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Borough Council

Growing a place of opportunity and ambition

Date of issue: Wednesday, 22 February 2023

MEETING	**OVERVIEW & SCRUTINY COMMITTEE** (Councillors Gahir (Chair), Matloob, Akbar, Bal, Basra, P. Bedi, Kaur, M. Malik and S. Malik)
DATE AND TIME:	THURSDAY, 23RD FEBRUARY, 2023 AT 6.30 PM
VENUE:	COUNCIL CHAMBER - OBSERVATORY HOUSE, 25 WINDSOR ROAD, SL1 2EL
DEMOCRATIC SERVICES OFFICER: **(for all enquiries)**	NICHOLAS PONTONE 07749 709 868

SUPPLEMENTARY PAPERS

The following Papers have been added to the agenda for the above meeting:-

* Items 4 to 11 were not available for publication with the rest of the agenda. *(Note – identical versions of items 4 to 10 were published with the Cabinet agenda on 17th February and Committee members were notified they were available to consider).*

PART 1

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Slough Borough Council

Report To:	Overview and Scrutiny Committee
Date:	23 February 2023
Subject:	Improvement and Recovery update
Lead Member:	Councillor James Swindlehurst, Leader of the Council and Cabinet Member for Council Recovery, Forward Strategy & Economic Development
Chief Officer:	Stephen Brown
Contact Officer:	Sarah Hayward
Ward(s):	All
Key Decision:	NO
Exempt:	NO
Decision Subject To Call In:	NO
Appendices:	Appendix 1 – Report to Improvement and Recovery Board 8 December 2022 Appendix 2 – Report to Improvement and Recovery Board 26 January 2023

1. Summary and Recommendations

1.1 This report provides the quarterly update to Scrutiny and Cabinet on the progress being made by the Council against the Secretary of State Directions issued in December 2021, and the overall council recovery plan

1.2 This report also sets out the current position with Government intervention. Commissioners wrote to the Secretary of State in December to provide a detailed overview of the progress made by the Council during the first year of intervention. We are awaiting the formal letter from the Secretary of State.

Recommendations:

1.3 Scrutiny is requested to make any comments on the following to inform the consideration of this report by Cabinet on 27 February:

a) Note and comment on the progress made by the Council since the previous report in addressing the Directions of the Secretary of State;

b) Agree to the next steps as set out in the action plans and other workstreams that have been developed to address the Directions.

Reason

1.4 Since the last report in November there have been two meetings of the Improvement and Recovery Board in December and January.

1.5 The Commissioners wrote to the Secretary of State on 22 December setting out the position of the Council against the Directions during the first year of intervention.

1.6 Formal meetings with Commissioners continue monthly in the form of the Improvement and Recovery Board. Quarterly updates will continue to be brought to Scrutiny and Cabinet setting out the detail of the issues reported on at these progress meetings along with additional areas of focus and activity as required by Commissioners.

1.7 Commissioners are concerned at the long term viability of the council given the scale of the challenges it faces and the progress and changes required to address the issues that led to intervention.

1.8 This report and the appendices set out the progress made to date and the next steps to accelerate change against the journey to recovery and improvement.

Commissioner Review

The views of Commissioners are fully set out in the December letter to Ministers.

2. Report

Introduction

2.1 As previously reported Members are aware the Council received a formal direction from DLUHC made under s.15(5) and (6) of the Local Government Act 1999, including a direction that prescribed functions are to be exercised by Commissioners; and the appointment of Commissioners from 1 December 2021.

2.2 The Council took a number of steps, including approving a new Corporate Plan in May 2022 that set out its strategy for improvement. This is in the process of being refreshed and a separate report will be submitted to February Cabinet regarding this.

2.3 Commissioners have recognised that there is now a more holistic approach to reporting progress against the various action plans in place to address the Directions and this is presented in the reports attached to the Improvement and Recovery Board.

3 Options considered

3.1 It was agreed by Cabinet in November that regular public reporting on the Council's ongoing response to Government intervention was essential to ensure transparency and accountability.

3.2 A separate report has been submitted to February Cabinet on a refresh of the Corporate Plan to set the direction of the council in light of the ongoing challenges faced.

Background

3.3 It is now over a year since Commissioners were appointed by the Secretary of State. During that time the Council has had the opportunity to discuss with Commissioners the extent of the challenges it faces.

3.4 Cabinet agreed in November to a more holistic method of reporting progress against the Directions and this has been welcomed by Commissioners.

3.5 As reported in November, senior level appointments including the Chief Executive position has created more of a sense of stability and an ability to oversee a refreshed corporate approach to improvement and recovery. In January it was announced that additional appointments have been made to the key roles of Executive Director for People (Children) and Executive Director for Finance and Commercial.

3.6 It is clear that Commissioners remain extremely concerned at the pace of progress and the long term viability of the council.

3.7 For these reasons, the appendices to this report present an overview of the workstreams in place to address each of the Directions and how these have been reported to Commissioners.

3.8 To address the specific issues of concern raised by Commissioners it is envisaged that in addition to the standard reporting on the Directions, there will be deeper dives into individual Directions or other recovery workstreams.

3.9 A separate report on the council's strategic direction in the form of a refreshed Corporate Plan has also been submitted to February Cabinet. In addition, the Cabinet and other member forums continue to receive reports which relate to specific directions and improvements, including finance action plan updates, reports on specific company governance, updates on ICT, procurement and internal audit progress, asset disposal recommendations and updates and updates on senior officer staffing restructure.

4 Implications of the Recommendation

Financial implications

4.1 This progress update report is intended to complement existing financial reporting in particular against the Financial Action Plan. Any actions arising from the recommendations will be funded from within existing budgets

Legal implications

4.2 On 1 December 2021 the Secretary of State for Levelling Up, Housing and Communities made statutory directions requiring the Council to take prescribed actions and that certain functions be exercised from this date by appointed Commissioners, acting jointly or severally. The directions were extended on 1 September 2022. The directions were made under Part 1 of the Local Government Act 1999 due to the Council having failed to comply with its best value duty. The general duty of best value is set out in section 3 of the Local Government Act 1999 and requires local authorities to "make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness". This requires consideration of overall value, including economic, environmental and social value, when reviewing service provision. There is also a duty to consult when deciding how to fulfil the best value duty.

4.3 Annex A of the directions set out the action the Council is required to take. This included functional capability assessments of all service areas and preparing and agreeing an improvement plan containing a number of action plans. The functional capability assessments were reported to Cabinet in March 2022 and have formed the basis of service delivery plans. The improvement plan was approved by full Council in May 2022 with a series of recovery themes. Work is continuing on the detail of the action plans under each of these themes. The Council is required to report to the Commissioners on the delivery of the Improvement Plan at six monthly intervals or such intervals as the Commissioners may direct. The Council has been reporting to the Commissioners at monthly improvement and recovery boards and will be adopting the recent feedback given by the commissioners in meetings on each of the action plans. There is a specific direction on a programme of cultural change. A report was brought to Cabinet in March 2022 agreeing actions against this direction and this work underpins all other actions plans and recovery work. There is also a specific direction on reviewing the Council's companies. Progress on this has been reported in the Finance Action Plan, as well as in standalone reports. Reports will be presented to Cabinet on each of the remaining companies this financial year. There is a specific direction on better and evidence-based decision making, including enhancing the use of data and insight. This underpins all Council action plans and improvements as it is at the centre of how public bodies should make decisions.

4.4 Annex C sets out the functions to be exercised by the Commissioners. This includes functions associated with governance and scrutiny of strategic decisions, requirements for the proper administration of financial affairs, functions associated with the oversight of collection of revenues and benefits and appointment of the three statutory governance officers and the scrutiny officer, as well as functions to define the officer structure at a senior level, determine recruitment processes and recruit relevant staff to these positions. The Explanatory Memorandum to this Direction confirms that in practice most decisions are expected to the taken by the Council, however the Directions are designed to give the Commissioners the power to tackle weaknesses identified to ensure the Council is better equipped to meet the best value requirements. Cabinet should have regard to the advice and comments of the Commissioners contained in this report.

Risk management implications

4.5 The table below sets the key risks

Risk	Summary	Mitigations
Financial	Failure to deliver financial sustainability	Financial action plan, Capitalisation Directive and immediate to long-term savings plans
Legal	Failure to address the Directions and demonstrate compliance with the Council's best	Appointment of new interim Monitoring Officer to bolster capacity at senior management level.

Risk	Summary	Mitigations
	value duties or other legal duties leading to increased legal challenges to decision-making and further statutory intervention.	Recruitment of interim support for governance and scrutiny. A whole system approach, focusing on the basics of local government governance and decision making, including training and development and involvement of legal services at an earlier stage of policy formulation.
Reputational	Failure to meet the requirements contained in the Directions leading to further intervention from Government	A more comprehensive and corporate approach has been developed building on lessons learned over the past year to provide greater confidence in the Council's journey and direction of travel

Environmental Implications

4.6 There are no direct environmental implications as a result of the recommendations contained in this report.

Equality implications

4.7 The Council has a duty contained in section 149 of the Equality Act to have due regard to the need to:

(a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;

(b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;

(c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

The protected characteristics are:

- age
- disability;
- gender reassignment;
- pregnancy and maternity;
- race;
- religion or belief;
- sex;
- sexual orientation.

The broad purpose of this duty is to integrate considerations of equality into day-to-day business and to keep them under review in decision making, the design of policies and the delivery of services.

Procurement implications

4.8 One of the Directions includes specific reference to the procurement and contract management function and this is detailed in the Appendix.

Workforce implications

4.9 Any future changes to the workforce will be subject to full statutory processes and consultation.

Property implications

4.10 The Council has developed an Asset Disposal Strategy and this has been approved by Cabinet.

5 Background Papers

Strategy and Transformation

Improvement and Recovery Board

Progress Report
08-Dec-22

Report Owner: *Sarah Hayward, Strategy and Transformation*
Report Author: *Strategy and Transformation Team*

Contents

Welcome, Introductions and Declarations of Interests

Open and Closing Actions

Ref	Status	Description of Action	Date Raised	Raised By	Owner	Progress	Date Last Updated	Target Date	RAG
AC-001	Closing	Lucy Storr to discuss how and where to bring a longer-term vision for Slough Borough Council with Gavin Jones and team.	16-Jun-22	IRB	Stephen Brown	**01/12/22** - A new action to bring the updated Corporate Plan to Commissioners in the new year has been added that supersedes this (AC-010). **27/07/22** - In progress. Stephen Brown and Max Caller discussed on **26/07/22**.	01-Dec-22	30-Jun-22	G
AC-002	Open	Commissioners to set up a working session with a cross-party group to discuss how to implement recovery plans at the same time as running council services.	28-Jul-22	IRB	Max Caller	**28/11/22** - Pending the availability of approved Recovery Plans against all Directions. **29/09/22** - TBC: Original date no longer available.	28-Nov-22	TBC	A
AC-007	Open	Stephen Brown agreed to take forward work to look into lessons learned from the capability assessments done as part of the 'Our Futures' restructure, including how the organisation who did 'gate one' assessments were commissioned and if scrutiny/audit should be involved in this processes.	29-Sep-22	IRB	Stephen Brown Sarah Wilson	**25/11/22** - Findings of the Task & Finish Group will be reported to the O&S Committee in Feb-23. **24/11/22** - The O&S Committee has set up a task and finish group to look at the commissioning and contract management processes and this includes looking at how Gate One was commissioned and delivery measured. This follows a lead Member and Directors meeting on a learning lessons report where it was decided not to take this to a formal cabinet meeting, as the learning had been captured and not much to be gained from having a public discussion on it.	25-Nov-22	01-Feb-23	G
AC-008	Open	Cllr Smith and Cllr Swindlehurst to discuss the detail of Cllr Smith's work with the property management company involved with the new Director of Housing and Property when they are in-post.	29-Sep-22	IRB	Cllr Smith Cllr Swindlehurst	**24/11/22** - Pat Hayes is coordinating to set up a suitable meeting between Cllr Smith and Cllr Swindlehurst.	24-Nov-22	TBC	G

Open and Closing Actions

Ref	Status	Description of Action	Date Raised	Raised By	Owner	Progress	Date Last Updated	Target Date	RAG
AC-009	Open	Max Caller suggested having a regular meeting with the DfE Commissioner, Leader, Cabinet Member and any others they want to bring on a regular basis, noting that this may be most efficient on a day where there is a 'Getting to Good' Board planned. Lucy to raise with DfE Team / Commissioner.	29-Sep-22	IRB	Claire Willerton	**01/12/22** - DLUHC Commissioners meet the Children's Commissioner fortnightly and Paul Moffatt is invited to attend both the Finance Board (chaired by Margaret Lee) and the Improvement and Recovery Board (chaired by Max caller). The wider meeting with Cllrs Swindlehurst and Hulme described here has not been established yet.	01-Dec-22	21-Oct-22	R
AC-010	Open	Updated Corporate Plan to be presented / agreed in the new year, by relevant stakeholders.	01-Dec-22	Tony Wisken	Stephen Brown	**01/12/22** - Replaces AC-001 and reflects the agreement to update the Corporate Plan. The new Corporate Plan should be agreed in good time for the new Council to adopt it after the all-out May-23 elections.	01-Dec-22	TBC	G

Headlines

Culture Change

1. LGA funding and support has been secured for leadership development and governance culture workshops.

2. Culture change working group has been established, with the support of an experienced consultant.

3. CLT / SLT have received an early, high level briefing on the proposed approach.

4. Staff roadshows with the new Chief Executive have been held, and staff are being kept informed of new senior appointments over intranet.

Senior Officer Structure

1. Permanent Chief Executive and Executive Director for People (Adults) have been appointed.

2. Recruitment continues for ED for People (Children) and ADs for Community, Housing and Property.

3. Interviews for S151 and two Deputy Directors scheduled for December / January. S151 appointment anticipated Jan-23.

Headlines

Democratic Governance & Scrutiny

1. Action plans have been updated and reported to Overview & Scrutiny Committee on 17th December as part of a wider update.

2. Overview & Scrutiny Committee has also received a report on the recommendations from the Centre for Governance and Scrutiny.

3. Three task and finish groups are up and running - linked to corporate priorities.

4. The Monitoring Officer has met with Cabinet Members and both leaders of opposition, with regular briefings put in place.

5. Weekly governance working group meetings have been set up, led by the Monitoring Officer.

ICT

1. The work to establish an adaptive strategy for ICT & Digital services has commenced.

2. An update on the ICT modernisation work is going to Cabinet in December, demonstrating significant progress and next steps.

Headlines

Getting to financial stability

The financial stability plan is starting to come to fruition, and while there is a very long way to go, there are some real improvements coming through:

1. The capitalisation direction has been reduced from around £800m to less than £400m.
2. The need for revenue savings has been reduced from £20m a year for seven years to £20m in 2022/23, £23m in 2023/24 and then £14m a year for five years.
3. The sale of assets to reduce the council's debt was agreed by cabinet in September 2021 - £162m has so far been generated with a total of £200m planned for 22/23 and £100m in 23/24.
4. The 2018/19 and 2019/20 accounts have been submitted to the auditors.
5. The 2022/23 budget is forecast to be balanced and the £22m out of £22.4m 2023/24 revenue savings have been identified.
6. Comprehensive updates on the financial recovery have been presented to cabinet and every Full Council since September 21.
7. Six of the council's companies have been closed and four are being radically reviewed with no further expenditure on them, and sales being prepared, alongside greatly improved governance.
8. Internal audit recommendations are now being addressed and procurement has been considerably improved.
9. We can now deliver a balanced in year budget for the dedicated schools grant with a management plan that is highly regarded by DfE, and which is likely to lead to DfE financing a £26m write off of historic debt, subject to formal consideration.

