, should have been eliminated prior to the decision being taken.
- Insufficient explanation of the uncertainties around the Council's own occupancy needs

Recommendations

Two recommendations have been made, both agreed by officers:

- ensure sufficient and adequate information is available for members including a comprehensive business case
- ensure LMDs is not a substitute for Cabinet and there is adequate consideration and documentation of important decisions within the formal decision making processes

A&CG will consider and recommend to Council

s.25 report



s.25 report

Council is required to consider a report from the s 151 officer which advises on the consideration of the budget by the Council

The report advises that:

- the reserves are adequate for 2023/24
- as long as the risks noted in the report are contained
- the Council's financial strategy is coming to fruition but will take another 5 years to conclude

s.25 report

There are many risks associated with this report:

- reserves are at the lower end of where they should be
- the budget is predicated on continuing support from DLUHC
- agreement is needed from DLUHC to continue capitalisation directions
- the financial position is subject to change pending completion of the accounts

s.25 report

- the Council continues to embed good practice
- the Council has a major dependency on assets sales and significant revenue budget savings
- **it will take a further 5 years or so to become financially stable**
- longer term financial planning is developed
- ECP processes continue

Capital Programme

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Overview

Capital strategy focussed on improvement works to operational assets and public realm works

Objectives:

- **Rationalise** capital portfolio, remaining assets able to deliver services
- Ensure **necessary works** to enhance the condition of retained assets
- Minimise any other works to those which are fully funded from external sources and can be undertaken at **no additional cost to the Council**
- Thereby **minimising the revenue impact** (MRP) of the programme

Overview

- Previous capital programme, 9/3/22, envisaged spending £219m (incl. 21/22) with a borrowing requirement of £18m.
- This year the size of the capital programme is £102m, **with no new external borrowing needed.**
- The programme is fully funded from grants, S106 contributions/capital receipts from the asset disposals

This ensures the Council lives within its means in respect of the capital programme.

Financial Summary

The total general fund capital programme over the 6 years 2022/23 to 2027/28 is £102.085m, of which £83.856m by capital grants, £18.229m funded by capital receipts.

The table below summarises the proposed General Fund capital programme by Executive Directorate:

| | Forecast At P7 2022/23 £'000 | Five Year Plan | | | | | TOTAL £'000 |
|------------------------------|---------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | | 2023/24 £'000 | 2024/25 £'000 | 2025/26 £'000 | 2026/27 £'000 | 2027/28 £'000 | |
| Expenditure | | | | | | | |
| 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 |
| TOTAL Expenditure | 29,012 | 36,317 | 19,935 | 8,182 | 5,219 | 3,420 | 102,085 |
| Funding | | | | | | | |
| External Funding | (25,577) | (32,062) | (15,789) | (4,930) | (3,278) | (2,220) | (83,856) |
| Capital Receipts | (3,435) | (4,255) | (4,146) | (3,252) | (1,941) | (1,200) | (18,229) |
| TOTAL Funding | (29,012) | (36,317) | (19,935) | (8,182) | (5,219) | (3,420) | (102,085) |
| Borrowing Requirement | - | - | - | - | - | - | - |

Financial Summary

The table below summarises the funding sources for the GF capital programme

| | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 | TOTAL |
|---|---------------|---------------|---------------|--------------|--------------|--------------|----------------|
| Financed by: | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| DCLG Disabled Facilities Grant | 1,594 | 1,140 | 1,140 | 1,140 | 1,140 | 1,140 | 7,294 |
| Department for Education | 877 | 4,323 | 2,961 | 2,080 | 1,680 | 941 | 12,862 |
| Department for Transport | 2,640 | 12,864 | 2,854 | | | | 18,358 |
| Department for Business, Energy & Industrial Strategy | 479 | 22 | | | | | 501 |
| Berkshire Local Enterprise Partnership | 10,527 | 2,500 | | | | | 13,027 |
| Other Grants and Contributions | 860 | 402 | 180 | 180 | 180 | 139 | 1,941 |
| S106 Contributions | | 668 | | | | | 668 |
| Homes England Grant | 7,400 | 5,000 | | | | | 12,400 |
| Safer Roads Fund Grant | 200 | 1,511 | | | | | 1,711 |
| Department for Levelling Up, Housing and Communities | | 2,150 | 7,117 | | | | 9,267 |
| Department of Environment, Food and Rural Affairs | 1,000 | 1,482 | 1,537 | 1,530 | 278 | | 5,827 |
| External Funding | 25,577 | 32,062 | 15,789 | 4,930 | 3,278 | 2,220 | 83,856 |
| Capital Receipts | 3,435 | 4,255 | 4,146 | 3,252 | 1,941 | 1,200 | 18,229 |
| Borrowing Requirement | - | - | - | - | - | - | - |
| Capital Financing | 29,012 | 36,317 | 19,935 | 8,182 | 5,219 | 3,420 | 102,085 |

