

Overview & Scrutiny Committee – Meeting held on Thursday, 23rd February, 2023.

Present:- Councillors Gahir (Chair), Matloob (Vice-Chair), Akbar (until 8.47pm), Basra and Kaur

Also present under Rule 30:- Councillors Anderson, Kelly, Strutton, Swindlehurst and Wright

Apologies for Absence:- Councillors Bal, P. Bedi, M. Malik and S. Malik

PART I

1. Declarations of Interest

No declarations were made.

2. Minutes of the Last Meeting held on 2nd February 2023

Resolved – That the minutes of the meeting held on 2nd February 2023 be approved as a correct record.

3. Member Questions

No questions from Members had been submitted.

4. Recovery & Improvement Update

The Leader of the Council and the Executive Director of Strategy & Improvement introduced a quarterly update to scrutiny on the progress being made by the Council against the Secretary of State Directions issued in December 2021 and the overall recovery plan.

It was noted that the Commissioners' annual letter to the Minister on their assessment of progress, and the Minister's response, had not yet been published.

The appendices to the report included the two comprehensive reports that had been considered by the Improvement & Recovery Board (IRB) in December 2022 and January 2023 and a verbal update was provided on the discussions at the February IRB meeting which had been held earlier in the day. Lead Members and Directors had sought to provide surety to the Best Value Commissioners on the 2023/24 budget and savings proposals.

The Committee raised a number of issues during the course of the discussion including:

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- The Council leadership's overall assessment of the progress that had been made as the halfway point of the 3-year intervention approached. The Leader stated good progress had been made in a number of areas in the past year, including financial stability, which meant the concerns had moved away from the long-term viability of the authority towards accelerating the delivery of the recovery plan on the path to being a sustainable council. The success of the asset disposal programme meant that the expected level of the capitalisation in future years had significantly reduced and savings targets from 2024/25 and beyond were therefore becoming more manageable. A new management tier was now in place and progress was being made on specific Directions such as scrutiny. Culture change and HR remained key priorities.
- The risks were discussed and the Leader commented that a lack of resilience in certain services was an issue that needed to be addressed in the coming year. The potential for further financial shocks at a national and international level remained a risk as did any slippage in the 2023/24 savings programme. The Chair of the Committee asked about the risks posed to the Council from the continued overspends of Slough Children First. The Leader explained the process by which the SCF budget was set and the mechanism to seek more resources from the Council, where justified, to ensure appropriate services were provided to children in Slough. There was scope to make savings through combining back office functions with the Council. The new Director of Children's Services/Chief Executive of SCF, Sue Butcher, would be leading a further review of the SCF business plan and this would come back to Cabinet in the summer. The Chair highlighted that the company was likely to be important area for scrutiny in the next year.
- The Committee asked questions about the future of the intervention and it was responded that Directions were likely to be lifted gradually as the Council demonstrated that it had properly addressed them and had proved itself capable to delivering the function subject to the Direction. This would entirely depend on the progress the Council made in the next 12/18 months, but it was hoped some powers may be returned during the next year such as the recruitment of senior management tiers. It was also noted that most of the Commissioners powers were held in reserve rather than frequently exercised.

Members asked a range of other specific questions about the levels of staff and Member training in the future; support for the scrutiny function; and the monitoring of actions in the reporting framework. The Leader and Executive Director responded to these points and provided assurance that there was a clear focus on action tracking.

Speaking under Rule 30, Councillor Kelly asked questions about culture change, accountability and training of the Council's leadership; the role of the Lead Members & Directors Group following the statutory recommendations from the external auditor in the recent review of the purchase of Observatory

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House; and the future income sources for the Council given the scale of the asset disposal programme. The Leader responded that a range of actions were in place for the training and development of the leadership team, both Officers and Members; that the external auditors findings had been fully accepted and changes already made to improve the quality of Cabinet reports to support decision-making; and that the success of the asset disposal programme meant that borrowing and MRP costs were already reducing.

At the conclusion of the discussion the report was noted.

Resolved – That the Recovery and Improvement Update be noted.

