

## **Cabinet – Meeting held on Monday, 26th February, 2024.**

**Present:-** Councillors Smith (Chair), Chahal (Vice-Chair), I. Ahmed, Bedi, Kelly, Manku, Muvvala and Wright

**Also present:-** Councillors Dhillon, Iftakhar and W. Sabah

**Apologies for Absence:-** None.

### **PART 1**

#### **89. Declarations of Interest**

No declarations were made.

#### **90. Minutes of the Meeting held on 15th January 2024**

**Resolved –** That the minutes of the meeting of the Cabinet held on 15<sup>th</sup> January 2024 be approved as a correct record.

#### **91. Budget Management Quarter 3 2023/24**

The Lead Member for Finance, Council Assets, Procurement and Revenues & Benefits introduced a report that set out the forecast position of the Council for the financial year 2023/24 as at the end of the third quarter to 31<sup>st</sup> December 2023.

The Council's forecast overspend at the end of Quarter 3 was £17.8m, which was a further increase from the £8.2m reported at the end of Quarter 2. The Cabinet noted the accounting adjustments of £6.978m attributable to the Balance Sheet and ledger reviews, and that these would mitigate the headline forecast outturn, reducing it from £17.8m to £10.8m. Service budgets were forecast to overspend by £21.3m in 2023/24. Medium Term Financial Strategy savings of £21.2m were expected to be delivered against planned savings of £22.4m. The capital programme was forecast to underspend in 2023/24 by £29.1m, primarily due to late starts on various projects and it was proposed and agreed that approval be given to slip this to 2024/25.

The Lead Member commented that it had been a challenging year in delivering a budget that had been set by the previous administration that he believed had contained inadequate provision for services such as adult social care and temporary accommodation. These were among the areas reporting significant overspends and the Cabinet was seeking to manage the in-year pressure and address the issues by 'rightsizing' the budgets for 2024/25 and beyond. The measures being taken to mitigate the in-year overspends were summarised and robust financial controls had been put in place.

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The Cabinet was asked to note the position as at the end of the third quarter and approve virements and the slippage to the capital programme. The recommendations were agreed.

### Resolved –

- (a) That a virement from centrally held budgets to service directorates in respect of costs of the additional Employer contributions to the Local Government Pension Scheme, amounting to £0.7m be authorised.
- (b) That a one-off virement from the Redundancy Reserve to Children's Services in respect of redundancies arising from the review of Children's Centres, amounting to £67k be authorised.
- (c) That slippage of £25.8m in the General Fund capital programme to 2024/25 be authorised.
- (d) That it be noted that:
  - i. The Council's forecast overspend at the end of Quarter 3 was £17.81m. Overall this represented a further increase from the £8.2m reported at the end of Quarter 2. The risk was therefore high that the Council would be unable to balance its budget within the Capitalisation Direction, unless it draws upon the Budget Smoothing Reserve, other reserves and provisions and continued to take action to reduce expenditure and increase income.
  - ii. The accounting adjustments of £6.978m attributable to the Balance Sheet and ledger reviews, and that these would mitigate the headline forecast outturn, reducing it from £17.81m to £10.83m. At this stage, no virements were being recommended until the end of the financial year when further work was concluded.
  - iii. Service revenue budgets were forecast to overspend by £21.3m in 2023/24. There were Corporate overspends in respect of interest costs and receipts (£2.3m) and the MRP of £3.2m. This was balanced by an underspend on the Corporate Contingency budget (£7.7m) and a number of other variances within the Corporate budget amounting to £1.3m. Service and Corporate budgets combined are showing an overspend of £17.81m prior to the recommended virement of £6.98m.
  - iv. Medium Term Financial Strategy Savings (MTFS) of £21.2m were expected to be delivered in 2023/24 against planned savings of £22.4m.

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- v. That the Capital programme was forecast to underspend in 2023/24 by £29.1m. Of this, £25.8m was due to delayed starts on various projects slippage and it was one of the recommendations of the report that approval was granted to slip this to 2024/25.

### 92. General Fund Capital Programme 2024/25 to 2027/28

The Lead Member for Finance, Council Assets, Procurement and Revenues & Benefits introduced a report that set out the Council's capital programme from 2024/25 to 2027/28. The Cabinet was being asked to recommend approval of the strategy to full Council on 7<sup>th</sup> March 2024.

The programme was for £43m of projects over the next four years. In accordance with the Cabinet's commitment that the Council 'live within its means', it was stated that no external borrowing was required and that projects were funded from grants, Section 106 contributions and capital receipts from the asset disposal programme. There were a range of projects in the capital programme which focused on schemes such as Destination Farnham Road, SEND expansion and flood defence works.

