

Cabinet – Meeting held on Monday, 15th July, 2024.

Present:- Councillors Smith (Chair), Chahal (Vice-Chair), E. Ahmed, Kelly, Manku, Shah, Shaik and Wright

Apologies for Absence:- Councillor Bedi

PART 1

22. Declarations of Interest

No interests were declared.

23. Minutes of the Meeting held on 17th June 2024

Resolved – That the minutes of the meeting of the Cabinet held on 17 June 2024 be approved as a correct record.

24. Quarterly Recovery and Performance Update

The Cabinet considered a report which provided an update on the improvement activity undertaken between January 2024 and May 2024.

During this time the Council had carried out a review of the impact of recovery activity undertaken since the Best Value Directions were issued in December 2021. The Council reflected on progress made between December 2021 and December 2023 and subsequently undertook a reset of the Phase 2 of the Recovery Programme which ran from March 2024 until March 2026. The reset co-incided with the appointment of a new Chief Executive, a change of Section 151 Officer and the initial stages on onboarding of a new cohort of directors and heads of service. In addition, the reset was informed by the recommendations of the Extraordinary meeting of the Corporate Improvement Scrutiny Committee (CISC) in which it reviewed the content of the Best Value Commissioners Fourth Report to the Minister. The Cabinet noted the details of the Phase 2 Recovery Programme which were set out in Appendix A to the report.

The report advised that the Best Value Commissioners had submitted their fifth letter to the Minister for Levelling Up, Housing and Communities (DLUHC), which recommended the need for an additional two-year intervention. The Council was waiting a response from the Government Minister, which had been delayed due to the General Election in July 2024, before revising its approach to reflect the Commissioners/Ministers' conclusions. In the meantime, the Council was continuing to work towards the activities set out in the Phase 2 Recovery Programme.

Appendix B provided a programme dashboard which covered seven workstreams as at the end of May 2024. The report set out progress against the milestones for each workstream as at the end of May 2024.

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The Council recognised that it had not delivered the pace and consistency required to become a Best Value council for the residents of Slough and that it needed to improve. There would be a quarterly progress update to Cabinet continuing until March 2026.

Lead Members considered the latest Corporate Performance Report Q4 for 2023/24 which summarised progress against the Council's priorities as presented in March 2024. The overall performance position was mixed, with aspects of disappointing performance. This reflected the performance of a period that is now past, and was part of the reason for the reset of the Council's recovery programme with new objectives and targets are being established for 2024/25. Overall, 25% of the 44 key performance indicators (KPIs) were performing either at or better than target; 9% marginally worse than target; and 32% performing below the red KPI threshold. The remaining 34% of indicators were monitored for trends.

The Cabinet acknowledged the hard work that was being undertaken by the Council to improve on key areas of work. However, it recognised that the Council still had some way to go in terms of delivery to improve performance. Lead Members asked questions and discussed several specific KPIs to seek assurance that action was being taken to understand and address under performance.

Overall, the Cabinet welcomed the Phase 2 Recovery Programme with a two year delivery timetable. Members welcomed the transparency of reporting on a wide range of performance measures and highlighted that the information would be used to identify and prioritise areas for improvement.

The report was noted and the recommendations were agreed.

Resolved -

- (a) That it be agreed to adopt the Phase 2 Recovery Programme, as set out in Appendix A. The focus had been on establishing the right structure to underpin Phase 2. Officers were currently working a more in-depth document that would provide more detailed and specific actions and measures the Council will take as part of its recovery, including establishing clear milestones and delivery targets to secure compliance with the best value duty.
- (b) Ensure that a focus on sustainable finances delivering against the Medium-Term Financial Strategy and an Asset Disposal Strategy be endorsed.
- (c) That it be agreed to adopt a two-year horizon for the recovery programme required to become a Best Value Council, resulting in a forward plan to deliver change activity now running through until March 2026.

- (d) That the latest updates on recovery and performance as set out in the appendices to the report be noted.

25. Productivity Plan

The Cabinet considered a report on the new Productivity Plan. It was reported that on 16 April 2024 the Council received a letter from the Minister for Local Government requesting that a new Productivity Plan be written and published by 19 July 2024. This was a request for all local authorities in England.