Asset Disposals

- A key element of the Council's new Corporate Plan is the Asset Disposal Strategy, which supports a strategic priority to be "a Council that lives within its means, balances the budget and delivers best value for taxpayers and service users."
- Asset disposals will contribute to the reduction in the Council's future financial commitments, generate capital receipts at the earliest opportunity and reduce the Council's borrowing and MRP. The disposal programme commenced in September 2021 with Cabinet agreement to this.

Asset Disposals

- There are 9 properties on the disposal list for this financial year (2022/2023).

£400m asset sales
needed by 31/3/24,
over half will
materialise this
financial year

- Seven sales have completed generating £173m in capital receipts. Loan repayments of £10.2m also been received. There is high level of confidence in achieving **over £210m in the current financial year.**

- There are current **plans to achieve £200m in 2023/24**

Treasury Management

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Overview

- Much improved financial position
- **Borrowing being repaid ahead of schedule**
- **Capitalisation Direction fully financed 3 years ahead of schedule**

Much improved financial position

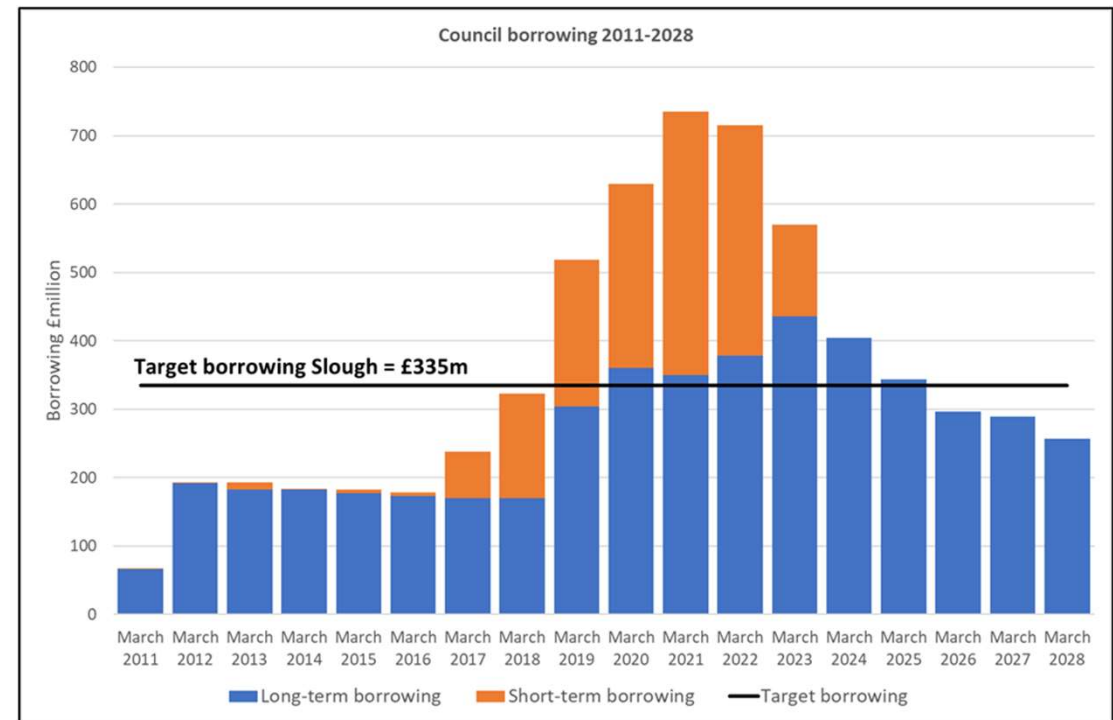
- Previous years' accounts completed or in progress – realised £40m of capital receipts
- Improved understanding of the Council's liabilities, means the CD has been reduced
- **Asset disposal strategy is ahead of schedule:**