Matters will continue to develop and continuously change, and the challenges are very significant, but the strategy is beginning to show real benefits. The outcome of the 2023/24 local government finance settlement may impact on the above.

Directives Progress Summary

Ref	Direction	CLT Lead (Strategic)	SLT Lead (Operational)	Member (Political)	Target Completion	RAG Curr.	RAG Trend	Commentary / Progress
1	Functional Capability Assessment	Sarah Hayward	Dean Tyler		01-Dec-22	C	=	**14/10** - Service plans have been completed, which will address gaps in capability. These are continuing to be iterated to ensure coherence across services and alignment with the corporate plan. SLT will act as the governance body for the service planning. Next steps are to develop reporting arrangements for monitoring progress in delivery, and ensure lessons for next year are captured.
2	Avoid Poor Governance or Financial Mismanagement	Steve Mair	Steve Muldoon / Liton Rahman	Leader / Cabinet Member for Financial Oversight & Council Assets	Continuous	G	=	**28/10** - Extensive finance business plan completed March 2022. Developed a medium and long term financial planning framework. Implemented changes to obtain best value for money. Ensuring financial implications of decisions are understood. Improving capacity, capability and culture to enable future success and monitoring of progress through the Finance Action plan. Embedding strong Financial Governance and risk management. Further improvements in Governance and Culture across the council will also contribute towards the delivery of this direction.
3a	Financial Sustainability Action Plan	Steven Mair	Steve Muldoon / Liton Rahman	Leader / Cabinet Member for Financial Oversight & Council Assets	31-Mar-29	G	▲	**13/10** - The Finance action plan covers 10 years in detail from 2015/16 to 2024/25 and is supplemented by a 14 year active financial model (to 2028/29). Key elements are: Accounts, Assets sales, Capitalisation direction, Revenue budgets, Borrowings, MRP, DSG, Internal audit, Risks and mitigations Finance structure and Directions/recommendations from DLUHC, GT, CIPFA, Directions. The plan is regularly updated.
3b	Democratic Governance Action Plan	Stephen Tayler	Alexander Polak	Leader	01-Dec-22	A	▲	**17/11** - Democratic governance action plan updated and reported to Overview & Scrutiny Committee on 17th November as part of wider update.
3c	Scrutiny Action Plan	Stephen Tayler	Alexander Polak	Chair, Overview & Scrutiny Committee	01-Oct-22	R	▲	**17/11** - Scrutiny action plan update and reported to Overview & Scrutiny Committee on 17th November, as well as separate report to Overview and Scrutiny Committee on recommendations from CfGS.
3d	Internal Audit Action Plan	Steven Mair	Mike Thomas	Cabinet Member for Financial Oversight & Council Assets	31-Mar-23	A	▲	**05/12** - Pre **21/22** internal audits - there are now 269 actions or 97 per cent completed from a total of 276 actions. There is a concerted management effort to complete the remaining recommendations which are rated low. For the **21/22** internal audits - there are now 105 actions or 36% completed from a total of 288 actions. A further 51 or 20% are not yet due for completion. As per the direction, the existing service has been reviewed and a fully costed option appraisal for an in-house internal audit function has been completed. Recruitment advertising completed on **25/11/22** and 25 applications have been received for the 5 posts. Interviews are being scheduled before Christmas 2022 with appointments expected before March 2023.

Directives Progress Summary

Ref	Direction	CLT Lead (Strategic)	SLT Lead (Operational)	Member (Political)	Target Completion	RAG		Commentary / Progress
						Curr.	Trend	
3e	Procurement and Contract Management Action Plan	Steven Mair	Clare Priest	Cabinet Member for Customer Services, Procurement & Performance	12-Jan-23	G	=	**30/11** - Contracts register is being used as a business as usual tool in forward planning procurement activity, this includes consideration of longer term procurement activity required for high value, high risk contracts and for the Cabinet forward plan. Contract procedure rules have been updated and agreed by full Council.
3f	Information Technology Action Plan	Stephen Brown	Simon SharkeyWoods	Cabinet Member for Customer Services, Procurement & Performance	11-Jan-23	A	▲	**24/11** - First high level view of the strategy and plan for ICT & Digital shared in report going to Cabinet in December. Shared with Commissioners 21st Nov, and reviewed at CLT 23rd Nov.
3g	Suitable Officer Structure and Scheme of Delegation	Gavin Jones	Sarah Wilson (MO)	Leader	01-Oct-22	A	▲	**Please see direction 8.**
4	Improvement Plan Monthly Reporting	Sarah Hayward	Tony Wisken	Leader	01-Nov-23	A	▲	**24/11** - Feedback from the Nov IRB on the revised reporting approach was positive. Minor points of feedback have been reflected in the Dec materials. Further work will be required to align the various Action Plans to a common approach. **14/10** - First new style reporting with improved content and evidence produced for the Oct-22 IRB. **22/09** - Initial draft produced for review with Improvement and Recovery Board.
5	Cultural Change Programme	Stephen Brown	Sarah Hayward	Leader	03-Mar-23	R	▲	**01/12** - Briefing by Nick Kemp has taken place with SLT / CLT on **30/11**. **14/11** - A consultant, Nick Kemp, has been appointed to support the Programme. Scoping of key activities is currently being progressed.
6	Subsidiary Company Review	Steven Mair / Sarah Wilson	Carmel Booth	Cabinet Member for Financial Oversight & Council Assets	02-Apr-23	A	=	**05/12** - Update given to commissioners and elected members with timescale for formal cabinet reporting on each council as part of annual business planning. Of the eleven companies, six have been shut, four are currently being very actively managed, one, low risk, will follow in **23/24** (DISH). Capital programme reduced by c £65m, capital receipts of over £40m will be generated
7	Evidence Based Decision Making	Sarah Hayward	Sarah Wilson (MO)	Cabinet Member for Customer Services, Procurement & Performance	02-Apr-23	A	▲	**16/11** – Following the Commissioner review meeting, the Data Strategy and Governance Board met to scope actions for 2023. The first milestone will be writing and sign-off of a Corporate Data Strategy. The key messages are included in the slide pack. Budget discussions remain on-going and whether additional investment can be identified will determine if the council can pursue a Growth/Transformative path or a Foundations/Incremental path in responding to this Direction in 2023.

Directives Progress Summary

Ref	Direction	CLT Lead (Strategic)	SLT Lead (Operational)	Member (Political)	Target Completion	RAG		Commentary / Progress
						Curr.	Trend	
8	Senior Officer Structure and Recruitment	Commissioners	Stephen Brown		31-Mar-23	A	▲	**24/11** - An initial two Programme Managers have been recruited to the Transformation Team with an initial focus of SEND and Commissioning. **14/11** – Permanent Chief Executive has been appointed and the ED for People Adults. Programme Managers are being interviewed for the Transformation Service. Recruitment of the S151 and two deputies is in progress, as is the Director of Children's Services.

Avoidance of Poor Governance or Financial Mismanagement — Direction 2

An extensive finance business plan completed March 2022 set out our vision to ensure the long-term financial sustainability of Slough by making sure every pound of public money is spent wisely and the financial implications of all decisions are understood. We have:

1. Developed a medium and long term financial planning framework – now embedded in the work around the capitalisation direction, approach to savings, budget and financial reporting processes.
2. Implemented changes to obtain best value for taxpayers money – through changes to the Commercial team, better understanding of contracts and contract management; use of the ECP process to challenge all expenditure, revision of contract procedure rules and associated training.
3. Ensured the financial implications of decisions are understood – developing business case analysis and reviewing council companies; improved risk management arrangements.
4. Operated an efficient & effective customer focussed department, reviewing systems and processes & the way in which Agresso has been utilised, reviewing our teams development & training needs, succession planning.
5. Improved capacity, capability and culture to enable future success – through the departmental restructure, the recruitment of experienced interims to assist with all aspects of the change agenda; and monitoring of progress through the finance action plan.
6. Embedded strong financial governance and risk management – completing annual accounts; reviewing previous annual governance statements; developing new financial procedure rules; agreeing a revised risk management strategy and processes.

Governance

1. Reminder to CLT about need to timely reports and process being put in place to sign off any properly justified late reports
2. Standing item at CLT to review corporate schedule to embed more robust forward planning.
3. Clear advice and guidance to officers on decision-making process for new policies as a result of learning from LGSCO public interest report.
4. Embed lessons learnt into member level reporting, including relating to performance management and exit arrangements for senior staff, ASC commissioning arrangements and complaints.

Next steps

1. Devise a bite size training programme for officers to cover variety of topics on good governance.
2. Devise a framework for commissioner decision-making and advice and guidance.

Finance Update - Savings Delivery Risk Assessment

Direction 3.a

2023/24 Savings Delivery Risk Assessment (figures in £'000s)

As @ 05-Dec-22	Saving Totals		Deliverability RAG Assessment					Saving Mitigations		
Function	Original (Baseline)	Total so far (excl. Non-Deliverable)	Non-Deliverable	Red (no credible plan)	Amber (at risk)	Green (on track)	Delivered	Agreed Sustainable	Agreed One-off	Proposed
Adults	5,588	5,588	0	0	1,817	3,771	0	0	0	0
Childrens	790	790	0	0	395	395	0	0	0	0
COO	1,855	1,855	0	640	97	1,118	0	0	0	0
COO/Finance	0	0	0	0	0	0	0	0	0	0
Finance	6,593	6,593	0	0	100	6,493	0	0	0	0
Place	5,051	5,051	0	277	951	3,823	0	0	0	0
Cross-Council	2,523	2,150	373	1,250	450	450	0	0	0	0
Total Slough Savings	22,400	22,027	373	2,167	3,810	16,050	0	0	0	0
			1.7%	9.7%	17.0%	71.7%	0.0%			
Movement from Previous Period			273	1,761	1,166	8,385	0			
Previous Period			100	406	2,644	7,665	0			

- Savings identified to date amount to £22.0m out of a target of £22.4m. As shown above this leaves a residual balance of £373k to be found, which colleagues are working on.
- All other identified non-deliverable items have been replaced through new or enhanced savings in other areas.

Accounts

1. The accounts for 2018/19 and 2019/20 have been submitted. A very adverse external audit report is expected shortly.
2. The 2020/21 accounts will be submitted in January 2023.

Budget

1. Budget for 2022/23 – the month six forecast is currently being prepared and is projecting the Councill will be within budget.
2. The 2023/24 budget development continues, and the savings challenge is currently in progress.
3. Proposals are also starting to be gathered for 2024/25.

Structure

1. The new finance structure has been approved, recruitment has commenced and will close on the 9th December. To date there are 78 applications.
2. Sifting and interviews will take place pre and post Christmas.

Financial Update — Direction 3.a

Assets and Capitalisation

1. Asset sales are currently forecasting up to over £200m in 2022/23.
2. Currently received £172m, other sales taking place through to March 2023.
3. The capitalisation direction is showing a major reduction, largely, but not solely, arising from the above.

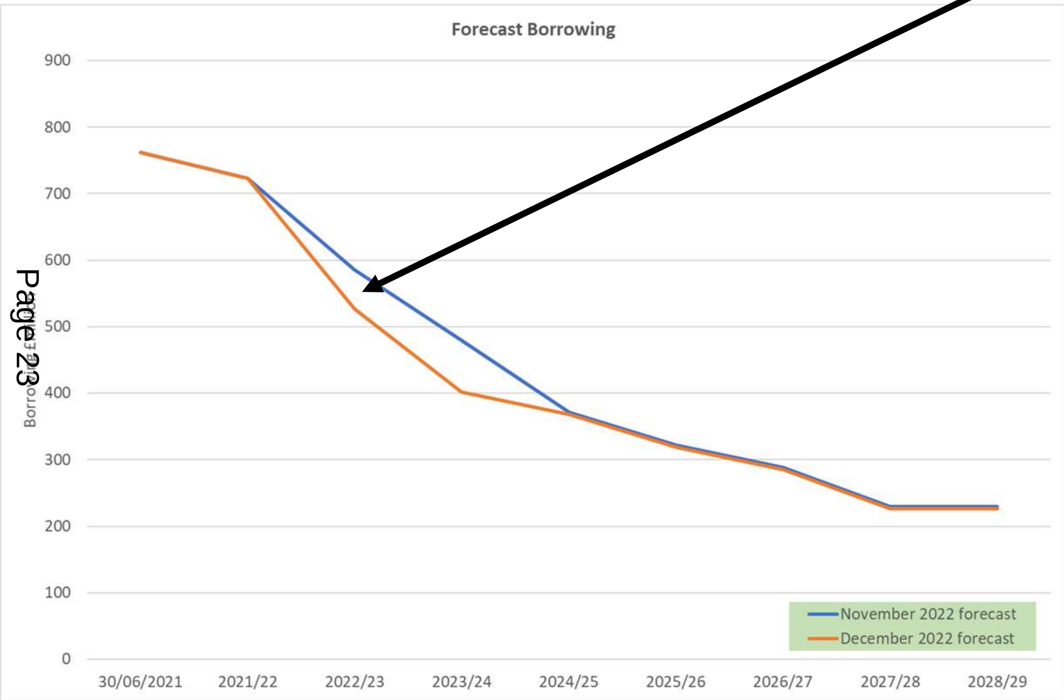
Dedicated Schools Grant

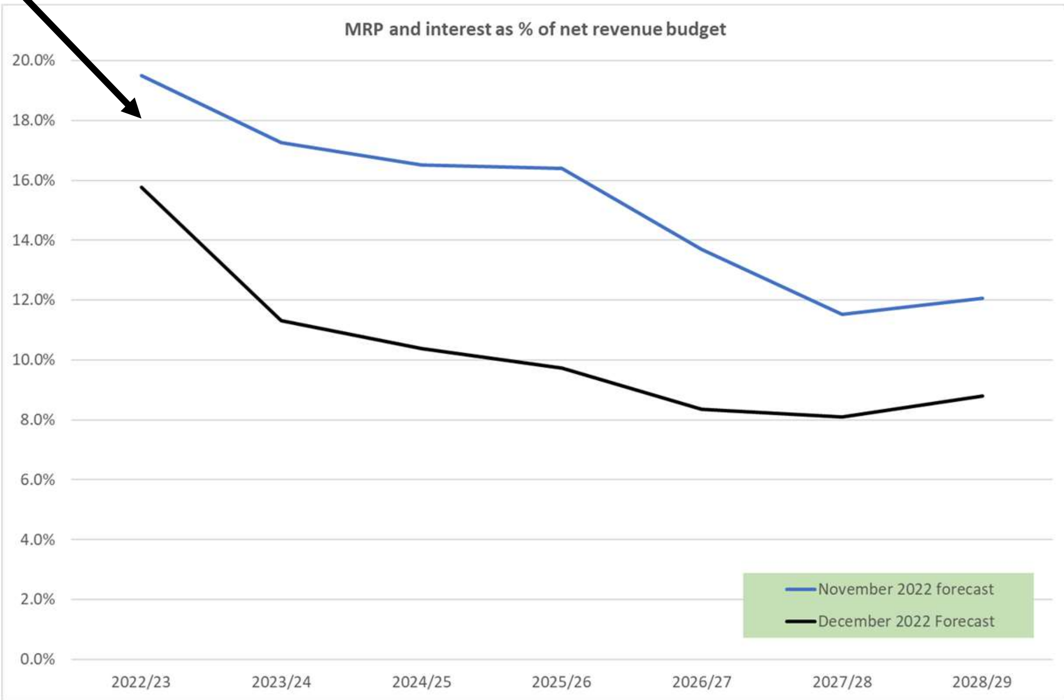
1. The DSG is forecasting to be balanced by 2025/26.
2. The presentation takes place on the 23rd January.
3. The council has submitted proposals to the DfE as required.
4. Final proposal required by 3rd February 2023.
5. Notification of approval expected in March 2023.
6. Could result in write off of £25m of deficit.
7. DfE very complementary about the Council's work on this.