Officers had drafted a Productivity Plan, which the Cabinet was invited to adopt before publication. The plans were requested to include responses to four strategic questions:

- How have you transformed the way you design and deliver services to make better use of resources?
- How you plan to take advantage of technology and make better use of data to improve decision making, service design and use of resources?
- Your plans to reduce wasteful spend within your organisation and systems?
- The barriers preventing progress that the Government can help to reduce or remove?

The report set out the Council's response to the key topic headings covered under each section of the Plan and these were summarised for Lead Members. The Plan had been reviewed informally by scrutiny members who were supportive of the Plan. Commissioners had confirmed that they were content with the plan as proposed in the appendix to the report.

The Cabinet welcomed the Plan and considered that it formed the basis upon which the Council could move forward as part of its recovery.

Resolved – That the Productivity Plan in response to the request from the Minister for Local Government be adopted.

26. Financial outlook and review of the Medium Term Financial Strategy including re-phasing the Capital Programme 2024/25 to 2027/28

The Lead Member for Finance, Council Assets and Transformation introduced a report which set out the impact on the Council's budget for 2024/25 and impact on the Medium Term Financial Strategy (MTFS) for 2025-29 following the Provisional Outturn for 2023/24 as well as the initial budget monitoring insight for the 2024/25 financial year. This included rolling forward the MFTS for an additional year into 2028/29 as well as providing a timetable for setting the 2025/26 Budget and a formal refresh of the MTFS.

The report also provided a recommended re-phasing of the Capital Programme for 2024/25 to 2027/28 in light of the significant underspent/slippage of the Capital Programme in 2023/24. This was in view of

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early indications from budget monitoring work undertaken in the year to date which indicated that there were new budget pressures of around £4.1 million. This equated to a forecast overspend for 2024/25 of £15.8m prior to any mitigating actions being agreed.

The report set out the implications of the 2023/24 Provisional Outturn, which included £10.483 million to address overspends in Adult Social Care and Homelessness. The financial pressures in both areas continued to increase after the budgets were set. It was noted that these budgetary pressures were national issues, common to all Councils with these service responsibilities.

The other key area with continuing adverse variances was the net cost of interest, amounting to some £1.2 million. The report provided further analysis in relation to these areas.

A summary of the growth assumptions in the current MTFs approved in March 2024 as well as the assumptions around funding (which had been based on work undertaken by Pixel, a consultancy in Local Government Finance) were summarised.

Officers advised that robust action needed to be taken across the Council at pace so as to deliver the agreed savings and contain financial pressures over the next year. This would necessitate in-year mitigations and Officers outlined the process being undertaken with directorates. A further update would be provided to Members in September 2024.

The proposed timetable for the production of the 2025/26 budget and MTFs was discussed. It would include initial consideration of potential savings, income generation, including a review of fees and charges, led by Corporate Leadership Team. A round of Star Chamber sessions for each Directorate led by the Lead Member for Finance, Council Assets and Transformation were programmed. There would also be a period of public consultation with residents from Slough with wider Member engagement through the Corporate Improvement Scrutiny Committee.

Officers responded to Members' queries. Members commended the report and agreed to the recommendations. This included the addition of new projects to the capital programme (see 7 below).

Resolved –

That the following be noted:

1. The overspend detailed in the Provisional Outturn Report 2023/24 that was presented on Cabinet on 17th June 2024 of £15.5m reflected an underlying overspend of approximately £11.7m. These pressures contribute to an overspend in 2024/25.
2. That early indications from budget monitoring work undertaken in the year to date indicate that there are new pressures of approximately

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£4.1m. This equates to a forecast overspend for 2024/25 of £15.8m prior to any mitigating actions being agreed. This impacts on the overall savings requirement for 2024/25 and future years.

3. The Budget Smoothing Reserve had an opening balance in this financial year of £10.7m, and already had commitments against it of £6.0m, £4m to the Transformation Reserve approved by Council in March 2024 and £2m Upton Lodge impairment as per another report at this Cabinet, bringing the effective balance down to £4.7m.
4. The forecast budget gaps for the next 5 years were £15.0m in the current year, rising to £31.9m by 2028/29 and would require changes to the Council's target operating model to achieve a balanced budget.

That the following be approved:

5. The timetable to produce the 2025/26 Budget and 2026/29 Medium Term Financial Strategy, as shown in Appendix 1.
6. The re-phased General Fund Capital Programme for 2024/25 to 2027/28 as shown in Appendix 3.