| | Target £m | Forecast £m |
|--------------|--------------|----------------|
| 2022/23 | 50 | 210 |
| 2023/24 | 75 | 200 |
| Total | 125 | 410 |

Borrowing

As a result of the improved financial position:

- On track to repay £204m temporary borrowing in 2022/23
- Repay remaining £133m temporary borrowing by September 2023
- On target to bring overall borrowing back to a sustainable level by March 2025
- **Potential to pay off pension fund deficit in 2023/24 – potentially yielding £5m annual revenue budget saving**



Actions required

Approve TMS for 2023/24-2027/28

This includes:

- MRP policy – unchanged
- Annual Investment Strategy – unchanged
- Approved counterparty list for investments – unchanged
- Prudential Indicators required by CIPFA Prudential Code – Council is fully compliant

HRA



HRA Medium Term Plan – I&E

| | 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 |

Key Assumptions

- SBC owns and manages c7,600 properties, of which there are 6,035 HRA social and affordable rented properties
- No new acquisition or new build assumption is made in this business plan
- The HRA is expected to report surpluses across the five year medium term period.
- Social Rent: 7% increase in 2023/24, re-let at 5% of formula rent
- Service Charge Income: Matched to 7% increase for social rent
- Non-dwelling rent is mainly garage rents, shops and ground rent
- Energy cost is assumed to rise by c£0.9m in 2023/24 and expected to reduce to normal price level over the following 3 years
- Debt Management: Maturing debt refinanced throughout Plan
- HRA minimum general reserve: £4m is assumed, i.e. circa. 10% of gross rent

HRA Medium Term Plan – 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 |

HRA Capital Programme

- Housing stocks owned by the Council must meet the present Decent Homes Standard.
- The capital programme represents major works and planned maintenance to improve the condition of the existing stock.
- The planned works include: 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.
- The proposed cumulative capital programme cost across the next five years is £52.714m.
- The proposed capital programme is to be funded from Right to Buy Receipts and Major Repairs Reserve

Business Plan Risks

- **Net Zero/Decarbonisation** - £5.6m provision in the plan will be insufficient to properly decarbonise council housing stock which is estimated at £15-20k for each of the c6,000 homes. The impact can be mitigated by aiming for a lower standard of say the EPC 'C' rating
- **Damp & Mould** – risk of fines and funding being withdrawn by not meeting the standard set by Government. A survey is to be commissioned to understand the extent of impact which is assumed to be 10% of stock, or 700 units, at a cost of £800/unit - £560k has been provided in the plan, but excludes major structural works.
- **Interest on retained 1-4-1 RTB income** – a proportion of right to buy income not passed on to the Government can be retained for the development of new housing. The plan does not assume any new developments and so the income will become repayable after 5 years with compound interest at 7.5% - £0.9m in 26/27 and £2.1m in 27/28. To avoid the interest charge, SBC can either repay the receipts early or find a local RSL partner who can use the funds – officers are working on the latter.
- **Government rent policy** – to the extent that Government limits authorities' ability to lift rents to less than inflation, this will impact the finances of the HRA. Many contractors are applying RPI.
- **Welfare & Benefit Reform** – Universal Credit allows benefits to be paid to tenants rather than direct to the landlord, leading to an increased risk on collection of rents. The bad debt provision has been increased to £1.5m in 2023/24.