Note, all figures are volatile and subject to change.

Financial Update Direction 3.a

Accelerated asset sales have significantly reduced borrowing and debt charges





Asset Disposal - Progress Against Plan

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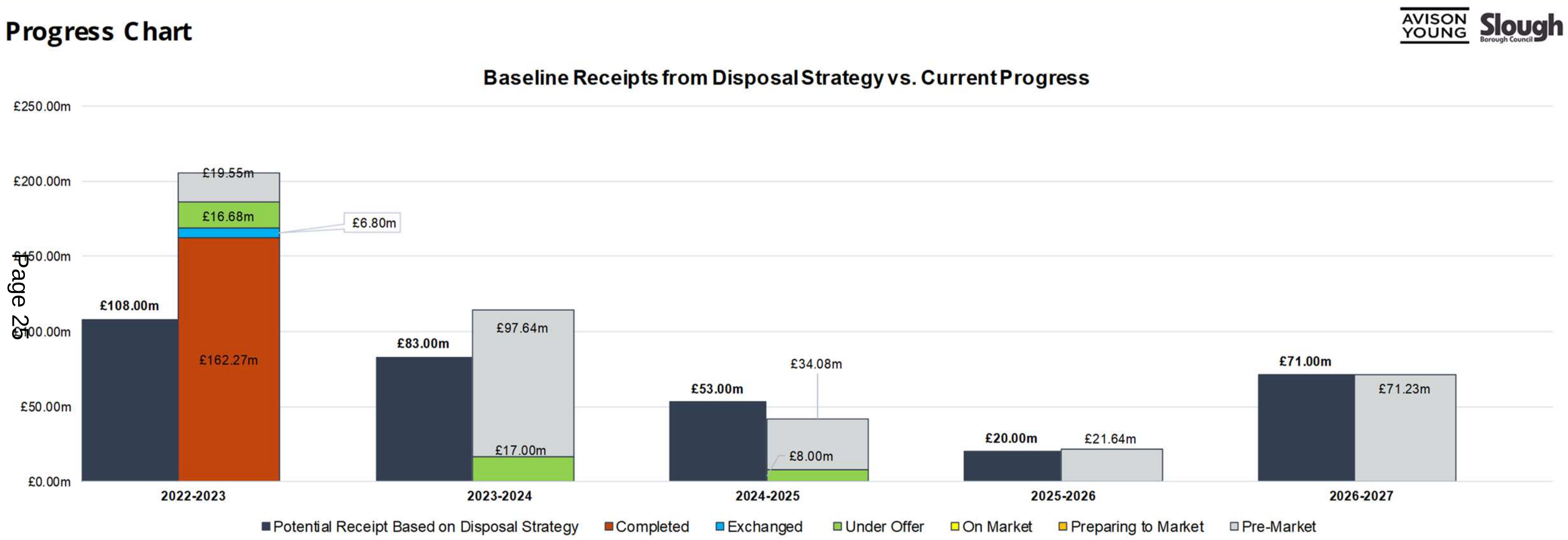
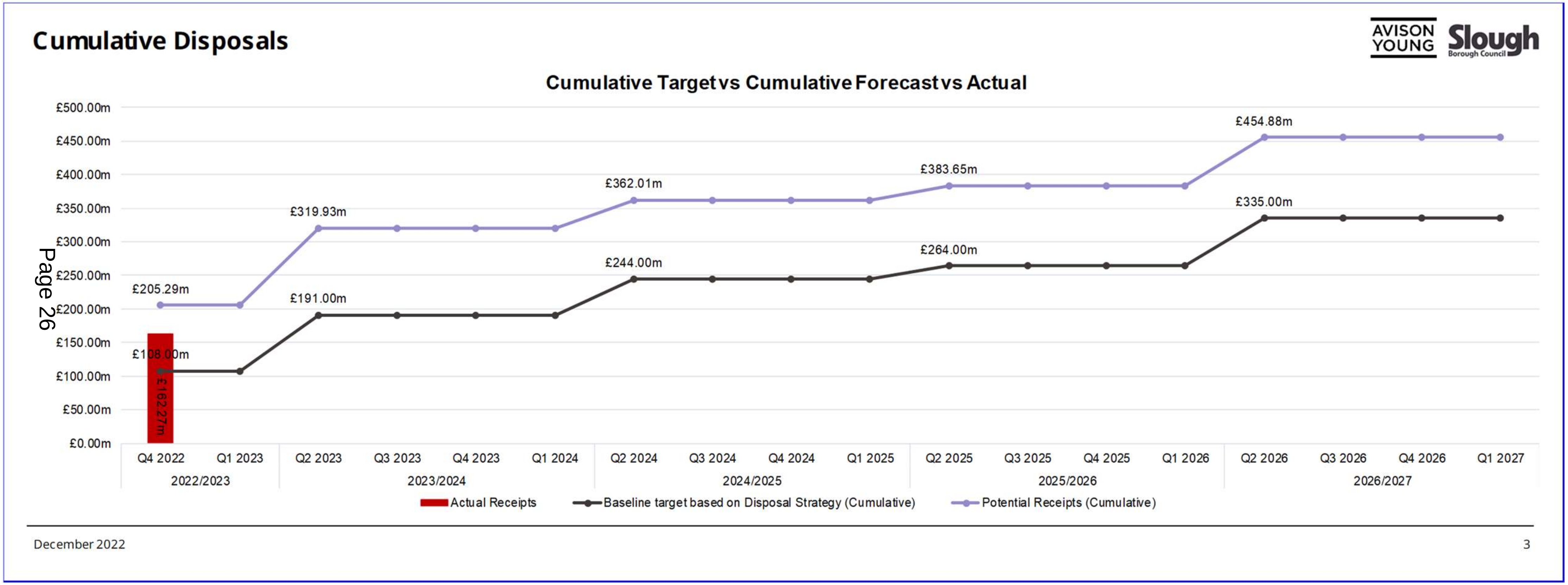
Asset Disposal - Progress Against Plan

Progress Chart



Asset Disposal - Progress Against Plan



Democratic Governance Direction 3.b

Progress

1. Updated democratic governance action plan reported to Overview & Scrutiny Committee on 17th December.
2. Commissioned external facilitator to run governance culture workshops for top two tiers of officers with preparation work undertaken in December and workshops in January.
3. MO met cabinet members, and both leaders of opposition with regular briefings put in place.
4. Head of Governance and Scrutiny met with scrutiny members and attended political groups on request to explain role and proposed changes.
5. Weekly governance working group meetings set up, led by MO.
6. MO and Principal Lawyer attend monthly Berkshire MO meetings to share best practice.
7. MO and Principal Lawyer to attend regular meetings with Liverpool City Council MO and Head of Legal.

Next Steps

1. Establish framework for Commissioner decision-making.
2. Bite size training programme and guidance for officers on good governance.
3. Align member development programme with culture change action plan.
4. Put in place system for late reports sign off, establishing clear lines of accountability for quality of reports.

Progress

1. Scrutiny action plan updated and reported to Overview & Scrutiny Committee on 17th December.
2. Recruitment of new Scrutiny Officer in progress.
3. Reported to O&S Committee on recommendations from CfGS review.
4. Three task and finish groups running that are linked to corporate priorities.

Next actions

1. Continued officer and member training on role of scrutiny.
2. Implement changes made in response to recommendations from CfGS review.
3. Annual work programming event.

Progress on actioning internal audits was slow or non-existent for several years.

Pre 21/22 internal audits:

- Progress has been made in closing management actions from previous financial years.
- There are now 269 actions or 97% completed from a total of 276 actions. Concerted action is to be taken to complete these actions before the year end. All outstanding actions are rated as low priority.

21/22 internal audits:

- There are now 105 actions or 36% completed from a total of 288 actions. Additional actions have been added this month as more reports have been finalised. All outstanding reports from 2021/22 have now been finalised.
- 19% of actions are not yet due for completion.

22/23 internal audits:

- Internal audit plan agreed in July 2022 – 3 reports finalised and 9 issued in draft.
- Reports on progress of implementing recommendations are made to every Audit and Corporate Governance Committee, the Risk & Audit Board, and the CLT Assurance meetings.

Procurement and Contract Management Action Plan — Direction 3.e

Contracts register is being used as a business as usual tool in forward planning procurement activity, this includes consideration of longer term procurement activity required for high value, high risk contracts.

Utilising existing IT systems for the contract register – implementation on Agresso due to be complete by the end of the financial year.

Revised contract procedure rules to full council in November, processes and procedures will reflect the minor changes to the rules, which reflects governance in the council.

Moved away from relying on expensive consultancy support, by initiating recruitment to a permanent in-house team, engaged a cheaper consultancy to support specialist procurement where needed and to plug short term gaps in resources.

Procurement and Contract Management Action Plan — Direction 3.e

Savings through detailed review of the council's contracts register

- The contracts register is being actively used to identify opportunities to drive savings and value for money.
- As a result of the reviews, savings of £1.8m have been identified. Note, most of these savings have been put into the Council's MTFS.

Further key development activities

1. Implement the contracts register on the council's finance system, so contracts can be easily linked to budgets and spend – by March 2023.
2. Development of a framework to ensure there is a co-ordinated and consistent approach to contract management – from January 2023.
3. Ensure KPI's are meaningful and monitored effectively – from January 2023.
4. Programme of continuous contracts register reviews to ensure the council is getting the best value for money – from September 2023 and six monthly thereafter.
5. Implement the actions in the procurement and contract management strategy that have not yet been undertaken, throughout the 2023/24 financial year.
6. Overview & Scrutiny Committee have launched a Contracts T&F Group to enhance improvement activity by bringing in additional councillor-level oversight, understanding and challenge.

The ICT & Digital Team Strategy & Plan

1. The work to establish an adaptive strategy for ICT & Digital services has commenced and is referenced in the report on ICT modernisation work that is going to the December Cabinet meeting. (This is the programme of work approved in March to achieve the proper functioning of IT, as per this direction)
2. As well as defining how capacity and capability in the team will be maintained so that the council based services in place are reliable and effective for our staff, the strategy will suggest an approach to developing an intelligent council that is both customer centric and supports the rewiring of public services so that they can be delivered in new ways.
3. Rather than being an isolated specialty, technology and digital services will increasingly be positioned as a thread in all change and continual improvement.
4. The strategy will be flexible enough to accept and welcome change and consider it an opportunity to increase value and continually improve. We will have an approach for the coming years that expects our strategic themes to change in focus, size, significance, and priority.

Current activity and next steps:

1. Update on the ICT modernisation work going to Cabinet in December demonstrating significant progress and next steps.
2. Moving to implementation on key works such as the renewed telephony platform and Agresso / ERP system hosting, both driving improvements to service and significant savings.

PLEASE SEE DIRECTION 8 – SENIOR OFFICER STRUCTURE AND RECRUITMENT

Culture Change Direction 5

Progress

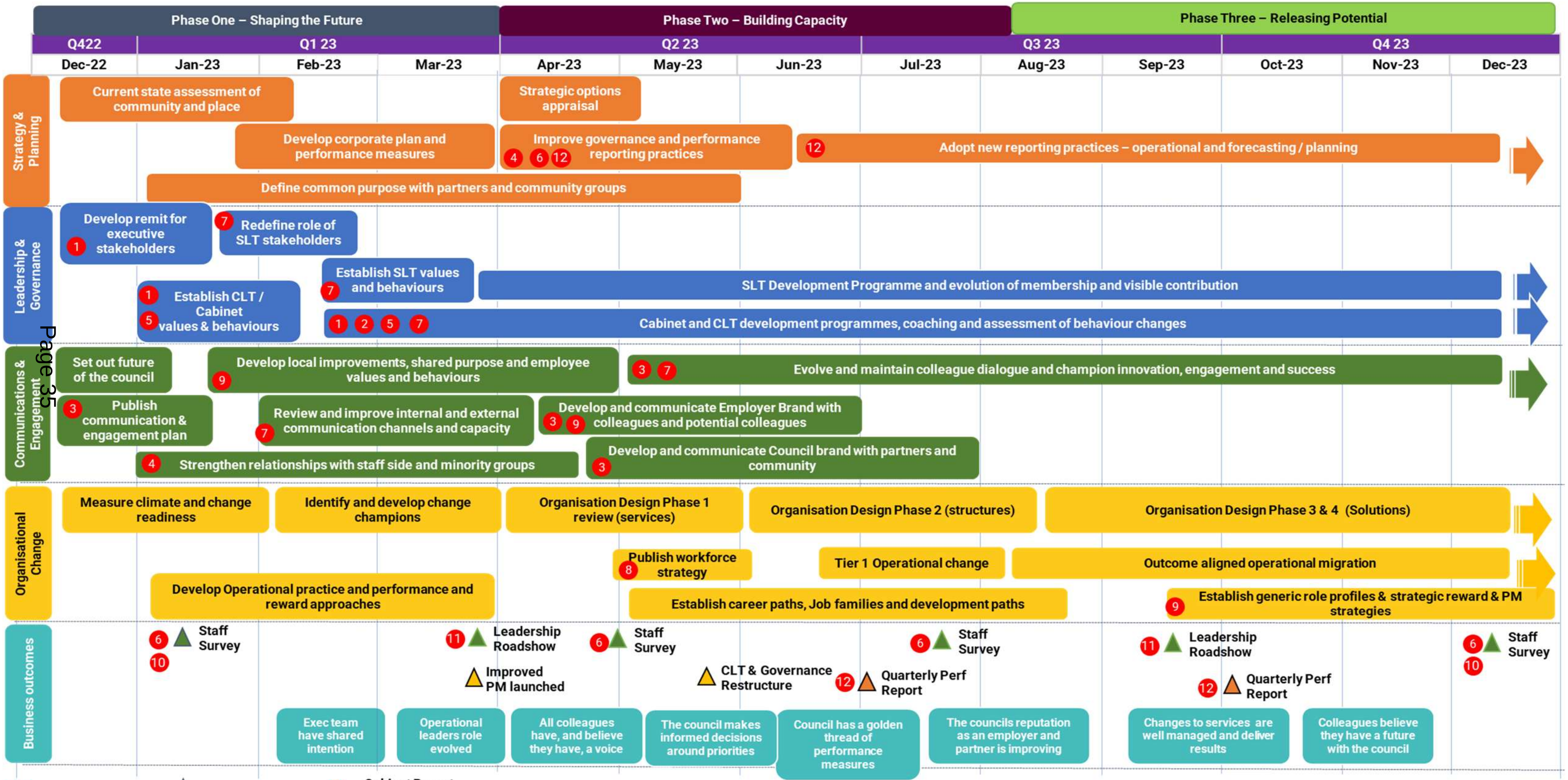
1. LGA funding and support has been secured for Cabinet leadership development.
2. LGA funding has also been secured to commission governance culture workshops for the top two tiers of officers - session planned to be delivered in January 2023.
3. Culture change working group has been established, with the support of an experienced consultant and CLT / SLT have received a high-level briefing on the proposed approach – laid out in the next few slides.
4. Improved data presented to Employment and Appeals Committee on staff diversity and senior officer structure. Lessons Learned Report to be presented on performance management of chief officers and exit arrangements.
5. A Communications Plan, focused on internal communications is a priority – staff roadshows with the new Chief Executive have been held, and staff are being kept informed of new senior appointments over intranet.

Next steps

- Staff survey to be launched.
- Progression of culture change plan.