The Leader commented that previous capital programmes had been beyond the Council's ability to deliver and there had been high levels of borrowing and slippage. He stated that the proposed programme was deliverable and affordable. The Cabinet discussed a number of the individual projects that were part of the programme such as the DEFRA funding secured for the flood prevention measures for the Salt Hill stream which involved working closely with partners and communities. The public consultation on Destination Farnham Road had recently closed and approximately 500 responses on issues such as parking, access and amenities had been received which were now being considered before plans came forward for approval.

The Cabinet discussed the management of the programme and the Executive Director Finance & Commercial stated that additional monitoring would be taking place to improve profiling.

At the conclusion of the discussion the Cabinet agreed to recommend approval of the capital programme to full Council.

**Recommended –** That approval of the Capital Programme for 2024/25 to 2027/28 be recommended to full Council as set out in Appendix A to the report.

### 93. Treasury Management Strategy

The Lead Member for Finance, Council Assets, Procurement and Revenues & Benefits introduced a report on the Treasury Management Strategy 2024/25 which included the investment strategy, borrowing and debt reduction strategy, Minimum Revenue Provision (MRP) policy, the prudential indicators and the Capital Strategy 2024/25.

It was noted that the Audit & Corporate Governance Committee would be the Member body that considered the strategy in detail and be asked to recommend approval to full Council. However, the Cabinet was being asked to consider and note the strategy as part of the wider budget papers. Since publication of the report to Cabinet, it was noted that additional indicators had been incorporated within the Treasury Management Strategy that would be considered by the Audit & Corporate Governance Committee. In summary these were:

- A £4m minimum level of HRA general reserve.
- A £5m minimum level of Major Repairs Reserves.
- A 1.25 times HRA interest cover ratio.

The Leader drew attention to the fact that the strategy set out how the Council would reduce borrowing over time to make it sustainable and affordable. The Cabinet was committed to returning the authority to sound financial management and the Treasury Management Strategy was an important part of that approach. The Cabinet agreed to note the strategy and the updates that would be incorporated into the final version to be considered by the Audit & Corporate Governance Committee on 29<sup>th</sup> February 2024 and full Council on 7<sup>th</sup> March 2024.

**Resolved –**

- (a) That it be noted that the Treasury Management Strategy 2024/25 would be considered by the Audit & Corporate Governance Committee on 29<sup>th</sup> February 2024 with the following recommendation:

*"Audit & Corporate Governance Committee is asked to recommend to Council the following:*

- a. *Approve the Treasury Management Strategy (TMS) for 2024/25 at Appendix 1 including:*
  - i. *the Annual Investment Strategy for 2024/25 (within Appendix 1 page 23)*
  - ii. *the Annual Borrowing Strategy for 2024/25 (within Appendix 1 page 13)*
  - iii. *Minimum Revenue Provision Policy Statement for 2024/25 (within Appendix 1 page 33)*
  - iv. *the Prudential Indicators for the period 2024/25 to 2026/27 (Appendix 1 page 18)*
  - v. *the Capital Strategy for the 2024/25 (Appendix 1 page 17)"*

- (b) That it be noted that an updated version of the TMS would be provided to the Audit & Corporate Governance Committee prior to 29<sup>th</sup> February 2024, which included the following additional indicators be incorporated within the Treasury Management Strategy.

- A £4m minimum level of HRA general reserve
- A £5m minimum level of Major Repairs Reserves
- A 1.25 times HRA interest cover ratio

**94. General Fund Revenue Budget 2024-25, and Medium Term Financial Strategy 24/25 to 27/28**

The Leader of the Council introduced a report on the General Fund Revenue Budget 2024/25 and the Medium Term Financial Strategy 2024/25 to 2027/28. The Cabinet was being asked to recommend approval of the budget to full Council on 7<sup>th</sup> March 2024.

The key aspects of the budget were summarised, including the main changes from the draft budget that had been approved by Cabinet in December 2023. The revenue budget for next year was £162.1m, which included growth for pressures of £13.855m; inflationary pressures of £4.472m; proposed savings by directorates of £12.206m next year with a further £6.836m and £1.796 in the following two years.

It was recognised that the Council remained in a very challenging financial position. The Leader highlighted that the report contained a Medium Term Financial Strategy for the first time in several years and this was the right starting point from which to make plans to move towards financial sustainability. It was recognised that the budget could not be balanced without exceptional financial support which would be £23.078m for 2024/25. In relation to Council Tax, the Leader explained the reasons for the change from the proposed increase of 4.99% set out in December's draft budget to the 8.5% (7.99% Council Tax and 0.51% adult social care precept) that was now recommended. It was noted that the proposed increase was below the full permitted level of 9.99%.

The Executive Director Finance & Commercial drew Members attention to the Section 25 report in Appendix 1 that set out her view on the robustness of the estimates made for the purposes of budget calculations and adequacy of reserves which Members should carefully consider before taking budget decisions.