The General Fund revenue budget was approved at £162.203m and included growth (including inflation) of £18.327m, and savings of £12.206m, of which £12.183m was in the MTFs Savings Plan, and £0.023m related to fee uplifts. The report rolled forward the period of the MTFs into 2028/29, and the tables reflected this additional year.

7. The addition of the following new projects to the capital programme, as detailed in paragraphs 4.10 and 4.15 to 4.17, and Appendix 3
 - Childcare expansion
 - Upton Court Pathway
 - Cippenham Bridges
 - Swimming Pool Support Fund initiative

27. Waste Disposal Contract

The Cabinet considered a report that set out the approach the Council would be taking on the waste disposal contract to ensure continuity of service and future revenue savings.

The recommendation was to make a direct award to Grundon Waste Management Limited, the existing contractor, for a period of 10 years. The Council's current contract with Grundon Waste Management Limited was due to expire on 30 November 2024 although there was the option of extending the contract for three years.

Appendix A to the report set out the waste disposal contract draft heads of term and Appendix B provided Kings Counsel's advice on the matter. The

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Council was proposing to make a direct award to Grundon Waste Management Ltd relying on an exemption on the requirement to conduct a competitive procurement. This was due to technical reasons, details of which were set out in the report.

The options were summarised and Lead Members asked a number of questions which Officers responded to. The proposed offer from Grundon Waste Management Ltd was likely to offer more advantageous terms than the Council could reasonably expect to obtain if it was to conclude an alternative procurement. It would also provide long-term budget certainty and enable the Council to achieve its Medium Term Financial Strategy (MTFS) savings.

It was recognised that being so heavily dependent on a single supplier was not ideal as it presented a degree of risk to the Council's services. For these reasons, Officers would be discussing with local authorities in Berkshire, Hampshire and Surrey with the aim of undertaking a strategic feasibility study relating to future waste disposal options. The Cabinet would receive a progress report on this initiative at a future meeting.

At the conclusion of the discussion the Cabinet agreed to the recommendations set out in the report. The Cabinet thanked Officers for their hard work in bringing the matter to fruition.

Resolved –

- (a) That the direct award of a contract to Grundon Waste Management Limited for a period of up to 10 years based on the draft terms set out in Appendix A be approved;
- (b) That the issuing of a voluntary ex ante transparency notice outlining the Council's intention to enter into the contract be approved;
- (c) That delegated authority be given to the Executive Director of Regeneration, Housing & Environment, in consultation with the Lead Member for Environment, Environmental Services and Open Spaces and the Executive Director of Finance and Commercial, to complete negotiation for the new contract and enter into the new contract in accordance with the heads of terms at Appendix A following the period of 10 days after publication of the VEAT notice.

28. Akzo Nobel

The Cabinet received a report which set out the accounting treatment of the capital receipt arising from the disposal of the former Akzo Nobel site at Wexham Road.

The site was initially purchased in 2021 for the Housing Revenue Account (HRA) was funded by a mixture of borrowing and reserves. It was acquired as part of the Council's then plans to re-develop the site for a mixture of commercial and residential development. In November 2022 the Cabinet

determined to dispose of the site generating a significant excess capital receipt. A key rationale for its disposal was to contribute towards the reduction in the Council's future financial commitments, generating disposal receipts and reducing the Council's borrowing and Minimum Revenue Provision (MRP). The report sought approval to an accounting treatment of the receipt that maximised this key objective.

Officers summarised the proposed approach by which the Capital Receipts Reserve available in the HRA could be partially applied to the General Fund to reduce the costs of borrowing and associated MRP, utilising the principle of no detriment to the HRA in line with relevant Governance guidance. The recommended approach was key to reducing the costs of MRP and delivering financial sustainability for the Council.

After due consideration, the Cabinet endorsed the recommendations set out in the report.

Resolved –

- (a) That the accounting treatment of the excess capital receipt arising from the disposal of the Akzo Nobel site in 2022 as outlined in paragraphs 2.14 to 2.16 of the report be noted.
- (b) That the principle set out in regard to the accounting treatment to be applied for any HRA disposals, should those circumstances apply, as outlined in paragraph 2.17 of the report be agreed.
- (c) That it be agreed that confirmation be provided to Full Council annually, when setting the HRA budget, that the criteria outlined in paragraph 2.10 of the report had been met.