DSG



Historic Issues

- In May 2021 the DSG was:
 - heading for a cumulative £40m plus overspend by 2026/27
 - overspending by £7m per annum in 2020/21
 - out of control with no management action being taken

Current Position

- Since then the Council has:
- instigated a major cost reduction programme that will see the DSG in in year balance by 2025/26 **ie no in year overspends**
 - participated in the DfE Safety Valve programme – essentially a challenge process and done so very successfully
 - formally submitted its plan to DfE which **if successful will see the historic deficit of £27m financed by the DfE**

Dependencies and Others

- This:
 - depends on regular reporting to the DfE
 - will see staged payments to the Council ie the funding of the £27m is phased
- **If the DSG does not stay in balance in year the staged payments will stop**
- The Council need to pro actively lead and resource this work
- The Council is also advising other LAs on their DSG/Safety Valve programme

Revenue Budget



Final 2023/24 Funding Settlement

- The final settlement across the core grants broadly unchanged, £0.048m increase on one.
- Public Health grant still to be announced
- **Main announcement was confirmation of ability to increase council tax by 9.99% (+5%) in 2023/24 only**
- Benefit reduced by an **increase to the CTRS**
- £2m net improvement used to **reduce savings** by £0.4m each year for 5 years 24/25 – 28/29
- Helps to **reduce the CD** total by £5m to £357m

2023/24 savings summary

- The final tally of savings by directorate:

| Directorate | 2023/24 Saving (£m) |
|---|---------------------|
| Adults | 5.688 |
| Children's Services | 0.805 |
| Place & Communities | 3.700 |
| Housing & Property | 0.750 |
| Strategy & Transformation | 1.823 |
| Finance & Commercial | 7.506 |
| Cross-Council | 2.150 |
| TOTAL GENERAL FUND SAVINGS 2023/24 | 22.422 |
| Slough Children First | 1.140 |

- NB: Cross-council savings will be redistributed to Directorates (e.g. Fees & Charges)

Contingency against pressures and other issues

- Inflation 23/24 has been provided for centrally as follows:
 - Pay inflation - £2.8m, equates to approx. 4.8% of 22/23 uplifted salaries less 23/24 staff savings
 - Contract inflation - £6.9m, equates to approx. 4.9% of cost base excluding staff, recharges, interest, benefits, but before 23/24 savings
 - Additional amount for ASC and demographics - £2.0m
- Any unutilised from 22/23 will be carried forward
- Important to minimise inflation pressure from suppliers – need to get them to reduce costs in their contract

Contingency against pressures and other issues

- Contingency against savings delivery has been made - £3m ongoing, £3m delayed delivery, but non-delivery must be avoided at all costs
- Other issues identified and provided for to some degree:
 - On-going (£6m): TA, SCF, rent on assets sold etc
 - One-off (£15m): local plan, CCTV, contact centre, redundancy, cyclical laptop refresh etc
- Residual contingency held is limited and should be protected for unforeseen issues arising

Anything else of whatever nature arising from now will have to be self-financed by the relevant Directorate

Contingency against pressures and other issues

➤ Contingency access will be:

- Full business case to S151 and C Exec
 - Subject to review and challenge
 - In consultation with Leader, Lead Member for Financial Oversight and Council Assets and the Lead Finance Commissioner
-
- Once agreed will be reported back in the next monitor
 - Funds are very limited

Key risks and caveats

- Asset disposals do not progress according to schedule
- Non-delivery / delayed delivery of savings
- SCF deficit is worse than anticipated and does not reduce to plan
- Inflation rate does not reduce as BoE expects
- Fees and charges do not deliver increased income fully
- Temporary accommodation risk is not yet fully assessed
- Cost of living crisis hits collection rates on income
- Growth cannot be managed
- Future levels of savings required not achieved

Key risks and caveats (2)

- Achievement of the budget is dependent on all of:
 - budget ownership by all service areas
 - sticking to committed savings
 - implementing changes on time, e.g. restructures
 - finding alternatives for any shortfalls
 - negotiating with suppliers to minimise inflation impact
 - full implementation of fees and charges increases
 - collaborative, not siloed thinking on decisions