The Leader thanked the Lead Member for finance, Commissioners, the Executive Director Finance & Commercial and her finance team and other officers across the Council who had contributed to the development of the proposals for their work in being able to present the budget to Cabinet and Council. Lead Members discussed various aspects of the budget relevant to their portfolios including the commencement of a food waste collection trial, initially for 5,000 households before roll-out across the town; £8m increase in the adult social care budget; investment in customer services; a new lease for Slough Town Football Club; and £1.4m for temporary accommodation.

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The Cabinet considered and noted the comments and recommendations of the Corporate Improvement Scrutiny Committee that were set out in section 8 of the report.

At the conclusion of the discussion it was agreed to recommend the revenue budget to full Council on 7<sup>th</sup> March 2024, subject to any minor textual amendments.

### **Recommended –**

That Cabinet recommend to Council that it:

1. Note the section 25 Report of the Executive Director of Finance and Commercial at Appendix A that confirms in particular the robustness of the estimates and the adequacy of the proposed financial reserves.
2. Approve the 2024/25 budget on the basis of an increase in the general element of Council Tax of 7.99% and an increase in the Adult Social Care Precept element of 0.51%.
3. Approve the Council Tax Resolution 2024/25 as set out in Appendix B on the basis that it is not excessive in accordance with the principles approved under section 52ZB and 52ZC of the Local Government Finance Act 1992 and as permitted by the proposed The Referendums Relating to Council Tax Increases (Principles) (England) Report 2024/25.
4. Delegate authority to the Executive Director of Finance and Commercial, to place a notice in the local press of the amounts set under recommendation 3 within a period of 21 days following the Council's decision.
5. Approve the Medium-Term Financial Strategy (MTFS) as set out in Appendix C, based on the estimated financial deficit in the Capitalisation Direction and to be funded by capitalisation of:
  - a. £23.078m for 2024/25
  - b. NOTE that the remaining years of the MTFS imply an estimated financial deficit totalling £27.460m, approval of which will be subject to annual approval to DLUHC
6. Approve the overall General Fund revenue budget for 2024/25, as set out in Appendix D1 of £162.1m to include:
  - a. Growth for pressures of £13.855m
  - b. Inflationary pressures of £4.472m including pay and contract inflation
  - c. Proposed savings by Directorates of £12.206m in 2024/25, with further savings of £6.836m in 2025/26 and £1.796m in 2026/27

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7. Approve measures to control spending and improve the finances of the Council at Appendix F.
8. Note the impact of a change in legislation to implement a 100% premium on Council Tax for properties left unoccupied for 1 year as opposed to 2 years as set out in Appendix G1, such change to take effect on 1 April 2024.
9. Determine that Council Tax will be increased for furnished properties periodically occupied from 1 April 2025 in accordance with the Scheme for Properties Occupied Periodically at Appendix G2 and s.11C of the Local Government Finance Act 1992.
10. Agree that the Council Tax Support Scheme approved on March 9th 2023 should remain in place, with the exception of minor amendments for clarification purposes as set out in Appendix B1.
11. Delegates to Cabinet the authority to approve an increase in funding for the new Transformation project on receipt of a report and robust Business Plan.

### **Resolved –**

1. That the write-off of individual debts over £15,000, with a total value of £646,000, as set out in Appendix H, be approved.
2. That the proposed fees and charges for 2024/25 as set out in Appendix J (where these relate to executive functions) be approved;
3. That the Contract Sum for Slough Children First Limited for 2024/25 be approved as £39,044,000.

### **95. Housing Revenue Account (HRA) 30-year Business Plan and Medium Term Budgets 2024/25**

The Lead Member for Highways, Housing and Transport introduced a report that set out the proposed 30-year Business Plan for the Housing Revenue Account (HRA) including both the revenue and capital position.

The revenue business plan over a 5-year period projected total income of £236.72m and expenditure of £222.268m. The HRA capital programme provided for a total capital investment of £105.313m over the next 5 years and a total of £683.188m over the 30-year period. The Business Plan demonstrated that the Council was able to fund the proposals subject to the assumptions within the plan, and that the HRA remained sustainable and viable over the 30-year period.

The Cabinet agreed the importance of robust, forward looking strategy that would maintain and improve the Council's housing stock. It was noted that £13m had been set aside for damp and mould issues and general repairs.

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The investment over the full 30-year period of the plan would be circa £1bn. Members asked a number of questions including about the plans for decarbonisation and it was noted that £8.2m had been allocated for new boilers in social housing.

After due consideration it was agreed to recommend the HRA business plan to full Council on 7<sup>th</sup> March 2024.

### **Resolved –**

Cabinet agreed to note the HRA 30-year Business plan as set out in Appendices A & B.