29. Asset Disposal Programme - Surplus Housing Revenue Account (HRA) Assets

The Lead Member for Finance, Council Assets and Transformation introduced a report that provided an update on Housing Revenue Account (HRA) assets already sold, sought approval to market the assets identified on Appendix B for disposal and sought approval to commence consultation and other statutory processes on those assets listed in Appendix C to inform a future decision.

It was noted that decisions to dispose of assets would be brought back to Cabinet for those assets of £1m or more and were delegated to the Executive Director for assets to be disposed of at a value of under £1m, subject to these assets meeting the test for best consideration reasonably obtainable.

There were non-residential assets currently held within the HRA that were no longer required to fulfil the purpose they were originally acquired for. It was likely that the greater benefit to the HRA could be achieved by selling them rather than continuing to hold them, as this would reduce the financial burden

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for maintaining the land. Further, selling the non-residential assets would enable development/regeneration in the Borough which the Council was no longer in a position to deliver internally.

Officers advised that further asset review work would be undertaken and it was anticipated that this would identify further surplus HRA assets which would be brought back to Members for a decision.

After due consideration, the Cabinet agreed with the recommendations.

Resolved –

- (a) That the progress on disposal of HRA assets, as set out in Appendix A to the report, be noted.
- (b) That it be agreed that those assets listed in Appendix B to the report should be marketed for disposal subject to property, legal and financial due diligence being completed.
- (c) That it be agreed that those assets in Appendix C to the report should be subject to consultation with tenants and statutory processes in relation to open space to inform a future decision on whether they should be disposed of following property, legal and financial due diligence.

30. Recommendations of Cabinet Committee - Disposal of the Council's land which forms a part of the Stoke Wharf Project

The Lead Member for Finance, Council Assets and Transformation introduced a report which set out recommendations associated with the disposal of the Council's land at Stoke Wharf which was proposed to be sold to a third party for development as part of the larger Stoke Wharf site.

The Cabinet Committee for Asset Disposals had met on 11th July 2024 to review the report and had agreed the recommendations to Cabinet as set out in the report.

The background to the site and the land arrangements were summarised.

The disposal of the Council's land at Stoke Wharf was in accordance with the Stoke Wharf Disposals Strategy agreed by the Cabinet Committee on 18 July 2022. The Lead Member highlighted that agreement to the recommendations would contribute to the reduction in the Council's future financial commitments, generate disposal receipts at the earliest opportunity and reduce the Council's borrowing requirements. The proposed land and site sale have been subject to a due diligence process and the Council's land sale reflected best value and best consideration reasonably obtainable for the disposal of the assets in accordance with section 123 of the Local Government Act 1972.

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The disposal of the Council's land would enable the Council to simplify and reduce its land portfolio holding and its corporate arrangements including progressing towards the winding up of SUR which would help the Council to focus on its core activities and services.

The disposal process was outlined. In June 2023 Haslams Marketing undertook an assessment of the site to gauge market interest and consider the optimal time to market the Site. Haslams recommended a guide price of offers in excess of £12 million. The Site was marketed in February 2024. A deadline for bids was agreed of 10 April 2024. In total there were 11 interested parties and five bids were received. The preferred Purchaser was in excess of the guide price of £12 million and the name of the Purchaser, together with the reasons why they have been selected were set out in Confidential Appendix 1.

The report contained Confidential Appendices 2, 3 and 4 which provided a commercial and financial summary, a valuation report and EY asset appraisal and Disposal Framework calculations.

The report also set out in detail the key activities and milestones with exchange anticipated at the end of August 2024, following partner approvals in July 2024. The planning considerations were discussed as the new purchaser planned to submit a new planning application for the site, which meant the sales proceeds were expected in 2025 once this process was complete.

The Cabinet discussed the recommendations in detail and asked questions of Officers in relation to the timeline of events. The Cabinet went into private session (Part 2) to discuss some of the matters set out in the confidential appendices before returning into public session. At the conclusion of the discussion the Cabinet unanimously endorsed the recommendations set out in the report.