5. Section 25 Report

The Committee reviewed each of the budget reports that would be considered by Cabinet on 27th February 2023 and then Council on 9th March 2023. Members were invited to ask questions and comment on the papers and consider whether any specific feedback or recommendations should be made to Cabinet.

The Executive Director, Finance & Commercial introduced a report that advised the Council of his assessment on the robustness of the estimates made for the budget calculations and the adequacy of the proposed financial reserves.

The report set out the assumptions that underpinned the budget and the key risks. The Executive Director highlighted the scale of the financial challenge that faced the Council and commented that the financial recovery was expected to take approximately five more years. However, the actions taken over the past 18 months and the financial strategy in place was starting to come to fruition. The expected total capitalisation direction had come down by approximately a half to £357m, financial management and processes had been strengthened and the reserves were deemed to be adequate for this coming financial year, assuming assets sales of £400m were delivered by 31st March 2024 and the £22.4m of revenue savings were delivered in full with no call on contingencies for these or any other budget issues. The Section 151 Officer therefore confirmed that the Council was able to set a budget based on the assumptions and risks set out, but it was emphasised that the budget, and particularly the savings, needed to be delivered in full and on time.

The Committee thanked the Executive Director and the Finance team for the significant amount of work that had gone into preparing the budget given the challenges. A question was asked about paragraph 9.2 of the report that full assurance could not be provided. The Executive Director highlighted that the report was an assessment of the position the Council was in at the present time and there were significant risks. The 2023/24 financial year was a key period in the 5-year recovery plan due to the scale of savings required. Asked about the key risk, the Executive Director stated the fundamental problem the Council faced was excessively high borrowing, therefore the asset disposal programme was critical to reduce this.

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In response to a question, the Lead Member for Financial Oversight & Council Assets provided assurance that the budget was deliverable and had been developed with more rigour and scrutiny than any other budget the Council had set in the past. The Committee raised concerns about the potential disruption to the finance team as Mr Mair and several senior colleagues would be leaving the Council. It was recognised that the Council had appointed a high calibre successor as Executive Director and a thorough handover process was taking place.

Speaking under Rule 30, Councillor Kelly asked about a £4.8m budget gap and areas of overspending. The Executive Director stated that the Council would balance its 2022/23 budget and the figures were set out in detail in the budget monitor to be considered by Cabinet on 27th February.

At the conclusion of the discussion the report and proposed Cabinet recommendations were noted.

Resolved – That the report be noted.

6. Capital Programme 2023/24 to 2027/28

The Executive Director Finance & Commercial summarised the Council's capital strategy from 2023/24 to 2027/28.

The programme for 2023/24 was fully funded through external grants or capital receipts and did not require any new borrowing, which the Committee strongly welcomed. A number of important capital projects were included in the programme including flood defence measures, A4 Safer Road, Destination Farnham Road, Britwell Hub, office accommodation and investment in school buildings.

A question was asked about the additional budget provision to cover rising costs of the Nova House fire safety works. The Executive Director stated that a full report on the project would be considered by the Cabinet in March 2023 and the figure in the capital programme made the necessary financial provisions for the works.

Speaking under Rule 30, Councillor Kelly asked whether the office accommodation strategy included the retention of Observatory House. The Executive Director Housing & Property stated that work on the overall estates strategy was at an early stage and the six buildings potentially retained for operational use would all be subject to a full assessment and all options for Observatory House would be explored.

At the conclusion of the discussion the proposed Capital Strategy was noted and no specific comments or recommendations were made to Cabinet.

Resolved – That the report be noted.

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7. Treasury Management Strategy 2023/24

The Executive Director Finance & Commercial introduced a report on the Treasury Management Strategy which included the borrowing and debt reduction strategy, prudential indicators, Minimum Revenue Provision policy; and the investment strategy.

Treasury management was a crucial part of the Council's financial strategy and assurance was provided through a mid-year update and outturn report during the financial year. The strategy proposed this year to Council was largely unchanged as it has been extensively revised prior to the 2022/23 financial year.