Culture Change – High Level Plan, incl. Cabinet Report Recommendations

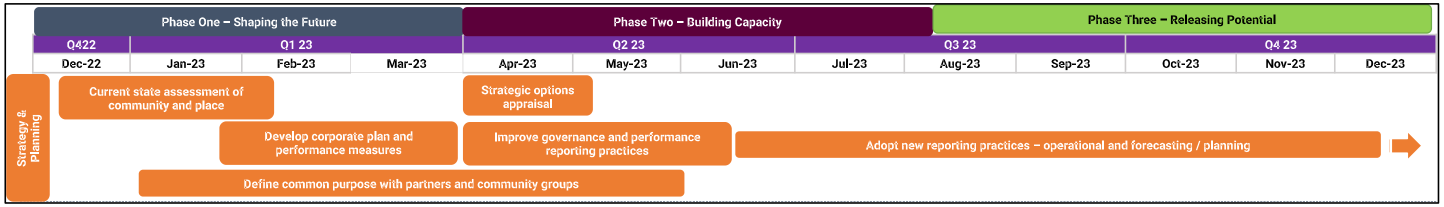
Direction 5



Key: Milestones # Cabinet Report Recommendations

Culture Change – Strategy and Planning Workstream   Direction 5

Owner: Dean Tyler (Sarah Hayward)

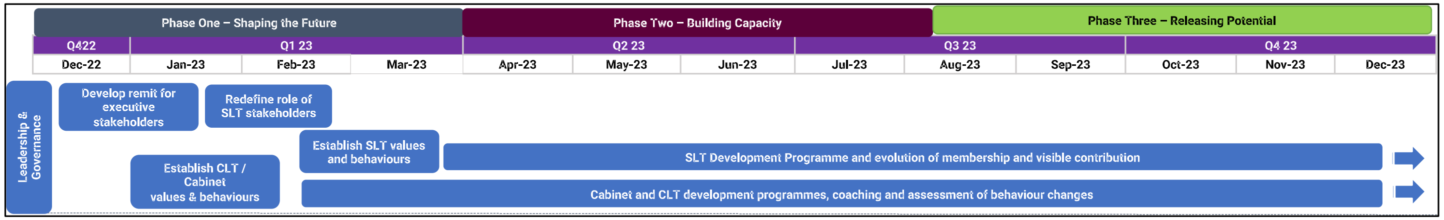


Title	Required outcome	Agreed Tasks	Owner	Comments
1.1 Current state assessment of Community and Place	Clear definition and measure of areas of greatest need for Slough and benchmark against similar places	Engage LGA in qualitative assessment		It will be important to establish a set of measures against which we can make decisions about future spend and strategy
1.2 Develop Corporate Plan and Performance measures	A corporate plan based upon the priority needs of the community, the council and elected members Assess targets and measures of improvement against quantitative assessment of performance	A # year plan that describes the activities, targets and measures for SBC demonstrating its value to the Slough and its potential to extend its value over time		There is value in building the corporate plan that reflects the potential of wider system to work together. If the corporate plan is produced mid year, work, Richard G may have more insights in this area.
1.3 Define common purpose with partners and community groups	Closer relationships with the community and stakeholders that create increased opportunities to do more for less across the system	Engage # to engage partners and community groups in the definition of common purpose and opportunities		
1.4 Strategic options appraisal	Agreement by members and senior officers of where investment priorities should be made that reflect the funding available	Options appraisal based upon assessment of community and place		Undertaking this prior to the May elections does not make a lot of sense. We might sequence after election as a process that will inform the corporate plan or make the SOA a feature of the corporate plan?
1.5 Improve governance and reporting performance practice	• A clear frame for member & corporate governance. • A robust performance monitoring and reporting infrastructure	• Redefine governance systems for members • Redefine ToR and span of control for key institutions • New systems and technologies that track the health of Slough		
1.6 Adopt new reporting practices – operational and forecasting planning	• Operational budget tracking and forecasting • Improved tracking of operational contribution to outcomes • Improved management of change and improvement	To be decided		This may require change over time. Ideally, one might seek to restructure cost centres, operations and reporting around outcomes. Also, to develop behaviours that will support action based on insight.

Culture Change – Leadership and Governance Workstream

Direction 5

Owner: Stephen Taylor (Stephen Brown)



Title	Required outcome	Agreed Tasks	Owner	Comments
2.1 Develop remit for executive stakeholders	A clearly understood frame for executive based upon sector best practice advice, approved by elected members, Commissioners and CEO	Work with # to define shared purpose and priorities		
2.2 Establish CLT / Cabinet values and behaviours	A development event or series of events that: • Establishes the behavioural imperatives for the executive • Defines the values and behaviours they need to demonstrate • Builds trust and group performance	• Work with ## to develop imperatives, build self awareness, team dynamics and trust • Identify priority areas of development for the group and impact on culture change		Recognise the potential for elected membership group to be reprofiled following the election in May, but considered a low risk to culture change
2.3 Redefine role of SLT	A redefined sense of purpose and unique contribution for this group	Work with # to define shared purpose and priorities, as seen by this group		Membership is based upon holding an AD role at the moment. We might need to revisit this as a right for membership.
2.4 Establish SLT values and behaviours	A development event or series of events that: • Establishes the behavioural imperatives for the SLT role • Defines the values and behaviours they need to demonstrate • Builds trust and group performance	• Work with ## to develop imperatives, build self awareness, team dynamics and trust • Identify priority areas of development for the group and impact on culture change		Suggest that the imperatives values reflect those agreed corporately for the executive, but the behaviours are built upon expectations of systemic leaders.
2.5 Cabinet and CLT development programme	A series of executive owned and managed service initiatives, supported by development interventions, mentoring and coaching. Outcome: Improvement in executive performance	• Build development programme around priorities identified by the group in earlier workshops. • Ensure clear business outcomes and behavioural development goals established and measured against		The theme here is that we are equipping people to deliver 'in the real world'. It mirrors the message that we don't have programmes, we live in the real world / making it real. Bring in future TOM into this work (see org change stream)
2.6 SLT development programme	A series of SLT owned and managed service initiatives, supported by development interventions, mentoring and coaching. Outcome: Improvement in executive performance	• Build development programme around priorities identified by the group in earlier workshops. • Ensure clear business outcomes and behavioural development goals established and measured against		Suggest engaging this group in the future operational design and council outcomes is useful. If we can integrate TOM work into delivery decisions, this group well placed to be future leaders.

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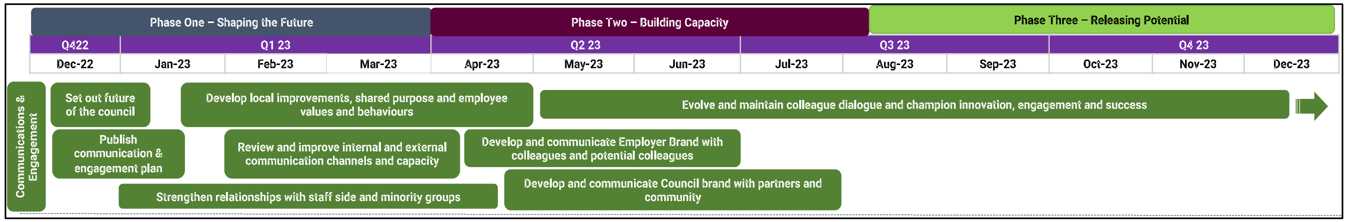
2.1 – 2.4 are immediate priorities and other areas of the plan are dependent upon progress in these tasks. However, they are dependent upon resourcing, finance and the availability of participants. Ideally, make this stream as open as possible, including future leaders and influencers in the development activity, including those from outside the council. There is a close alignment to organisational remodelling and structures – current version needs to test this.

Culture Change – Engagement and Communications Workstream
Direction 5

Owner: Caroline Adlem (Surjit Nagra)



Title	Required outcome	Agreed Tasks	Owner	Comments
3.1 Set out future of the council	All staff, partners and the community are aware of the direction the council is taking and the intention / ambition that drives it			
3.2 Publish communications and engagement plan	A clear understanding of key messages, who will deliver / engage others in the messages to what audience, the media used and timing			
3.3 Strengthen relationships with staff side and minority groups	People believe that they have a meaningful voice in the council's approach and future plan			
3.4 Develop local improvements, shared purpose and employee values and behaviours	Individuals and teams chose improved ways of working that free up time for investing in the future and encourage new values and behaviours	Create and run local making it real events		This is dependent upon the evolution of a leadership cadre who are ready to work in ways that support local change – including critical role of change champions. Run in parallel or immediately preceding 4.2. Engage change champions to support.
3.5 Review and improve internal and external communication channels and capability	The council is capable of effective and systemic multi directional dialogue with staff and the community in ways that lead to supportive action / response			
3.6 Develop and communicate employer brand with colleagues and potential colleagues	Colleagues are committed to their work with the council and see the potential for a fulfilling career as a result of their working experience			
3.7 Develop and communicate council brand with partners and community	The council is see as a positive contributor to the shared ambitions of the community it serves			
3.8 Evolve and maintain colleague dialogue and champion innovation, engagement and success	People believe that they have a voice in the council's approach and future plan and that exceptional work is recognised and celebrated			

 Detail of agreed tasks and owners anticipated to take place over the next few days.

Culture Change – Organisational Change Workstream Direction 5

Owner: Sarah Hayward (Surjit Nagra)

Title	Required outcome	Agreed Tasks	Owner	Comments
4.1 Measure climate and change readiness	A clear understanding of the current experience of employees working within the council and their assessment of organisations readiness to move forward			Potential to align with the measurement with the research proposals being developed with the LGA
4.2 Develop operational practice and performance and reward mechanisms	Definition and delivery of changes that can be made within existing services that improve performance and reward simplicity / innovation			Part of the 'making it real' process, building on shared purpose.
4.3 Identify and develop change champions	A group of employees with influence within teams who can form a change channel across the organisation			
4.4 Organisation design Phase 1 Review (services)	Building on purpose and research into community and member priorities and options appraisal, the agreement of a future organisation model and design principles for the council			
4.5 Publish Workforce Strategy	A future approach to ensuring that the council optimises its human resource contribution to the borough			
4.6 Establish career paths, job families and development paths	An approach that supports the retention and growth of talent from within the work force			
4.7 Organisation Design Phase 2 (structures)	A future operational design that reflects the outcomes of 4.4 and creates the operational frame to improve council performance			
4.8 Tier 1 operational change	A restructured executive team that enables strategic direction to be clearly aligned to council outcomes and the priorities of the borough			
4.9 Outcome aligned operational migration	A process of operational adjust to align services across the restructured executive (4.8)			
4.10 Organisation design Phases 3 & 4 (solutions)	A series of changes to the delivery of services to ensure they remain best value and contribute to the priority needs of the borough (continuous improvement)			
4.11 Establish generic role profiles & strategic reward & PM strategies	An approach to engaging and supporting employees in their work that is simple, agile and rewards / addresses contribution and performance			

The Council had 11 companies:

1. Six have been shut.
2. Four are currently being very actively managed.
3. One, low risk, will follow in 23/24 (DISH).
4. Reviews of GRE5, SUR and JEH have been undertaken.
5. Directors / Board representatives have been replaced for all, apart from DISH.
6. Officer corporate oversight boards have been established to provide support to representatives, strengthen communication, reporting and performance oversight.
7. Council capital programme commitments for the companies have been reduced by at least £65m.
8. Programme to accelerate asset disposals to generate cash receipts of c.£40m in 2022/23 and 2023/24.
9. Loan repayments to the Council have been accelerated, SUR loan facility reduced from £9m to £0m in 12 months.
10. Additional external funding obtained to reduce Council's financial exposure e.g. HE grant to GRE5.
11. Reduced operating costs for SUR and JEH with reduced scale of operations and reduced capex programme.

Next steps

1. Officers are working to develop a member body to oversee the council's interests as shareholder and advise cabinet accordingly. A paper making recommendations how to do this will be taken through council decision making in the new year.
2. Anticipated capital receipts from sales are:
    - 2022/23 - £30m.
    - 2023/24 - £10m.
    - 2024/25 - £5m.
3. Above excludes JEH which will be worked up for the exit plan – assets (and debt) of c.£50m.
4. Business plans for JEH, GRE5, SUR to Cabinet in March 2023.
5. Recommendations re JEH to Cabinet March 2023.
6. New/revised shareholders agreements to be produced for all companies by end of FY 2022/23.
7. Exit from GRE5 when works completed – expected 2024/25.
8. DISH review and changes planned for 2023/24.
9. SUR estimated exit plan 2024/25 and significant disposal programme in FY 2022/23 and 2023/24.

Progress in 2022

- The Commissioners have been briefed on progress made in 2022, which has laid the foundations for achieving transformation against this Direction. Progress highlighted included:
  1. Improved evidence informed some key Cabinet decisions e.g., libraries, waste, elections.
  2. Data Strategy Group formed in June 2022, to complement Information Governance Board.
  3. All 2021/22 statutory and regulatory performance and finance returns completed on time.
  4. Built a prototype Management Information data platform for social care services.
  5. Focused all resident consultations through Citizen Space portal.

Aims for 2023

- The core aims in 2023 for this Direction are:
  1. Robust data and insight (real activity, forecasts, benchmarks, resident views) are available in time for key CLT and Cabinet reports.
  2. Evidence-informed decision-making becomes part of the DNA at the council.
  3. The council adopts a Data Strategy and accompanying Data Quality protocols.
  4. Data is used to inform the day-to-day running of, and improvement in all services.
  5. Enhance the use of technologies to improve robustness and efficiency.
  6. Views of residents are incorporated into decision-making in a robust and timely way.

Evidence Based Decision Making — Direction 7

Suggested action plan for the next 12 months:

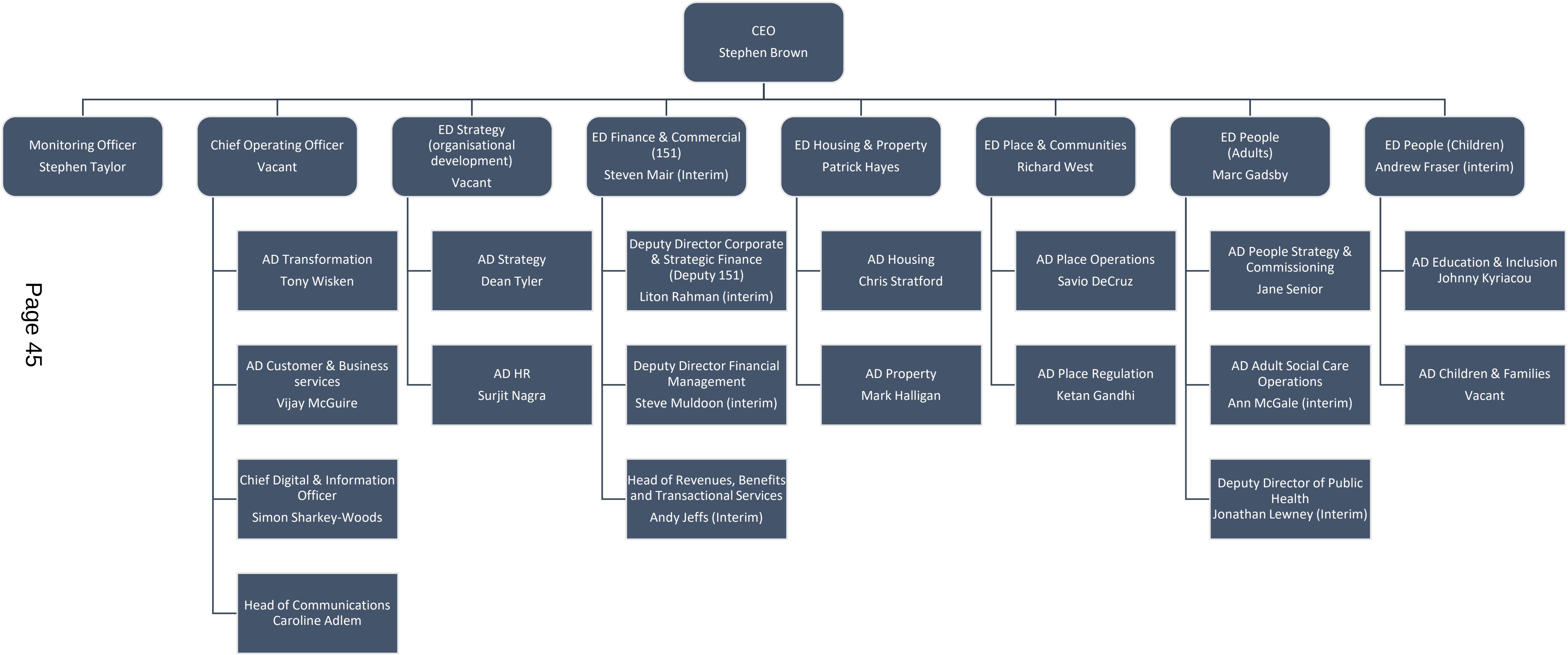
1. Align actions on evidence-based decision-making to the Democratic Governance Action Plan.
2. Refresh the process for quality assuring evidence in priority CLT and Cabinet reports.
3. Align programme to Culture Change programme, to embed evidence-informed practice.
4. Corporate conversation on responsibility and accountability for data management and reporting.
5. Draft and obtain cabinet approval to a corporate data strategy.
6. Price options to develop key data platforms.
7. Set up further conversations with Slough Children First, Public Health, Frimley ICB, and Thames Valley Police to discuss data and insight collaborations.