Resolved –

- (a) That the Draft Formal Site Development Plan (the Draft Formal Site Development Plan is the form that is presented to Cabinet) be approved.
- (b) Approved the Council entering into documentation to give effect to the Formal Site Development Plan and which is anticipated to comprise (i) a Deed of Variation to the Council's Option Agreement with Stoke Wharf Development (SWD) LLP; (ii) (in its capacity as a member of Slough Urban Renewal LLP (SUR) the Sale Contract between SWD (of which SUR is a member) and the Purchaser; (iii) (once the Sale Agreement between SWD and the Purchaser has become Unconditional) a Transfer of the Council's land to the Purchaser (pursuant to the Option Agreement); and (iv) (once the Sale Agreement between SWD and the Purchaser has become Unconditional) a Works Access Agreement between the Council and the Purchaser.

- (c) That delegated authority be given to the Executive Director of Regeneration, Housing and Environment, in consultation with the Lead Member for Financial Oversight and Council Assets and the Executive Director of Finance and Commercial to (i) approve the final form of the Draft Formal Site Development Plan that is presented to the SUR Business Board for its approval; and (ii) to approve the final terms of the documentation required to give effect to the final form of the Draft Formal Site Development Plan.

31. Recommendations of Cabinet Committee - Disposal of Upton Lodge, 2a Yew Tree Road, Slough

The Cabinet considered a report which set out a recommendation for the disposal of Upton Lodge, 2a Yew Tree Close, Slough, under the Council's Asset Disposal Strategy. The report had been reviewed by the Cabinet Committee – Asset Disposals on 11th July 2024 and it had been agreed to recommend disposal to Cabinet.

The property had been agreed as surplus by the Cabinet on 12 January 2023, and identified for disposal. The proposed asset sale had been subject to a due diligence process and reflected best consideration reasonably obtainable for the disposal of the assets in accordance with section 123 of the Local Government Act 1972

At the request of the Council, Avison Young (AV) had provided professional advice on the market conditions and the recommended disposal to the bidder named in Appendix A. Ten bids had been received during the first round of bids six parties were at quote or above AY's quoting price. During the best and final round of bids, six parties raised their initial bids.

The report set out the options considered. Officers recommended option B – the approval of a freehold disposal of Upton Lodge to an investment purchaser for the reasons given in confidential Appendix A. This would allow the Council to receive a capital receipt by August 2024 which in turn would allow it to reduce its borrowing and contribute to its capital receipts target.

The Heads of Terms had been agreed, details of which were set out Confidential Appendix A.

The Cabinet discussed the recommendations in detail, including the financial implications and the timeline of events. The Cabinet went into private session (Part 2) to deliberate on some of the matters set out in the confidential appendices before returning into public session. After due consideration, the Cabinet endorsed the recommendations set out in the report.

Resolved –

- (a) That the Council sale of the asset referred to in Appendix A and known as Upton Lodge, 2a Yew Tree Road, Slough to the bidder named in Appendix A to the report be agreed.
- (b) That authority be delegated Deputy to the Executive Director of Regeneration, Housing & Environment, 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 Appendix A to the report.
- (c) That the methodology to be adopted (Appendix D to the report) for assessing assets in the Asset Disposal Programme, prior to launching to the market, to determine minimum sales values, be noted. This framework provides an objective methodology for evidencing Best Value.

32. Exclusion of Press and Public

Resolved – That the press and public be excluded from the meeting during consideration of the items in Part II of the agenda as they involved the likely disclosure of exempt information relating to the financial and business affairs of any particular person (including the authority holding that information) as defined in Paragraph 3 of Part 1 the Schedule 12A the Local Government Act 1972.

Below is a summary of the matters considered during Part II of the agenda.

33. Waste Disposal Contract Appendices

Resolved – That the Part II appendices be noted.

34. Recommendations of Cabinet Committee - Disposal of the Council's land which forms a part of the Stoke Wharf Project - Appendices

The Cabinet considered the exempt information in the appendices in Part II and asked questions about the financial implications, options and risks. The appendices were noted and the meeting returned to public session to take the decisions as detailed in the Part I minute.

Resolved – That the Part II appendices be noted.

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35. Recommendations of Cabinet Committee - Disposal of Upton Lodge, 2a Yew Tree Road, Slough - Appendices

The Cabinet considered the exempt information in the appendices in Part II. The appendices were noted and the meeting returned to public session to take the decisions as detailed in the Part I minute.

Resolved – That the Part II appendices be noted.

(Note: The Meeting opened at 6.30 pm and closed at 8.43 pm)