Key mitigations

- Conservatively estimated asset sales prices taking account of known pressures
- Experience to date shows over performance and interest remains good

Key mitigations

- The Council budget has made allowance for pressures:
 - £9.7m for pay award and contracts, 4.8%
 - £2.0m for Adults including demographics
- Has contingency to address other issues:
 - £3m recurrent and £3m one off to mitigate non delivery
 - £6.0m recurrent and £15m one off
- With the potential to increase this one off by £5m

Key mitigations

- The Council is over 50% of the way towards potentially balancing 2024/25 budget and thus has a longer period to plan and implement larger transformation and cost reduction
- However the contingency is minimal and reserves are likewise, £21m only general reserves, nil earmarked
- The Council need to greatly increase its reserves – general and earmarked

2024/25 Savings Progress

- Revised target of £12.9m per CD modelling
- **Over half the target has been potentially identified:**
 - full year effect of savings proposed in 23/24 = £1.75m
 - further fees & charges at a lower % = est. £0.25m
 - pension deficit, **if asset sales proceeds achieved**, could generate a £5m budget saving
 - **total £7m of £12.9m target**

2024/25 Savings Progress

- **Corporate savings from MRP and Pension cannot be repeated, balance must come from service savings**
- Further discretionary council tax increase not confirmed

Proposed 2024/25 and Beyond Timetable

- Revised target of £12.9m per CD modelling
- £7m already potentially available
- **Thus need £5.9m – 23/24, £22.4m**
- Plan is to identify £5.9m by mid May '23
- **Agree end of May '23**
- Scrutinise June '23
- Thus 24/25 largely complete by June '23

Proposed 2024/25 and Beyond Timetable

- Would then allow 15 months + to address 2025/26 and beyond
- That is time to prepare 3/4 years of savings, thus long term forward planning, work through and deliver transformational proposals
- After the above 4 years the Council is financially stable

Capitalisation Direction

- Modelled based on no further increase in Council Tax
 - £357m total capitalisation, was originally potentially £782m
 - Savings 2024/25 - 2028/29 reduced to £12.9m/yr, from potentially £20m pa
 - Nearly £10m to cover salaries and contract inflation
 - Finances in balance by 2028/29 if all savings achieved
 - **NB:** Lower savings than modelled > longer to achieve balance > higher CD and higher savings in long run
- The CD is repaid through asset sales – the Government has given the Council no extra money

Budget monitor – month 9

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REVENUE FORECAST

- The P9 revenue forecast is for a balanced budget comprised of the following:
 - Service area overspends of £4.3m
 - Collection fund improved position of £2.5m
 - Treasury management and other corporate budgets of £1.3m
 - Offset by capitalisation requirement of £0.5m
- Capitalisation requirement is forecast to be £24.2m less than originally budgeted
- Service area overspends are driven by the following:
 - SCF £2.8m – despite additional funds agreed in Sept/Dec (budget virement reflected), they are expected to lodge a further request of funding re 22/23 in the next financial year
 - Housing & Property £2.6m - £1.1m temporary accommodation, £1.3m OH rent saving not achieved, £0.8m reduction in rent from assets disposed of, offset by staff vacancies.
 - Place £0.6m - £0.5m leisure mgt fee saving shortfall, £0.7m energy bills, £0.6m reduced parking income, £0.2m shortfall in Parks S106 and partner contributions, offset by £1.5m in staff vacancies
- Offset by £1.6m underspend in Strategy & Improvement, mainly due to staff vacancies

CAPITAL EXPENDITURE FORECAST

- The P9 revenue forecast is for an underspend of £2.6m arising from:
 - Housing & Property £1.4m
 - People Children £1.0m
 - Place £0.2m

- The largest variances of underspend are arising due to the following:
 - £1.8m Sutton Lane Gyratory – slipping into 2023/24
 - £1.1m Nova House – rephasing of cladding work into 2023/24
 - £0.6m Langley High Street
 - £0.3m Flood defence (Sponge City)
 - £0.3m Schools modernisation – delays in agreeing energy projects
 - £0.3m Special School Expansion – revised timetabling of works