Organisational Structure - Suitable Senior Recruitment Update

Direction 3.g

Ref	Directorate	Tier	Position	Owner	RAG		Target Date	Incumbent	Commentary / Progress
					Curr.	Trend			
P-014	CEO	1	Chief Executive	Stephen Brown	C	=	01-Mar-23	Stephen Brown	**03/11** Stephen Brown appointed as new Chief Executive
P-004	COO	1	Monitoring Officer	Stephen Brown	C	=	26-Nov-22	Stephen Taylor	**13/10** Stephen Taylor has joined SBC.
P-001	COO	2	AD Transformation	Stephen Brown	A	=	12-Sep-22	Tony Wisken	**03/10** Tony Wisken joined SBC on **12/09**, on a secondment basis from Essex County Council. Formal contract details still pending.
P-002	COO	3	Head of Communication	Stephen Brown	C	=	19-Sep-22	Caroline Adlem	**03/10** Caroline joined SBC on **19/09**.
P-005	Finance	1	ED Finance and Commercial Services	Stephen Brown	G	▲	01-Mar-23	Steve Mair	**02/12** Advertised on 31st October, supported by Gatenby. Final interviews to take place in Jan-23.
P-012	Finance	2	DD Corporate & Strategic Finance	Stephen Brown	G	▲	01-Mar-23	Liton Rahman	**02/12** - Advertised on 31st October, supported by Gatenby. Final interviews to take place in Dec 22 /Jan-23. Liton Rahman is current interim.
P-013	Finance	2	DD Financial Management	Stephen Brown	G	▲	01-Mar-23	Steve Muldoon	**02/12** - Advertised on 31st October, supported by Gatenby.Final interviews to take place in Dec 22 / Jan-23. Steve Muldoon is current interim.
P-011	People		AD People (Adults)	Surjit Nagra	C	△	10-Oct-22		**13/10** An interim has been engaged for this position.
P-006	People	1	ED People (Adults)	Stephen Brown	C	=	01-Feb-23	Marc Gadsby	**02/11** - Marc Gadsby appointed as permanent Executive Director for People (Adults)
P-007	People	1	ED People (Children's)	Stephen Brown	A	=	01-Feb-23		**02/12** - Search started on 14th October, Gatenby are supporting the process.
P-003	Place	1	ED Housing and Property	Stephen Brown	C	=	17-Oct-22	Patrick Hayes	**21/11** - Patrick Hayes Joined on **17/11**
P-009	Place	2	AD Community	Surjit Nagra	G	=	01-Feb-23		**21/11** - Closing date for advertisement 17-Oct. Awaiting confirmation of next steps
P-010	Place	2	AD Housing	Surjit Nagra	A	▼	01-Feb-23		**21/11** - ED Property and Housing reviewing roles before re-launch new recruitment campaign
P-008	Place	2	AD Property	Surjit Nagra	A	▼	01-Feb-23		**21/11** ED Property and Housing reviewing roles before re-launch new recruitment campaign

Senior Officer Structure and Recruitment



Senior Officer Structure and Recruitment — Direction 8

1. SLT are going to establish a diagnostic piece of work to understand where recruitment can be improved across HR, finance and recruiting managers.

2. This initial diagnostic aims to report early in the new year and an update will be provided to the next IRB. The diagnostic will lead to a work programme and resource plan.

3. Recruitment to CLT has been successful as reported to the last board, activity continues to recruit a new 151 and DCS as well as priority ADs.

4. The Council are continuing to build its substantive workforce through on-going recruitment. Currently all vacant roles are advertised internally in the first instance to support the growth and retention of our existing workforce, helping to grow capability and capacity, whilst retaining organisation knowledge.

5. For roles where it is recognised that there is currently a capability gap within our internal workforce, we advertise externally concurrently, to allow us to recruit to these areas in a time efficient manner.

6. Staff turnover is affecting services that require specialist skills and expert knowledge and national and local skills gaps are a challenge. Slough's reputation is also impacting recruitment.

7. Where staff turnover, or capability gaps, continue to be a problem, we utilise temporary workers to allow us to continue to provide these important services.

Strategy and Transformation

Improvement and Recovery Board Appendices

Contents

- Recent Governance Decisions Taken in Support of Improvement and Recovery
- Previous IRB Decisions Taken
- Cost Saving Initiatives
- Action Plans
- Evidence Based Decision Making - Examples
- Key Service Updates

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Recent Governance Decisions Taken in Support of Improvement and Recovery

Ref	Report & Subject	Date	Chief & Contact Officers	Portfolio	Key Decision	Summary of Decision	Related Direction and Contribution to Recovery	Link to Document
GD-024	**Cabinet** Financial Action Plan - update	21-Nov-22	Steven Mair ---------------------- Mike Thomas	Financial Oversight and Council Assets	No	To recommend an update on the Financial Action Plan to be presented to Council.	**3a Financial Sustainability Action Plan**: Commissioners reviewed the report and agreed with the contents.	https://democracy.slough.gov.uk/documents/s73695/Report%20and%20Appendices.pdf
GD-025	**Cabinet** Financial Update Report – 2022/23	21-Nov-22	Steven Mair ---------------------- Steve Muldoon	Financial Oversight and Council Assets	No	To note a report on the budget monitor for the second quarter of 2022/23.	**3a Financial Sustainability Action Plan**: Commissioners reviewed the report, agreed with the contents and approved the virements noted in the report and appendix.	https://democracy.slough.gov.uk/documents/s73720/Report.pdf
GD-026	**Cabinet** Treasury Management Mid-Year Report	21-Nov-22	Steven Mair ---------------------- Miriam Adams, Finance Manager - Treasury / Peter Worth, Finance Lead Technical Advisor	Financial Oversight and Council Assets	Yes	To receive an in year update on treasury management activity	**3a Financial Sustainability Action Plan**: Commissioners reviewed the report and agreed with the contents.	https://democracy.slough.gov.uk/mgIssueHistoryHome.aspx?IId=45424
GD-027	**Cabinet** Improvement and Recovery update	21-Nov-22	Stephen Brown ---------------------- Sarah Hayward	Leader of the Council	No	receive an update report on the action plan to improve governance in response to the various statutory recommendations and reports	**All**: To provide an update against the progress the Council has made in addressing each of the detailed Directions and the next steps to further embed the required changes. Commissioners' views on progress will be set out in their letter to the Secretary of State which will be sent in December	https://democracy.slough.gov.uk/documents/s73708/Report.pdf
GD-023	**Cabinet** Disposal of Council Asset - Former Akzo Nobel Site	02-Nov-22	Richard West / Steven Mair ---------------------- Fin Garvey / Peter Worth	Financial Oversight and Council Assets	Yes	Agreed to the disposal of the former Akzo Nobel site and to delegate authority to the ED of Property and Housing, in consultation with the Lead Member for Financial Oversight and Council Assets, and the ED of Finance and Commercial, to negotiate the terms and enter in contract.	**3a Financial Sustainability Action Plan**: Contribution to the Asset Disposal Programme and the financial sustainability of SBC.	https://democracy.slough.gov.uk/documents/s73323/Appendix%201%20-%20Former%20Akzo%20Nobel%20site%20-%20AY%20Recommendation%20Report.pdf

Recent Governance Decisions Taken in Support of Improvement and Recovery

Ref	Report & Subject	Date	Chief & Contact Officers	Portfolio	Key Decision	Summary of Decision	Related Direction and Contribution to Recovery	Link to Document
GD-022	**Scrutiny** Task & Finish Group - Slough Children First Business Planning	24-Oct-22	Andrew Fraser ---------------------- Alexander Polak	Children's Services, Lifelong Learning & Skills	No	Approve the creation of a Task & Finish Group to review Slough Children First Business Planning.	**2 Avoid Poor Governance or Financial Mismanagement** **3b Democratic Services Action Plan** **3c Scrutiny Action Plan**: Allows for an informed review into the arrangements surrounding the company and to make recommendations to Cabinet in time to influence budget setting decisions.	https://democracy.slough.gov.uk/documents/s73221/Task%20and%20Finish%20Group%20-%20SCF%20corporate%20reports%20and%20plans.pdf
GD-021	**Scrutiny** Task & Finish Group - Complaints Handling	20-Oct-22	Stephen Brown ---------------------- Alexander Polak	Customer Services, Procurement and Performance	No	Approve the creation of a Complaints Handling Task and Finish Group.	**2 Avoid Poor Governance or Financial Mismanagement** **3b Democratic Services Action Plan** **3c Scrutiny Action Plan**: Complaints represents an important area for the overall governance of the authority and a valuable source of performance information.	https://democracy.slough.gov.uk/documents/s73128/Task%20and%20Finish%20Group%20-%20Complaints%20Handling.pdf
GD-017	**Cabinet** Corporate Debt Management Policy	17-Oct-22	Steven Mair ---------------------- Peter Robinson	Financial Oversight and Council Assets	No	Approve a Corporate Debt Recovery Policy to support the maximisation of debt collection	**3a Financial Sustainability Action Plan**: Commissioners comment that the policy should balance the need to protect the public purse and support residents and businesses	https://democracy.slough.gov.uk/documents/s72981/Report.pdf
GD-018	**Cabinet** Update on Procurement and Contract Management	17-Oct-22	Steven Mair ---------------------- Clare Priest	Procurement and Performance	No	Update on key developments by the Commercial team to improve procurement and contract management.	**3e Procurement and Contract Management Action Plan**: Commissioners recognise the good progress to build a contract register although this needs regular management with updates to Commissioner	https://democracy.slough.gov.uk/documents/s72986/Report.pdf
GD-019	**Cabinet** Recommendations from the Cabinet Committee on Asset Disposals: Asset Disposal Strategy	17-Oct-22	Richard West / Steven Mair ---------------------- Fin Garvey / Peter Worth	Financial Oversight and Council Assets	Yes	Agree the Asset Disposal Strategy and the declaration of assets listed as surplus.	**3a Financial Sustainability Action Plan**: Adoption of the strategy and delivery at pace are essential to financial sustainability.	https://democracy.slough.gov.uk/documents/s72967/Cabinet%20Paper%20on%20Asset%20Disposal%20Strategy.pdf

Recent Governance Decisions Taken in Support of Improvement and Recovery

Ref	Report & Subject	Date	Chief & Contact Officers	Portfolio	Key Decision	Summary of Decision	Related Direction and Contribution to Recovery	Link to Document
GD-020	**Cabinet** Recommendations from the Cabinet Committee on Asset Disposals: Montem site	17-Oct-22	Richard West / Steven Mair ---------------------- Dean Tyler / Carmel Booth	Financial Oversight and Council Assets	Yes	Disposal of Montem Lane asset.	**3a Financial Sustainability Action Plan**: Commissioners view the disposal as essential to meet the financial recovery goals and is considered to be best value in the market today.	https://democracy.slough.gov.uk/documents/s72948/Report%20Part%20I.pdf
GD-012	**Cabinet** Finance Action Plan - update	21-Sep-22	Steven Mair ---------------------- Mike Thomas	Financial Oversight and Council Assets	No	Update on the work to respond to the serious financial challenges and recommendations made by external agencies	**3a Financial Sustainability Action Plan**: Commissioners pleased to see progress on the implementation of the recommendations arising from the CIPFA review, DLUHC Governance Review, Grant Thornton recommendations and the Directions	https://democracy.slough.gov.uk/documents/s72493/September%202022%20FAP%20Revised%20Master%2019.9.22%20v7.pdf
GD-013	**Cabinet** Financial Update Report - 2022/23	21-Sep-22	Steven Mair ---------------------- Steve Muldoon	Financial Oversight and Council Assets	No	Forecast revenue and capital outturn position for 2022/23 with risks and mitigations.	**3a Financial Sustainability Action Plan**: Commissioners note the forecast for a balanced position on the general fund however there is a shortfall against the savings targets and expect a robust Scrutiny process for 2023/24 budget	https://democracy.slough.gov.uk/documents/s72494/1%20Monitoring%20Report%202022-23%20P4%20DRAFT%20MASTER%2019.9.22%20v4.2.pdf
GD-014	**Cabinet** Update on the procurement forward plan for services in excess of £180,000 and works in excess of £1 million in 2022/23	21-Sep-22	Steven Mair ---------------------- Clare Priest	Procurement and Performance	Yes	Authority for commencement of procurement for contracts to be let in 2022/23	**3e Procurement and Contract Management Action Plan**: Commissioners have reviewed the report	https://democracy.slough.gov.uk/documents/s72291/180%20Contracts%20over%20180k%20cabinet%20report%2022.23%20Sept%20update%20v6.pdf
GD-015	**Cabinet** Waste Collection and Disposal Savings	21-Sep-22	Richard West ---------------------- Savio DeCruz	Transport and the Local Environment	Yes	Agree a range of charges related to waste and disposal as well as frequency of collections	**3a Financial Sustainability Action Plan**: Commissioners decided not to comment to allow freedom for Scrutiny to give consideration to the issue	https://democracy.slough.gov.uk/documents/s72367/Report%20and%20Appendices.pdf

Recent Governance Decisions Taken in Support of Improvement and Recovery

Ref	Report & Subject	Date	Chief & Contact Officers	Portfolio	Key Decision	Summary of Decision	Related Direction and Contribution to Recovery	Link to Document
GD-016	**Cabinet** Disposal of Council Assets in Wolverhampton, Bradford, Gosport and Basingstoke	21-Sep-22	Richard West / Steven Mair ---------------------- Fin Garvey / Peter Worth	Financial Oversight and Council Assets	Yes	Approve four asset sales located outside the borough to generate net savings to the revenue budget and capital receipts	**3a Financial Sustainability Action Plan**: The disposal are essential to meet the financial recovery goals and are best value in the market today	https://democracy.slough.gov.uk/documents/s72368/Report.pdf