The Committee asked a number of questions including about the links to the asset disposal strategy and level of confidence that the target income of circa £200m in 2023/24 could be achieved. It was confirmed that a clear plan was in place for disposals in the coming year and the Council was confident this target would be met.

At the conclusion of the discussion the report was noted and no specific additional comments or recommendations were to be made to Cabinet.

Resolved – That the report be noted.

8. Housing Revenue Account Business Plan 2023/24 and 30-Year Housing Investment Plan

The Deputy Director, Financial Management, introduced a report on the Housing Revenue Account business plan and long term Housing Investment Plan.

A summary was provided of the overall strategy for the HRA, which overall was in a sound financial position. The rent increase for next year was 7%, in line with the Government's guidelines. The HRA capital programme was £53m over the next 5 years which was primarily on maintenance and repairs with no new housing developments planned during the period.

The issues and risks relating to damp and mould and fire safety were discussed. Members asked if there was sufficient budget provision to address damp and mould problems in Council properties. The Executive Director Housing & Property stated that sufficient provision was in place and detailed work was taking place to fully understand the extent of the issues. Every tenant would receive a letter and be able to self-report any issues. The Cabinet would receive a full report in March 2023 on the programme.

Members asked if the below inflation rent rise would provide enough funding to support repairs and maintenance. The Executive Director highlighted there were significant cost pressures in the system, but the rise should be adequate

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given the relatively good state of the Council's stock and the sound financial position of the HRA.

The Committee agreed to note the report and did not make any specific comments or recommendations to Cabinet.

Resolved – That the report be noted.

9. Update on Dedicated Schools Grant Management Plan

The Executive Director Finance & Commercial introduced a report on the High Needs budget position and the progress of the Dedicated Schools Grant (DSG) Management Plan 2022/23 to 2026/27.

The background was noted including the fact that the historic failures to address the growing deficit in the DSG over several years led to a cumulative deficit of £41.5m. After a considerable amount of work over the past year this had been reduced to £27m and the Council had made a submission to the Department for Education to write off the historic deficit. It was emphasised that this would only be agreed if the Council was able to keep in year figures balanced in the future.

The Committee welcomed the excellent work that had been done, but asked what the implications would be if the Council could not keep the DSG in balance. It was responded, if the write off was agreed, that budget would be closely monitored by DfE and if it did not balance the Council would have to meet that debt. It was therefore a key financial priority to keep DSG in balance. The outcome of the submission was expected in the near future.

Speaking under Rule 30, Councillor Kelly made a number of observations about the historic weaknesses in financial management that contributed to the build-up of the deficit. The Lead Member for Financial Oversight & Council Assets responded to the points raised.

At the conclusion of the discussion the Committee noted the report.

Resolved – That the report be noted.

10. 2023/24 Budget

The Executive Director Finance & Commercial summarised the revenue budget papers for 2023/24.

The context, key risks and assumptions were as set out in the Section 25 report considered earlier in the meeting. The General Fund revenue budget proposed was £143.4m which included £12.2m of growth for pressures and proposed Directorate savings of £22.4m, all of which had been through scrutiny across a series of six meetings between December 2022 and February 2023. The fees and charges review had been approved by Cabinet in January. The budget proposed to raise Council Tax by 7.99% plus a

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further 2% for the Adult Social Care precept, leading to a total increase of 9.99%. It was noted that the Council had requested, and been given, permission by the Department for Levelling Up, Housing & Communities, to raise Council Tax by 5% above the referendum threshold of 4.99%.

The Committee discussed a range of issues in scrutinising the budget including:

- **Savings delivery** – Members highlighted that the 2023/24 savings target was the largest in the Council’s history and there was a track record for not fully delivering savings, including some slippage in 2022/23. The Chair asked whether Lead Members and Directors were committed to delivering the proposed savings. The Leader of the Council confirmed that the Cabinet was fully committed to implement the savings, or find alternatives. It was noted that if 2023/24 savings were all made, and none of the limited contingency was required, the Council would be in a much stronger position for future years with a reduced savings target. A follow up question about monitoring the savings was raised to ensure any slippage was identified early and could be addressed. The Leader highlighted that budget monitoring had been significantly strengthened in the past year and that scrutiny could play an important role in reviewing delivery of the savings programme and flagging up any issues to Cabinet.
- **Key risks** – the Chair asked about provision for key risks, such as a scenario where inflation stayed high throughout the year, and contingencies. The Executive Director stated that provision had been made for a pay settlement of 4.8% and contract inflation of 4.9%. There was some contingency for slippage in savings delivery, but that should only be used in genuinely exceptional circumstances such as pressures arising from external events. These assumptions were considered to be prudent and it was highlighted that if more provision had been made it would have required a higher savings target. Budgets would therefore need to be carefully managed.
- **Consultation** – the Chair asked what public consultation on the budget had been undertaken. The Executive Director stated that a consultation exercise had been carried out on the Council’s website. The response rate was low and had not generated any substantive comments that had led to changes in the budget. It was recognised that the scale of the Council’s financial challenges meant there was limited flexibility and options in setting next year’s budget. The Committee agreed that budget consultation should be strengthened in 2023/24 to seek to increase resident feedback and engagement.

Speaking under Rule 30, Councillor Kelly asked about a number of specific savings to ‘switch off’ street lights; CCTV; and audit costs. The Leader responded that street lights would not be switched off, but there was a dimming trial. The level of dimming was small and it was said to be unlikely the difference would be noticed. The lighting would still be brighter than the

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old street lights before the investment had been made in LED lights. The trial results would be evaluated before any permanent solutions were implemented. The wording of the saving in the budget papers would be amended from 'switched off' to dimmed. In relation to the audit savings, the Executive Director commented that the high audit costs for 2018/19 reflected the amount of work required due to the deficiencies identified. The saving in this budget would relate to the audit costs for 2023/24 by which time the much improved financial records should lead to significantly lower audit costs.

At the conclusion of the discussion the revenue budget was noted, with no specific amendments proposed but that the Cabinet be requested to strengthen the public consultation process in future budgets.

Resolved –

- (a) That the report be noted.
- (b) That the Committee requests that budget consultation be strengthened in future years to seek to increase resident feedback and engagement.

(Councillor Akbar left the meeting)

11. Council Tax Reduction Scheme 2023/24

The Interim Head of Transactions – Revenues, Benefits and Charges introduced a report that set out the proposed changes to Council Tax Reduction Scheme for 2023/24.

In view of the proposed 9.99% rise in Council Tax the Department for Levelling Up, Housing and Communities (DLUHC), had stated in correspondence that Ministers were conscious of the effects of a large increase in Council Tax on taxpayers in Slough, especially those on lower incomes. The Government's expectation was that the Council take steps to mitigate the impact on those least able to pay and the Council Tax Support Scheme had therefore been revised. This proposed scheme recommended allocating £1.2m of the additional £2.5m Council Tax generated to further reduce Council Tax to the poorest working age households.

Approximately 9,300 households in Slough currently received a Council Tax Reduction. There were 2,700 pension aged claimants and that part of the scheme was set out nationally and no changes were proposed. If the proposed scheme was agreed for 2023/24, 5,347 current working age claimants would pay less Council Tax than currently. Of these, the 3,552 most vulnerable working age households that currently paid 20% towards their Council Tax would not have to pay any in 2023/24. 1,249 working age claimants would pay more under the scheme and the Council would also allocate additional resources to the Council Tax Hardship Fund to provide discretionary support.

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The Committee welcomed the revisions to the scheme to support the most vulnerable households. There was a discussion about the Government support to Slough and the Chair asked whether the Council had, for example, asked to keep a higher proportion of business rates. The Executive Director explained that the Council had put forward a number of options to Government about how it could support the Council which had included business rates and additional grants. The Government had not agreed these other options and instead agreed the Capitalisation Direction.

The revised scheme was subject to consultation.

Resolved – That the report be noted.

12. Members' Attendance Record 2022/23

Resolved – That the Members' Attendance Record be noted.

13. Date of Next Meeting - 16th March 2023

The date of the next meeting was confirmed as 16th March 2023.

Chair

(Note: The Meeting opened at 6.30 pm and closed at 8.57 pm)