

Extraordinary Audit and Corporate Governance Committee – Meeting held on Thursday, 29th February, 2024.

Present:- Councillors O'Kelly (Chair), Akram (Vice-Chair), E. Ahmed, Anderson, W. Sabah, Shaik and Zarait

Co-opted Members:- Naira Bukhari, Tony Haines, Rupa Sidpara and Jen Simpson

Also present under Rule 30:- Councillor Dhillon

Apologies for Absence:- Councillor Rana

PART 1

46. Declarations of Interest

None were declared.

47. Treasury Management Strategy 2024/25

Prior to consideration of the report, the Committee received a short presentation on the key basic principles of a Treasury Management Strategy (TMS). Members were reminded that these were ensuring cash was effectively managed and funding of capital investment plans. Borrowing had to be affordable both in the short and long term and Slough in the past had borrowed at high levels which had had an adverse impact on the revenue position. As a result the current TMS focused on debt reduction strategy. It was noted that external advice had been sought from Arlingclose, the Council's treasury management advisors in reviewing the strategy.

In considering the TMS, a number of points were raised in the ensuing discussion, which included -

- A Member queried the figures that had been provided relating to total debt, with a total debt amount of £493.61m stated in the presentation which differed from the £470.5m referred to in Table 8 of the report. It was noted that correct figures would be sent to the Committee prior to the report being published for budget Council meeting on 7th March 2024.
- Clarification was sought that there was no borrowing to support the capital programme. The interim Finance Director (Corporate and Strategic) confirmed that there was no provisions for borrowing for capital projects and that any projects would be financed via grant funding and Section 106 receipts. In response to whether borrowing could be used to improve services, it was explained that recognising the position Slough was currently in – government intervention and capitalisation direction – the primary focus was to reduce the debt burden.

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- The Committee sought confirmation as to the position on the Operational Boundary, and whether it had previously been exceeded. The Operational Boundary was the limit beyond which external debt was not expected to exceed. For 2023/24 the Operational Boundary, as approved by Council in March 2023 was £609m. However, the opening external debt, as at 1st April 2023 was £623.8m, which was higher than the forecast position of £604m when this year's TMS was approved, but falling to a forecast £533.7m by the end of this financial year.
- A Member asked whether there had been a breach of the authorised limit for external debt and was informed that the prescribed limit which external debt should not exceed, for 2023/24 was £638m and for 2022/23 was £793m. There has been no breach of this limit over the period.
- Details were requested about why circa £74m extra had been borrowed in the period between December 2023 to March 2024. The Committee were informed that this was refinancing existing debt and that it was crucial that more capital receipts were deposited.
- Members requested that future reports include comparison of TMS with other local authorities in a similar financial position to that of Slough.
- The Chair commented that the TMS was 'risk averse' and asked about the rationale for the approach being taken. The Executive Director outlined that this was a direct result of not yet being a financially sustainable authority. Interest rates and other economic factors were identified as factors that could potentially impact the TMS.
- A Member expressed concern that there was slippage in the asset disposal programme, given that it has been ahead of target in 2022/23, and requested the reasons for why this had happened and whether overall the asset disposal programme was ahead of or behind target. The Executive Director, Finance and Commercial stated that a written answer would be provided to the Committee.
- A Member asked what, if any, revenue budget implications there were based on the current debt reduction strategy. It was noted that a written reply would be circulated.
- Figures relating to forecast borrowing were clarified – noting that as at 31st December 2023, the Council held £428.9m of loans, but that would expect to be £502.4m at the year-end (a decrease of £88.1m from the position as at 31st March 2023, when the Council held £590.5 of loans).
- It was clarified that the 2023/24 Treasury Management Strategy assumed application of some £380m of capital receipts by the end of the year. However, that figure had reduced to a forecast £227.8m by the end of the year. A separate review of the assets disposal program was currently being undertaken. Further details regarding the Council's internal borrowing position and forecast would be circulated to the Committee.

Having considered the report, Members proposed that a further recommendation be added to the report to explicitly state that regular member

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training be provided to all members on treasury management and its context within the overall finance framework of the council.

At the conclusion of the discussion the Committee agreed to recommend the TMS to Council, subject to the receipt of the further information requested during the meeting.

Recommended to Council -

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

- b. Approve that regular training be provided for all Members on Treasury Management and its context within the overall finance framework of the Council.

48. Date of Next Meeting - 20th March 2024

The date of the next meeting was noted as 20th March 2024.

Chair

(Note: The Meeting opened at 6.30 pm and closed at 7.42 pm)