Previous Improvement and Recovery Board Decisions Taken

Ref	Status	Description of Decision	Impact / Rationale of Decision	Date Raised	Raised By	Owner	Consulted Parties	Date Last Updated	RAG	Date Closed
D-001	Closed	Stephen Brown committed to providing a regular savings monitor to lead Members.	Lead Members will be communicated to effectively regarding the savings plans and progress.	22-Aug-22	IRB	Stephen Brown		22-Aug-22	G	13-Oct-22
D-002	Closed	Future reports to the Board should include an update on compliance with the Intervention Directions.	Commissioners will gain increased confidence that SBC are fully addressing the Intervention Directions.	25-Aug-22	IRB	Stephen Brown		13-Oct-22	G	

2023/24 Cost Saving Initiatives, Directorate - Adults

Ref	Saving / Initiative / Project	Service Owner	Politically Sensitive?	Consult Public?	Staff Consult?	Pre-Elect Restricted?	2023/24 Forecast (£'000s)							Trend
							Base (Target)	Black	Red	Amber	Green	Delivered	Total Saving Forecast	
I-001	Transformation programme	James Kimber					2,112			584	1,528		2,112	=
I-002	Better use of Disabled Facilities Grant and equipment	Avtar Mann					100			40	60		100	=
I-003	Align and integrate the range of ASC and PH services with the NHS and/or across East Berks Councils/better use of PH Grant	Vanitta Dutta					250			150	100		250	=
I-004	Mental Health	Seb Sebastian					500			100	400		500	=
I-005	Transitions3	Uma Macarov					400			160	240		400	=
I-006	Diverting demand	Andrea Rodin					270			54	216		270	=
I-007	Review of hospital discharge / six-week review	Andre Ansah					350			140	210		350	=
I-018	Joint Protocol	Andrea Rodin					330			66	264		330	=
I-019	Financial Assessments	Alan Bunclark					150			30	120		150	=
I-020	Direct Payment recoupment	Suzanne Binns					200			40	160		200	=
I-021	Levying the OPG determined charge rate of 3.5% plus an annual fee	Alan Bunclark					100			60	40		100	=
I-022	Further cost reductions, efficiencies and vacancy factor	Marc Gatsby					200			80	120		200	=
I-065	Assistive Technology						420			210	210		420	=

2023/24 Cost Saving Initiatives, Directorate - Adults

Ref	Saving / Initiative / Project	Service Owner	Politically Sensitive?	Consult Public?	Staff Consult?	Pre-Elect Restricted?	2023/24 Forecast (£'000s)							Trend
							Base (Target)	Black	Red	Amber	Green	Delivered	Total Saving Forecast	
I-066	Reduce Block Beds						206			103	103		206	=

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2023/24 Cost Saving Initiatives, Directorate - COO

Ref	Saving / Initiative / Project	Service Owner	Politically Sensitive?	Consult Public?	Staff Consult?	Pre-Elect Restricted?	2023/24 Forecast (£'000s)							Trend
							Base (Target)	Black	Red	Amber	Green	Delivered	Total Saving Forecast	
I-026	Various - business administration, staffing and other budgets	Sarah Hayward	Low	No	Yes	No	150				150		150	▲
I-029	IT contract savings (£TBC)	Simon SharkeyWoods					525			97	428		525	=
I-030	Vacancy factor and other overhead reductions	Sarah Hayward	Medium	No		No	500				500		500	=
I-064	Wide Area Network						40				40		40	=
I-067	TBC						640		640				640	=

2023/24 Cost Saving Initiatives, Directorate - Childrens

Ref	Saving / Initiative / Project	Service Owner	Politically Sensitive?	Consult Public?	Staff Consult?	Pre-Elect Restricted?	2023/24 Forecast (£'000s)							Trend
							Base (Target)	Black	Red	Amber	Green	Delivered	Total Saving Forecast	
I-023	Home to School Transport - various initiatives to reduce spend	Sabi Hothi					490			245	245		490	▲
I-024	HTST - acquire tail lift minibuses and bring routes in-house	Sabi Hothi					250			125	125		250	▲
I-025	Vacancy factor and other overhead reductions/efficiencies	Johnny Kyriakou					50			25	25		50	▲

2023/24 Cost Saving Initiatives, Directorate - Cross-council

Ref	Saving / Initiative / Project	Service Owner	Politically Sensitive?	Consult Public?	Staff Consult?	Pre-Elect Restricted?	2023/24 Forecast (£'000s)							Trend
							Base (Target)	Black	Red	Amber	Green	Delivered	Total Saving Forecast	
I-031	Fees & Charges up 10%	Steve Muldoon					900			450	450		900	▼
I-068	Commissioning						750		750				750	=
I-069	Support Services						500		500				500	=
I-071	TBC						373	373						=

2023/24 Cost Saving Initiatives, Directorate - Finance

Ref	Saving / Initiative / Project	Service Owner	Politically Sensitive?	Consult Public?	Staff Consult?	Pre-Elect Restricted?	2023/24 Forecast (£'000s)							Trend
							Base (Target)	Black	Red	Amber	Green	Delivered	Total Saving Forecast	
I-060	Vacancy factor and other overhead reductions	Steve Muldoon	Medium	No		No	299				299		299	=
I-032	Increased tax base and collection rate	Liton Rahman					917				917		917	▲
I-033	Reduced audit fee, reduced duplicate payments and income	Jas Dalvair					400			100	300		400	▲
I-034	Proactive Single Person Discount monitoring to reduce fraud and error	Andy Jeffs					350				350		350	▲
I-035	Early payment of pension contributions	Miriam Adams					350				350		350	▲
I-036	Budget overheads cleanse	Steve Muldoon					375				375		375	=
I-061	Staffing reduction, fraud department						12				12		12	=
I-062	Efficient working practices in Revenues and Benefits						440				440		440	=
I-063	Revenues and Benefits Agency Savings						450				450		450	=
I-070	Minimum Revenue Provision						3,000				3,000		3,000	=

2023/24 Cost Saving Initiatives, Directorate - Place

Ref	Saving / Initiative / Project	Service Owner	Politically Sensitive?	Consult Public?	Staff Consult?	Pre-Elect Restricted?	2023/24 Forecast (£'000s)							Trend
							Base (Target)	Black	Red	Amber	Green	Delivered	Total Saving Forecast	
I-027	Revenue running cost savings from asset disposals	Kamal Lallian	None	No	No	No	100			100			100	=
I-037	Reduce staff costs in Planning Development	Daniel Ray	None	No	Yes	No	100				100		100	▲
I-038	Adopt fortnightly waste collections	Ruth Tyrell	Low	No	No	No	424				424		424	▲
I-039	Chalvey HWRC Management Fee	Ruth Tyrell	Low	No	No	No	40				40		40	=
I-040	Borough Wide Controlled Parking Zones	Kam Hothi	Medium											=
I-041	Switch off streetlighting and park lighting after midnight	Jason Newman	High	No	No	No	150			150			150	▼
I-042	Stop Bus Subsidy - Service 4, 5 and 6	Savio DeCruz	Medium	No	No	No	160				160		160	=
I-043	Government tapering of concessionary fares	Savio DeCruz	Medium	No	No	No	300				300		300	=
I-044	2023-24 Library Service Model	Liz Jones	High	Yes			386			386			386	▲
I-045	Improve Trade Waste Business	Alison Hibbert	None	No	No	No	10				10		10	=
I-046	Reduce Parks ad-hoc Work Budget	Sophia Norfolk	Medium	No	No	No	277		277				277	▼
I-047	Increase Charges for Parking Permits	Kam Hothi	Medium	No	No	No	48				48		48	=
I-048	Streetworks Section 50 licences	Kam Hothi	None	No	No	No	35				35		35	=
I-049	Streetworks Road Closure Fees	Kam Hothi	None	No	No	No	65				65		65	=

2023/24 Cost Saving Initiatives, Directorate - Place

Ref	Saving / Initiative / Project	Service Owner	Politically Sensitive?	Consult Public?	Staff Consult?	Pre-Elect Restricted?	2023/24 Forecast (£'000s)							Trend
							Base (Target)	Black	Red	Amber	Green	Delivered	Total Saving Forecast	
I-050	Transport and Highways Grant Swap	Savio DeCruz	None	No	No	No	1,071				1,071		1,071	=
I-051	Green Waste Collection Charges	Ruth Tyrell	Medium	No	No	No	700				700		700	=
I-052	Reduce Highways Maintenance Works	Kam Hothi		Yes	No	No	100				100		100	=
I-053	All Leisure Service to be Externally Funded	Liz Jones	None	No	No	No	20				20		20	▲
I-054	Kennedy Park Permit Variation	Sophia Norfolk	None	No			15			15			15	=
I-055	Reduce Spend on Repairs and Maintenance at Corporate Buildings	Jason Newman	None	No	No	No	300				300		300	▲
I-056	Reduce Spend on Cleaning at Corporate Buildings	Jason Newman	None	No	No	No	200				200		200	▲
I-057	Corporate Contract Efficiencies	Jason Newman	None	No	No	No	50				50		50	=
I-058	Stop SBC Funded CCTV Monitoring of Public Spaces	Ketan Gandhi	High	No			300			300			300	▼
I-059	Parking Income - Increase Controlled Parking Zones	Kam Hothi	Medium	Yes	No	No	200				200		200	▲

Financial Update

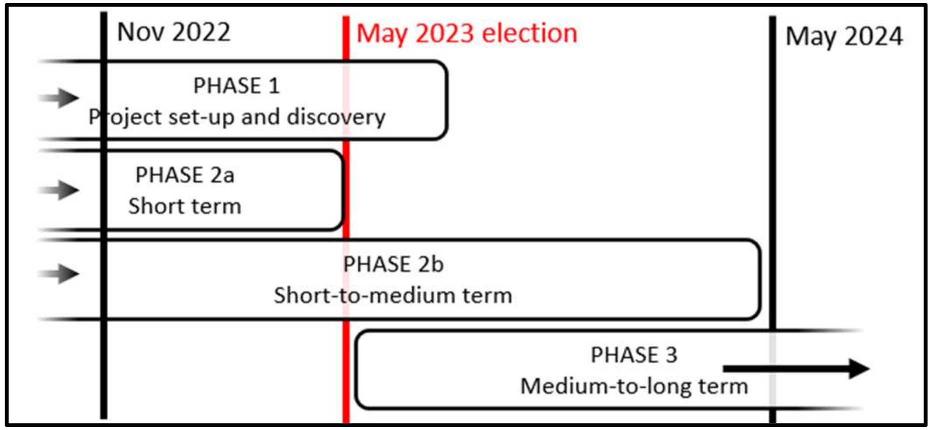
Direction 3.a

The latest update on the finance action plan to Cabinet is summarised in Slide 8 and has been attached alongside this briefing.

Democratic Governance Action Plan — Directions 3.b, 3.g & 7

Timescales

- Further project and resource planning will be part of phase 1.
- While this is underway, the timescales given are fairly broad. All phases are expected to overlap.
- This action plan incorporates the plan for addressing direction 7 on evidence based decision making, as well as aspects of direction 3.g.
- The phases below will also be used within the Scrutiny Action Plan.



Anticipated Council Decisions – also listed in scrutiny action plan

- Council decision - approx. March 2023 - constitutional changes, including changes to scrutiny structure/processes, to come into effect from election.
- Council decision - May 2022 (AGM) – scheme of member allowances and expenses (Independent Remuneration Panel recommendations following partial review of scheme)
- Council decision - during 2023/24 municipal year – Individual Cabinet Member Decisions.
- Council decision – during 2023/24 municipal year or May 2024 – annual review of constitution.
- Standards Committee – provisionally: 2 Feb 2023 – Member Induction Programme.

Democratic Governance Action Plan — Directions 3.b, 3.g & 7

Headline action	Owner	Indicative Timescale
1. Set up formal project management and reporting arrangements	Monitoring Officer	Phase 1

Actions to date:

- Weekly governance working group meetings set up, led by MO.
- MO met cabinet members, and both leaders of opposition with regular briefings put in place.

Next steps:

- Align plan, materials and reporting with whole-council approach to recovery action planning and reporting.
- Seek programme/project management resource.
- Create informal 'Democratic Governance Improvement Group' chaired by Monitoring Officer, populated by key governance roles across the council and action owners from this plan, to collaborate on, oversee and propel delivery of this plan.
- Assess baseline and benchmark via survey of staff and members.
- Put in place formal reporting to relevant elected member meetings.

Democratic Governance Action Plan — Directions 3.b, 3.g & 7

Headline action	Owner	Indicative Timescale
2. Continuous ongoing development of this plan including fostering a culture of looking to best practice across the sector, amongst members and officers.	Monitoring Officer	Phase 1

Actions to date:

- Democratic governance action plan created, updated and reported to elected members as part of wider update (listed and included as a background paper for item to Scrutiny and Cabinet in November 2023).
- Closely related Scrutiny Improvement Action Plan created, updated and reported to elected members as part of wider update (above), as well as in a separate report to Overview and Scrutiny Committee and Full Council in November 2023.
- MO and Principal Lawyer attend monthly Berkshire MO meetings to share best practice.
- MO and Principal Lawyer to attend regular meetings with Liverpool City Council MO and Head of Legal.

Next steps:

- Formulate overall philosophy of governance in the authority, as expressed through appropriate corporate documentation linked to such as the corporate plan, code of governance, culture change workstreams etc.
- Identify further actions by reviewing governance framework, outstanding internal audit actions, Business Continuity and emergency planning arrangements, major corporate systems and their business impact / risks etc.

Democratic Governance Action Plan — Directions 3.b, 3.g & 7

Headline action	Owner	Indicative Timescale
3. Continue to improve forward planning of decision-making, including early engagement with members and other stakeholders	Chief Executive / Monitoring Officer	Phase 2a

Actions to date:

- Internal corporate schedule produced and reviewed weekly at CLT and SLT.
- Internal corporate schedule reviewed at Lead Members and Directors meeting.
- Visits by Head of Governance and Scrutiny at all DLTs to conduct horizon scanning and further embed use of corporate schedule as business planning tool.

Next steps:

- Set and cascade clear expectations regarding EDs’ and ADs’ responsibility to brief members regularly.
- Create and deliver further Slough-specific training on working in a political environment, for senior leaders and frequent report authors.

Democratic Governance Action Plan | Directions 3.b, 3.g & 7

Headline action	Owner	Indicative Timescale
4. Improve effectiveness of, and compliance with, formal decision-making processes	Monitoring Officer	Phase 2a

Actions to date:

- Senior officer training programme to improve report writing.
- Clear timescales and clearance processes published and promoted throughout council.
- Cabinet reports reviewed at CLT and LM&Ds.
- Published and publicised internally a guide to cabinet and committee lead-in dates.
- Lead members briefed and presenting reports at Cabinet meetings.
- Commenced RAG-rating of cabinet report compliance with corporate timescales for SLT/CLT monitoring.
- Clear advice and guidance given to officers on decision-making process for new policies as a result of learning from LGSCO public interest report.

Next steps:

- Improve quality of Cabinet and Committee reports.
- Review whether single member decision-making should be introduced.
- Review processes for significant officer decision-making.
- Put in place system for late reports sign off, establishing clear lines of accountability for quality of reports.

Democratic Governance Action Plan — Directions 3.b, 3.g & 7

Headline action	Owner	Indicative Timescale
5. Further improve quality of formal reports	Monitoring Officer	Phase 2a

Actions to date:

- Officer training to top three tiers on report writing.
- Improved clarity and timeliness of clearance processes and discussion at CLT re: cabinet reports.
- Improved early briefing of lead members.

Next steps:

- Deliver further bite-size sessions about report-writing for lead officers.
- Create self-service guidance for officers about formal report writing and decision-making processes.
- NB further improvements in process, timeliness and engagement (elsewhere in plan) will further improve quality.