- The above is offset by an overspend of £1.9m through the recategorization of works as capital, to be funded by DfT grant – approval is requested to add this to the programme in order to take early advantage of one of the savings proposed for 2023/24

HRA FORECAST

- The HRA is projecting to deliver a net contribution towards reserves of £2.6m against a budget of £2.7m
 - £1.2m underspend on repairs and maintenance
 - £0.4m overspend on supervision & management – agency/temps supporting the new Housing management system implementation
 - £0.4m energy pressure
 - £0.4m income shortfall on non-dwelling rent and service charge income – garage and shop rents coming in below projected levels.
 - Dwelling rents are broadly in line with budget

- The HRA capital programme is budgeted at £10.7m, forecast to be £3.8m underspend, as follows:
 - £2.1m Tower & Ashbourne – development programme no longer going ahead
 - £0.7m Affordable Homes – as above with T&A
 - £0.9m Planned Repairs & Maintenance programme – delays in issuing s20 notices to leaseholders, hence delays in commencing works

Finance Action Plan

Overview

- This report provides the usual update for Members and is largely dealt with by the other papers on the agenda
- It also updates on compliance with the financial directions and other supplementary matters

Approval to write off debts - £15k+



Overview

- Approval from Cabinet to write-off 32 uncollectable debts totalling £1.186m
- Covers Adult Social Care, Council Tax and Business Rates
- Debts represent a very small proportion of the Council's overall billing
- Council makes appropriate bad debt provision for these revenue streams in line with good financial management principles

Changes to Discretionary C Tax



Overview

- As a Council Tax Billing authority the Council must adopt policies for the application of discretionary Council Tax premiums
- The Government's Levelling Up and Regeneration Bill is currently going through parliament
- The Bill contains proposed changes to Council Tax Premiums for empty properties and second homes
- Any changes to the premiums require at least 12-months prior to the financial year in which changes come into effect
- If the Bill receives Royal Ascent before the 31 March 2023, these options will become available to billing authorities with effect from 1 April 2024 if the Council has made a determination at full Council confirming the changes
- **The paper requests delegated authority to devise a policy reflecting changes to charge a 100% premium for properties which have been empty for 1-year (previously 2) and a 100% premium for second homes**

Resilience Contract

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Overview

- The Council uses temporary resources in Revenues & Benefits to cover vacancies, peaks in work and for projects
- Current budgeted FTE is 83 of which 23 FTE posts are vacant and covered by 21 FTE temporary resources through the Matrix contract
- By using a Framework Contract to place 13 FTE roles the Council can reduce current cost by £0.369m per annum
- We are requesting Cabinet approval to procure as the estimated contract value per annum £0.557m

E Vouchers



Overview

- The Household Support Fund is now in its third tranche
- The Government have extended to until at least 31 March 2024
- Slough's current allocation is £1.177m from 1 October 2022 to 31 March 2023
- The fund provides support to vulnerable households in the form of vouchers for those receiving free school meals during holidays, additional support for care leavers and other vulnerable families through Paypoint and through vouchers with Sainsburys and Argos
- We are requesting approval to procure a 5-year contract with a supplier of a e-voucher scheme that provides wider choice to residents
- The annual spend from the government funding in 2023/24 will be £0.2m

Council Tax Reduction Scheme – Interim Update

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Overview

- Each year Slough Council must decide whether to change the Council Tax Reduction Scheme (CTRS) for its 9,269 working age applicants
- In 2023/24 the Council is proposing to add £1.2m to the scheme to make it more generous due to the 9.99% increase its Council Tax
- The current maximum reduction for working age households is 80%, meaning the maximum paid is 20%
- The proposed new scheme will have a maximum Council Tax reduction of 100% and based on modelling 3,552 (53.8%) of the 6,606 working age households with the lowest incomes would now not pay any Council Tax
- In addition, a further 1,805 (27.3%) would pay less than they currently do
- There are a number of households who would pay more but the £0.253m of funding provided through the Council Tax Support Fund will be used to offset this. £0.040m will also be added to the Council Tax Hardship Fund

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