### **Recommended –**

Cabinet agreed to recommend to Council to:

- Approval of the HRA revenue budget for 2024/25 as set out in Table 3 & Appendix C which reflects the annual rents & service charges increases already approved by Cabinet.
- Approval of the HRA 5-year Capital Programme as set out in Table 4 & Appendix D.
- That it note the draft 5-year HRA reserves and balances as set out in Appendix E.

## **96. School Funding Report - Dedicated Schools Grant 2024/2025**

The Lead Member for Education and Children's Services introduced a report that sets out details of the 2024/2025 Dedicated School Grant (DSG) and the formula funding to be used in the Authority Proforma Tool submission which indicated the level of funding for each mainstream school in Slough.

The report outlined the four blocks of the DSG and current proposals to allocated the published DSG allocation. It was noted that the Schools Forum had received the Schools Block and Early Years Block proposals at a meeting on 11<sup>th</sup> January 2024 as well as allocation information for High Needs and Central Services.

ESFA required Member ratification of the formula funding to be used in the Authority Proforma Tool (APT) prior to distribution of final budgets to schools by 29th February 2024. The completed APT was returned to ESFA by the deadline of 22 Jan 2024. On this occasion, schools would receive indicative budgets with confirmation of ratification following the Council meeting. In future years, the service would work with Democratic Services to ensure that the budget paper for DSG was discussed at a Council meeting in February to enable this deadline to be achieved.



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At the conclusion of the discussion it was agreed to recommend the report to full Council on 7<sup>th</sup> March 2024.

### **Recommended –**

Cabinet agreed to recommend to Council to:

- (a) Note the DSG allocations for Slough (Table 1) as published by the Education and Skills Funding Agency (ESFA)
- (b) Approve the local authority formula for allocating resources to Slough schools for 2024/25 as set out in Appendix A, the Authority Proforma Tool (APT).
- (c) Approve a transfer from the Schools Block allocation of £100,000 to the Central Schools Services Block and £761,539 to the High Needs Block in the 2024/25 financial year (£861,539 being 0.5% of the total schools' block allocation).
- (d) Approve the Dedicated Schools Grant Budget for 2024/25 at £231,514,470 including the allocations between the four funding blocks as set out in this report.
- (e) Delegate authority to the Executive Director – Children's Services, in consultation with the Lead Member for Children and Education and the Executive Director for Finance and Commercial, to make minor changes to the schools' budget in year.

## **97. Contract for Shared Legal Service with Harrow Council**

The Leader of the Council introduced a report that recommended the continuation of the provision of a shared legal service by Harrow Council under the Inter-Authority agreement dated 1 June 2023 and expiring on 31 March 2028.

The legal service had been outsourced to HB Public Law (HBPL), a shared legal service hosted by the London Borough of Harrow, in 2018 primarily due to the number of challenges faced by the former internal legal department which included a lack of critical mass given the size of the authority, resilience and recruitment difficulties. The current agreement ran to 31<sup>st</sup> March 2028 and was terminable on 6-months notice which could be served on 1<sup>st</sup> April or 1<sup>st</sup> October of each year of the agreement. The first point at which the Council could serve a break notice to terminate the agreement was 1<sup>st</sup> April 2024 and the purpose of the report was to consider whether that should be done.

The report set out a financial analysis, performance reporting arrangements, details of a survey conducted by the Monitoring Officer into the customer satisfaction levels with HBPL and the measures being taken to improve

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performance. A soft market testing exercise had been carried out that concluded that HBPL provided the best value. The option to bring the service back in house had been considered, however, it was recommended that the current arrangements with HBPL continue at the current time. This would enable continuity of service provision whilst keeping open the opportunity for further market testing and/or consideration of in-sourcing the service to take place in the future.

Having made a request to speak, Councillor Sabah was invited to address the Cabinet. He expressed the view that the report lacked detail in a number of areas and that the Council should seek to bring the service back in-house from 1<sup>st</sup> October 2024. The Cabinet noted the comments made and the Monitoring Officer offered to answer any more detailed questions outside of the meeting. It was restated that the option of internalising the service would be kept under review but it was not considered to be the right time to bring it back in house, primarily for the same reasons as it was originally outsourced.

Lead Members asked a number of questions about the proposal including about the low response to customer satisfaction survey and the ways in which performance could be improved to deliver better value and service quality to the Council.

After due consideration the recommendation to continue the current arrangement with HBPL was endorsed.

**Resolved** – That the continuation of the provision of a shared legal service by Harrow Council under the Inter-Authority agreement dated 1 June 2023 be endorsed.

### 98. References from Scrutiny

The recommendations of the Corporate Improvement Scrutiny Committee from its meeting held on 30<sup>th</sup> January 2024 in relation to the budget were considered and noted under Item 6: General Fund Revenue Budget 2024/25, and Medium Term Financial Strategy 2024/25 to 2027/28.

There were no other recommendations from scrutiny.

Chair

(Note: The Meeting opened at 6.30 pm and closed at 8.09 pm)