Headline action	Owner	Indicative Timescale
6. Establish agreed and documented expectations and consistent processes for commissioner decisions	Monitoring Officer	Phase 2a

Actions to date:

- Meeting between chief of staff, former MO and COO.
- Discussion with other local authorities under statutory intervention for example frameworks.

Next steps:

- Working with the commissioners and their chief of staff, devise a framework for consistent, robust and transparent commissioner decision-making, advice and guidance.

Democratic Governance Action Plan Directions 3.b, 3.g & 7

Headline action	Owner	Indicative Timescale
7. Ensure effective introduction to local government decision-making and processes as part of induction are in place for all new starters and those promoted including senior officers.	Monitoring Officer	Phases 2a & 2b

Actions to date:

- Bespoke training session on essentials of local government decision-making for top three tiers.
- Feedback captured from above event and actions discussed and agreed at CLT.

Next steps:

- Review induction processes and introduce session on ‘governance in a political environment’ for new starters.
- Review management and senior officer development programme to incorporate support for officers who have been promoted within the organisation.

Democratic Governance Action Plan — Directions 3.b, 3.g & 7

Headline action	Owner	Indicative Timescale
8. Ensure effective and respectful member officer relations	Monitoring Officer	Phases 1, 2a & 2b

Actions to date:

- Training session for top three tiers on member officer relations protocol
- Externally facilitated workshop between CLT and lead members
- Review of member casework system
- Report to Standards Committee on various matters on ethical framework, including member complaints
- Meetings between statutory governance officers and leaders of groups
- Have drafted a Member Survey to be conducted alongside staff survey
- Governance culture workshop for top two tiers with external facilitator using CfGS toolkit booked for 11 Jan and 8 Feb

Next steps:

- Gather feedback from staff and members
- Governance culture workshop for top two tiers with external facilitator using CfGS toolkit
- Link to wider culture change action plan

Headline action	Owner	Indicative Timescale
9. Assess and improve how the council's real situation compares to its sense of self	Chief Executive / Monitoring Officer	Phase 2b

Actions to date:

- Training and self-assessment for Audit committee members.
- Training and annual report for scrutiny members.
- Externally facilitated workshop between CLT and lead members and regular lead member briefings and meetings.
- Annual report on complaints data taken to Audit and Corporate Governance.
- CLT Assurance meetings to review performance data.

Next steps:

- Conduct workshops with external facilitator involving members (and senior officers).
- Review: how officers and members monitor and act on data about the council's performance; approach to resident / public participation in decision-making; options for gathering residents' views on satisfaction with services and how members self-assess their performance.

Democratic Governance Action Plan

Directions 3.b, 3.g & 7

Headline action	Owner	Indicative Timescale
10. Improve organisational awareness of Slough's particular political dynamics	Chief Executive / Monitoring Officer	Phase 2b

Action to date:

- Training on local government decision-making for officers to include governance arrangements, political influence and roles and responsibilities.
- CLT report on feedback from officer training agreeing next steps.

Next steps:

- Governance and political awareness built into officer induction programme.
- Put in place Member-Officer relationships and culture development programme .
- Leadership development to include political awareness and skills.

Headline action	Owner	Indicative Timescale
11. Revise directorates' internal schemes of delegation in line with recently reviewed Scheme of Delegations	Chief Executive / Monitoring Officer	Phase 2b

Action to date:

- Revised scheme of delegations agreed.

Next steps:

- Revise directorates' internal schemes of delegation in line with recently reviewed Scheme of Delegations.

Democratic Governance Action Plan — Directions 3.b, 3.g & 7

Headline action	Owner	Indicative Timescale
12. Improve Member Development	Monitoring Officer	Phase 2a

Actions to date:

- Bespoke training for scrutiny members.
- Bespoke training for Audit and Corporate Governance Committee members.
- Welcome induction event and handbook for new members.
- Briefings with chairs and vice-chairs of scrutiny.
- Briefings in advance of formal member meetings.

Next steps:

- Align member development programme with culture change action plan.
- Agree 4-year member development strategy, designed with input from councillors.
- Agree annual member development plan aligned to strategy.

Democratic Governance Action Plan — Directions 3.b, 3.g & 7

Headline action	Owner	Indicative Timescale
13. Improve provision of information to Members	Monitoring Officer	Phase 2a

Actions to date:

- Review and communication on member casework, agreed with leaders of groups.
- Weekly member bulletin.
- Briefings with lead members and scrutiny members.
- Confidential budget papers available to scrutiny members in advance of budget scrutiny.
- Rebranded member bulletin.
- Customer Service data infographic now included in weekly member bulletin.
- Embedded lessons learnt into member level reporting, including relating to performance management and exit arrangements for senior staff, ASC commissioning arrangements and complaints.

Next steps:

- Create intranet or SharePoint pages dedicated to information for Councillors.
- Further improve weekly member newsletter.
- Implement regular programme of ‘all member scrutiny briefings’.

Democratic Governance Action Plan — Directions 3.b, 3.g & 7

Headline action	Owner	Indicative Timescale
14. Deliver accurate and efficient all-out election and maximise the intended benefits of the change to four yearly elections	Returning Officer	Phase 2a

Action to date:

- Council decision to move to whole council election.
- Boundary review.
- Polling station review (underway).
- New Returning Officer and senior leads for election management.

Next steps:

- Complete polling places and polling stations review.
- Identify and maximise the intended benefits of the change to four yearly elections.

Democratic Governance Action Plan — Directions 3.b, 3.g & 7

Headline action	Owner	Indicative Timescale
15. 2022/23 Annual review of Policy Statement on Corporate Governance	Monitoring Officer	Phase 1

Actions to date:

- New Policy Statement on Corporate Governance based on CIPFA framework approved by full council.

Next steps:

- Conduct desktop analysis of organisational governance.

Headline action	Owner	Indicative Timescale
16. 2022/23 Annual review of Policy Statement on Corporate Governance	Monitoring Officer	Phases 1, 2a & 2b

Actions to date:

- Recruitment of senior interim lead for governance and scrutiny, including fulfilling statutory scrutiny officer.
- Commencement of recruitment to scrutiny role vacancy.

Next steps:

- Finish recruitment to vacancies including new scrutiny posts created in response to Government intervention.
- Review of service provision with a view to streamlining offer.
- Review of support for partnership meetings linked to wider work on effectiveness of statutory partnerships.

Democratic Governance Action Plan

Directions 3.b, 3.g & 7

Headline action	Owner	Indicative Timescale
17. Ensure document storage and retention arrangements are robust	Monitoring Officer	Phase 2b

Actions to date:

- Review of deeds by legal team, including advice on deeds packets.
- Review and plan for storage of existing physical deeds.

Next steps:

- Review circumstances around deeds and storage of legal documentation by SBC in-house.
- Review arrangements for electronic deeds storage.

Headline action	Owner	Indicative Timescale
18. 2022/23 Implement annual review of constitution	Monitoring Officer	Phases 2a & 2b

Actions to date:

- Rolling review of the constitution based on needs.

Next steps:

- Consult on whether any further elements of the constitution require to be updated with a view to adoption at the Annual Council (note action elsewhere re: scrutiny-related changes).

Democratic Governance Action Plan — Directions 3.b, 3.g & 7

Headline action	Owner	Indicative Timescale
19. Strengthen community engagement in the council’s recovery and improvement	Monitoring Officer	Phase 2b

Review community participation and engagement in local democracy / decision-making, including consideration of:

- Public question time at committees / cabinet / council.
- Scrutiny’s approach to involving communities in their work.
- Review effectiveness of consultation and engagement in decision-making.

Headline action	Owner	Indicative Timescale
20. Improve how the council looks to the future to assure its own viability and set its decision-making priorities	Monitoring Officer / ED for Strategy	Phases 2b & 3

Actions to date:

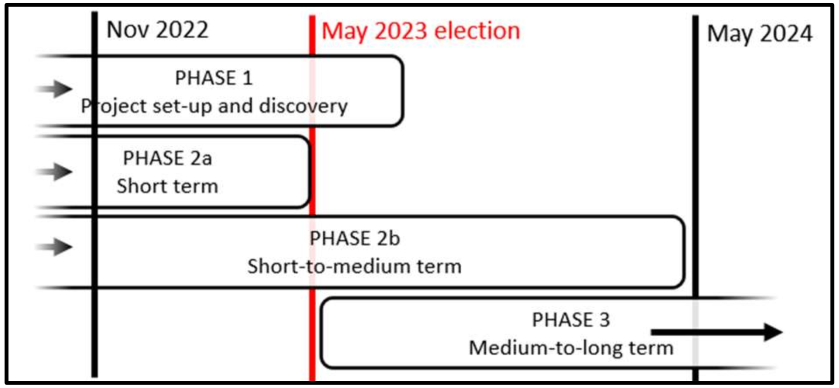
- New five year corporate plan linked to recovery themes.

Next steps:

- Build cycle of short/medium/long term corporate planning into corporate schedule), and communicate the intended pathway to the organisation.
- Long-term options for future viable governance of the authority explored and assessed, in light of medium / long term pressures / challenges.

Timescales

- Further project and resource planning will be part of phase 1.
- While this is underway, the timescales given are fairly broad. All phases are expected to overlap.
- The same phases are used within the Democratic Governance Action Plans.



Anticipated Council Decisions – also listed in democratic governance action plan

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- Council decision - May 2022 (AGM) – scheme of member allowances and expenses (Independent Remuneration Panel recommendations following partial review of scheme).
- Council decision - during 2023/24 municipal year – Individual Cabinet Member Decisions.
- Council decision – during 2023/24 municipal year or May 2024 – annual review of constitution.
- Standards Committee – provisionally: 2 Feb 2023 – Member Induction Programme.

Scrutiny Action Plan

Direction 3.c, 5 & 7

Headline action	Owner	Indicative Timescale
1. Set up project management and reporting arrangements	Monitoring Officer	Phase 1

- Align plan, materials and reporting with whole-council approach to recovery action planning and reporting.
- Seek programme/project management resource.
- Create informal 'Democratic Governance Improvement Group' chaired by Monitoring Officer.
- Assess baseline and benchmark via e.g. survey of staff and members.

Headline action	Owner	Indicative Timescale
2. Respond to CfGS review in relation to reorganising scrutiny arrangements	Monitoring Officer / Statutory Scrutiny Officer	Phase 2a

Actions to date:

- Commissioned Centre for Governance and Scrutiny to undertake a review of scrutiny function.
- Member training delivered based on early draft findings
- Published CfGS report, reported to OSC 17th November and endorsed by Council 22 November
- Established which member/s will lead on the development of the scrutiny function

Next steps:

- Work with members to review and develop these proposals for Slough, bringing a report to Full Council as necessary for any associated constitutional changes, and implement changes as soon as possible.

Scrutiny Action Plan

Direction 3.c, 5 & 7

Headline action	Owner	Indicative Timescale
3. Formulate a cohesive work programme for scrutiny	Monitoring Officer / Statutory Scrutiny Officer	Phase 2a

Action to date:

- Work programming events held in-year with officer and member involvement
- Launch of three T&F Groups

Next steps:

- Continue to develop a cohesive work programme for scrutiny, tightly focused on scrutiny of the council's plans for financial and organisational recovery and progress against those plans, in line with the CfGS recommendations.

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Headline action	Owner	Indicative Timescale
4. Re-instate regular all-member briefings outside of formal committee settings	Monitoring Officer / Statutory Scrutiny Officer	Phase 2a

- Propose regular programme of 'all-member scrutiny briefings' to improve all members' knowledge and connection to the business of the council, increase scrutiny bandwidth and take 'for information/learning' items out of committee setting allowing better prioritisation of impactful items.

Scrutiny Action Plan — Direction 3.c, 5 & 7

Headline action	Owner	Indicative Timescale
5. Elevate and support the role of the Chair of Overview & Scrutiny	Monitoring Officer / Statutory Scrutiny Officer	Phase 2a

Action to date:

- Statutory Scrutiny Officer now meeting weekly with Chair of O&S Committee.
- Chair of O&S Committee now a standing invitee to Improvement Board meetings with Commissioners, Cabinet and senior officers

Next steps:

- Provide the Chair of O&S with proper internal and external support for the role including an LGA-provided mentor and regular meetings with Statutory Scrutiny Officer and lead officers.
- Review the Special Responsibility Allowance attracted by the Scrutiny Chair position and other scrutiny lead roles, via an Independent Remuneration Panel.

Headline action	Owner	Indicative Timescale
6. Improved mechanisms for holding Cabinet Members to account	Monitoring Officer / Statutory Scrutiny Officer	Phase 2a

- Review strength of cabinet connections with scrutiny
- Cabinet Members to be expected to attend and front items at scrutiny relating to their portfolio areas, rather than just officers

Scrutiny Action Plan

Direction 3.c, 5 & 7

Headline action	Owner	Indicative Timescale
5. Elevate and support the role of the Chair of Overview & Scrutiny	Monitoring Officer / Statutory Scrutiny Officer	Phase 2a

Actions to date:

- Statutory Scrutiny Officer now meeting weekly with Chair of O&S Committee.
- Chair of O&S Committee now a standing invitee to Improvement Board meetings with Commissioners, Cabinet and senior officers.

Next steps:

- Provide the Chair of O&S with proper internal and external support for the role including an LGA-provided mentor and regular meetings with Statutory Scrutiny Officer and lead officers.
- Review the Special Responsibility Allowance attracted by the Scrutiny Chair position and other scrutiny lead roles, via an Independent Remuneration Panel.

Headline action	Owner	Indicative Timescale
6. Improved mechanisms for holding Cabinet Members to account	Monitoring Officer / Statutory Scrutiny Officer	Phase 2a

- Review strength of cabinet connections with scrutiny.
- Cabinet Members to be expected to attend and front items at scrutiny relating to their portfolio areas, rather than just officers.

Scrutiny Action Plan — Direction 3.c, 5 & 7

Headline action	Owner	Indicative Timescale
7. Recruit resource to vacancies in Democratic Services and Scrutiny	Monitoring Officer / Statutory Scrutiny Officer	Phase 1

Actions to date:

- Recruitment of interim Head of Governance and Statutory Scrutiny Officer.
- Business Case approved for recruitment to reinstated scrutiny role.

Next steps:

- Recruit to some of the scrutiny and democratic services vacancies, taking account of the very challenging budget reductions required over the coming years.

Headline action	Owner	Indicative Timescale
8. Improve the ways in which scrutiny members are kept appraised of forthcoming executive decisions and issues	Monitoring Officer / Statutory Scrutiny Officer	Phase 2a

- Embed mechanism to ensure that scrutiny members are availed of the public Forward Plan of cabinet decisions and are using it to inform their work.
- Reinstate regular meetings between Scrutiny Chair and CLT members.
- Design effective use of corporate performance management information and KPIs by scrutiny councillors.
- Support scrutiny members to understand their rights to access information, including confidential information about decisions.

Scrutiny Action Plan

Direction 3.c, 5 & 7

Headline action	Owner	Indicative Timescale
9. Improve year-round scrutiny of the financial cycle	Monitoring Officer / Statutory Scrutiny Officer	Phase 1

Actions to date:

- Significant improvements to early engagement with budget setting.
- Additional round of finance training and detailed pre-meeting for December round of budget/savings scrutiny meetings carried out on 24 November.

Next steps:

- Work towards whole-year focus on financial management in scrutiny, in accordance with guidance from CfGS.

Scrutiny Action Plan

Direction 3.c, 5 & 7

Headline action	Owner	Indicative Timescale
10. Deliver sustained programme of Scrutiny member and officer training and skills development	Monitoring Officer / Statutory Scrutiny Officer	Phase 2a

Actions to date:

- Training delivered to all scrutiny members taking account of early draft findings of CfGS review.

Next steps:

- Commission the member training proposal set out by Centre for Governance & Scrutiny.
- Consider options for co-option in order to bring in exemplars of effective scrutiny to the committee setting.
- Deliver further training to lead officers at suitable intervals.
- Put in place weekly meetings for officer leads of T&Fs to discuss progress and process and thereby share good practice.
- Involve service-based officers heavily in the leadership and delivery of T&F group support, encouraging learning-by doing.
- Deliver member training and induction, including about scrutiny and chairmanship, post-election.

Headline action	Owner	Indicative Timescale
11. Review constitution re: scrutiny rules and practice, including call-in		Phase 2a

- Review constitution re: scrutiny rules and practice, including call-in.

Scrutiny Action Plan Direction 3.c, 5 & 7

Headline action	Owner	Indicative Timescale
12. Improve overall support for Scrutiny Members to continuously improve effectiveness of scrutiny	Monitoring Officer / Statutory Scrutiny Officer	Phases 2a& 2b

Actions to date:

- See actions 5, 8 & 10.
- Offered intensive officer support of O&S Chair including regular weekly meetings with the statutory scrutiny officer.
- Pre-meetings more routinely in place for all committees.

Next steps:

- See action 2 & 10.
- With the support of CfGS, empower scrutiny members to self-evaluate their performance in committee and plan steps towards further improvement.
- Implement system of pre-meetings with facilitated identification of key lines of inquiry for key items.

Internal Audit Bring In House

Open and Closing Milestones

Ref	Status	Deliverable or Milestone	Owner	Progress	Delivery Dates		Date Delivered	Additional Comments
					Original	Forecast		
IA-001	C	Recruit to new IA Team	Mike Thomas	First round of adverts completed and shortlisting taking place	25-Nov-22	30-Nov-22	25-Nov-22	Applicants being shortlisted 1 December 2022
IA-003	G	Shortlisting	Mike Thomas	Shortlisting to take place 1 December and 14 December 2022	25-Nov-22	01-Dec-22	14-Dec-22	2 phases of shortlisting in case first round is unsuccessful
IA-002	G	Recruitment advert extension approved	Mike Thomas	Advert extended to 9 December to attract additional candidates	09-Dec-22	09-Dec-22	09-Dec-22	
IA-004	G	Interviews and Assessment centres	Mike Thomas	Interviews and Assessment centres to take place weeks commencing 5 and 12 December	16-Dec-22	16-Dec-22	16-Dec-22	
IA-005	G	Offer Letters	Mike Thomas	Pre Christmas 2022	31-Dec-22	22-Dec-22	22-Dec-22	
IA-007	A	New In House team commence work	Mike Thomas	Depends on recruitment	31-Dec-22	31-Jan-23	31-Jan-23	
IA-18	A	Failure to recruit In House Team		Plan B is in place for RSM to continue for **23/24** should recruitment not be successful - it is likely other options will be considered	31-Dec-22	31-Jan-23	31-Mar-23	
IA-008	A	Transition from RSM to IN House team	Head of FG, IA	Depends on recruitment	31-Mar-23	31-Mar-23	31-Mar-23	Subject to recruitment
IA-10	A	Development of IA approach and launch of new service	Head of FG, IA	Review of approach to consider support for departments and managers	31-Mar-23	31-Mar-23	31-Mar-23	This will take place during 2023/24 as the new team sets up and beds in.
IA-11	A	Reduction in historical IA recommendations	Mike Thomas	IA Tracker in place and being utilised to reduce number of IA recs	31-Mar-23	31-Mar-23	31-Mar-23	Ambition is to reduce the number and risk rating of IA recommendations on an annual basis
IA-006	G	2023-24 IA Plan	Mike Thomas	Work with RSM and new team to develop and tranistion a plan for 2023/24	01-Apr-23	01-Apr-23	01-Apr-23	Dependent on succesful recruitment of new team and transition from RSM
IA-009	A	Quality Review of IA work	Head of FG, IA	Review against PSIAS standards to be undertaken within two years of new team starting	31-Mar-24	31-Mar-24	31-Mar-24	Subject to quality of work and recruitment

Internal Audit Bring In House

Open and Closing Milestones

Ref	Status	Deliverable or Milestone	Owner	Progress	Delivery Dates		Date Delivered	Additional Comments
					Original	Forecast		
IA-12	R	Positive Head of Internal Audit Opinion	Head of FG, IA	This will be work in progress for a number of years	31-Mar-24	31-Mar-24	31-Mar-24	Significant number of variables that can impact including outcome of External Audit findings; recruitment of a IA team and general response from departments to implementing IA recoemmendations

Procurement and Contract Management Action Plan Direction 3.e

Ref	Status	Deliverable or Milestone	Owner	Progress	Delivery Dates		Date Delivered	Additional Comments
					Original	Forecast		
M-004	G	Deliver contracts register	Clare Priest	**29/11** - Contracts register in place and reflects new council structure - now being used as Business as Usual activity	30-Jun-22	30-Jun-22	30-Jun-22	
M-006	G	Update Contract Procedure rules	Clare Priest	**29/11** - Updates approved, along with revised financial procedure rules at full council on 22nd November	22-Nov-22	22-Nov-22	22-Nov-22	Major update to CPR's was done in November 2021 which underpins improvement in governance
M-002	G	Develop procurement and contract management processes and procedures, and train staff	Clare Priest	**29/11** - Initial round of training completed, further sessions to be booked. Processes and procedures were finalised but will be refreshed to reflect the revised contract procedure rules approved by full council on 22 November	31-Dec-22	31-Dec-22		
M-001	A	Recruit to vacant posts within the Commercial Team	Clare Priest	**29/11** - Posts are being advertised. Expect at least two rounds for procurement posts.	30-Mar-23	30-Mar-23		
M-003	G	Implement contract management system (Agresso)	Clare Priest	**29/11** - meeting held with Agresso technical lead - confirmed that initial implementation can be delivered by the end of the financial year and enhancements/add on modules can be delivered thereafter	31-Mar-23	31-Mar-23		
M-007	G	Development of meaningful KPIs and performance data	Clare Priest	29/11- KPI's to be developed from January onwards, including performance relating to exemptions	31-Mar-23	31-Mar-23		
M-009	G	Develop forward plan for 2023/24	Clare Priest	**29/11** - Contracts register will be used and form the basis of the forward plan	01-Apr-23	01-Apr-23		
M-005	A	Develop and implement social value policy	Clare Priest	**29/11** - Policy being developed, will work with procurement consultants to implement	31-Dec-23	31-Dec-23		
M-008	A	Implement procurement and contract management strategy	Clare Priest	**29/11** - Strategy in place, LGA procurement strategy maturity assessment to be undertaken. Implement contract management framework when resources in place	31-Mar-24	31-Mar-24		Predicated on fully resourced in house team

ICT Action Plan - Cloud Migration for 'Line of Business' Applications

Direction 3.f

Ref	Status	Deliverable or Milestone	Owner	Progress	Delivery Dates		Date Delivered	Additional Comments
					Original	Forecast		
M-007	R	APAS		**30/11** - Migration of the council's planning application to the cloud	30-Nov-22			
M-012		Liquid Logic (Adult social care)		**30/11** - Migration to the cloud of the council's Adult Social Care system, Children's Social Care & Early Help applications.				Being scoped for delivery
M-001	R	*Northgate Housing		**30/11** - Migration of the council's housing management system to the cloud	31-Dec-22	31-Dec-22		This project is managed externally to the ICT and Digital team with an external project manager leading on behalf of the directorates using the platform. This project will be managed within the IT and Digital Projects portfolio at request of Housing Director from February.
M-010	R	Agresso finance system		**30/11** - Migration & ongoing service management of the council's finance system to a new supplier (Cloud Hosted)	31-Dec-22	31-Dec-22		Data migration and infrastructure set-up is underway. Existing contract extended one month to ensure access to complete datasets.
M-004	G	Academy (Revs and Bens)		**30/11** - Migration of the council's revenues and benefits case management system to the cloud	31-Jan-23	31-Jan-23		
M-008	G	ITSM		**30/11** - Phase one Implementation of an IT service management application – case management and customer portal.	31-Mar-23	31-Mar-23		Procurement activity halted until CCS framework G-cloud 13 launches.
M-009	A	EDMS		**30/11** - Implementation of a council wide electronic document management system	31-Mar-23	31-Mar-23		Cabinet report drafted recommending direct award to incumbent supplier for two years, 10% reduction in contract costs. Longer term project team to be established and options appraisal completed.

ICT Action Plan - Cloud Migration for 'Line of Business' Applications

Direction 3.f

Ref	Status	Deliverable or Milestone	Owner	Progress	Delivery Dates		Date Delivered	Additional Comments
					Original	Forecast		
M-005	R	Flare		**30/11** - Implementation of a new case management system for regulatory services	30-Sep-23	30-Sep-23		Procurement activity halted until CCS framework G-cloud 13 launches.

ICT Action Plan - Cyber Security and Resilience

Direction 3.f

Ref	Status	Deliverable or Milestone	Owner	Progress	Delivery Dates Original	Delivery Dates Forecast	Date Delivered	Additional Comments
M-009		Cyber reporting	Stephen Menzies	**30/11** - Implementing a range of cyber reporting on the council's cyber security and resilience				Not started yet
M-010		PSN/DWP re-certification	Stephen Menzies	**30/11** - Preparing for the submission of the council's PSN certification				Not started yet
M-005	A	NCSC services	Stephen Menzies	**30/11** - Implementing a range of free NCSC provided IT services for network and email security	31-Dec-22	31-Dec-22		Work being undertaken by Cyber Security Officer.
M-006	R	Multi factor authentication (MFA)	Stephen Menzies	**30/11** - Implementing MFA across council devices.	31-Dec-22	31-Dec-22		As above
M-008	R	Ransomware	Stephen Menzies	**30/11** - Implementation of a ransomware file encryption protection solution	31-Jan-23	31-Jan-23		As above
M-002	R	Security incident and event monitoring (SIEM)	Stephen Menzies	**30/11** - Implement a SIEM tool to log and monitor traffic on the council's networks and devices	31-Mar-23	31-Mar-23		Cyber security consultant being brought in to undertake work.
M-003	R	Active Directory	Stephen Menzies	**30/11** - Implementing additional controls and security policies on the council's Active Directory	31-Mar-23	31-Mar-23		As above
M-001	R	Back-up	Stephen Menzies	**30/11** - Implementing a cloud-based back-up solution for the council's applications and data	30-Sep-23	30-Sep-23		ITT and specification nearly complete. To market through December and early January.
M-004	R	Legacy operating systems	Stephen Menzies	**30/11** - Replacing legacy operating systems which are out of date and unsecure	30-Sep-23	30-Sep-23		As above
M-007	R	IT health checks	Stephen Menzies	**30/11** - Undertaking regular IT health checks on the council's networks.	30-Nov-22	Ongoing		As above

ICT Action Plan - End Use Compute

Direction 3.f

Ref	Status	Deliverable or Milestone	Owner	Progress	Delivery Dates		Date Delivered	Additional Comments
					Original	Forecast		
M-006		Anti-virus	Stephen Menzies	**30/11** - Implementing a new anti-virus solution				Not started yet
M-002	R	Corporate and contact centre telephony	Stephen Menzies	**30/11** - Migration to a new service provider for corporate and contact centre telephony services	28-Feb-23	28-Feb-23		Supplier unwilling to operate at risk until contract was sealed. This competed 1/12/22. Kick off meeting scheduled for w/e 9/12/22.
M-004	A	Always on VPN	Stephen Menzies	**30/11** - Improving remote access over VPN for staff	31-Jan-23	28-Feb-23		Dependency on upgrade of NetScaler which was delayed until 14/12/22.
M-003	A	Laptop AutoPilot	Stephen Menzies	**30/11** - Automating process of building staff user profiles onto new laptops	31-Jan-23	31-Mar-23		Reviewing existing laptop image and aligning to roll-out of always on VPN
M-001	C	Scan Station	Stephen Menzies	**30/11** - Updating resident self-service document scan stations	30-Nov-22	30-Nov-23	30-Nov-23	Application and devices live. Reviewing EoP report and lessons learned.
M-005	R	InTune mobile device management	Stephen Menzies	**30/11** - Implementing new approach to managing council devices remotely	31-Dec-23	31-Dec-23		Roll-out has started. Unlikely to achieve 700 users by end of December due to resources and lack of uptake by staff.

ICT Action Plan - Upgrading Infrastructure

Direction 3.f

Ref	Status	Deliverable or Milestone	Owner	Progress	Delivery Dates		Date Delivered	Additional Comments
					Original	Forecast		
M-009	G	Cloud assessment	Stephen Menzies	**30/11** - Identify the potential for more efficient hosting options for applications used across the council				This project hasn't started
M-001	R	Disk storage replacement	Stephen Menzies	**30/11** - Replacement of the council's storage area network equipment.	31-Dec-22	31-Jan-23		Delays in completing procurement and three month lead time for equipment.
M-007	R	Disaster recovery as a service	Stephen Menzies	**30/11** - Procurement and implementation of a cloud disaster recovery service	28-Feb-23	28-Feb-23		Delayed through resource availability to complete specification.
M-003	C	FS Logix (Citrix)	Stephen Menzies		31-Mar-23	31-Mar-23		The project is no longer needed. Work on Commvault has improved logon performance, main driver for this project.
M-005	A	Wi-Fi	Stephen Menzies	**30/11** - Review and upgrading of the council's Wi-Fi service within Observatory House	31-Mar-23	31-Mar-23		This project is dependent on the asset disposal schedule to allow confirmation of the council's requirements.
M-002	R	Core switch migration	Stephen Menzies	**30/11** - Upgrade and replacement of the core switch	31-Mar-23	30-Apr-23		There is a dependency on the completion of the cable audit completing which is part of the DC relocation.
M-006	R	Data centre relocation	Stephen Menzies	**30/11** - Relocating the council's data centre to a central government, highly available and flexible location	31-Jan-23	31-May-23		Earliest delivery date for telcom lines is March. There is no change window available from this date until 2nd week in May.
M-008	G	Office 365 Phase 2	Stephen Menzies	**30/11** - Maximising the use of online collaboration and productivity tools available from Office 365	30-Jun-23	30-Jun-23		

Subsidiary Companies Action Plan

1. In FY 2022/23, the Council has simplified the Council's corporate structure and reduced its resource requirements by closing down all of its dormant companies.

2. Six companies have been closed down this year.

3. The Council's activities have been focused on the higher risk companies; GRE5, JEH and SCF, as well as its regeneration partnership, SUR.

4. This has included significant changes to the governance, management, reporting and financial arrangements across these entities as set out in this section and improvements will continue to be made.

5. Critically, these changes have, or will have, a significant impact on the Council's financial position over the next few years; reducing borrowing requirements, MRP and the Council's exposure to financial risk.

Subsidiary Companies Action Plan

The improved governance arrangements should also enable the Council to make timely informed decisions on key strategic and financial matters that are critical to the Council's capitalisation directive. These include:

1. The Council's capital programme has been reduced (e.g. SUR programme reduced by c £50m and the JEH acquisition programme was been stopped reducing the capital programme by a further £15m);

2. The increased loan repayments to the Council improving cash flow and borrowing costs (e.g. a significant reduction in the SUR loan facility from £9m to £2m this year);

3. Capital receipts have been accelerated (e.g. SUR opted site disposals of c £40m in the next few years);

4. Reduced cost exposure on key development sites;

5. Reduced operational losses for JEH due to the change to its acquisition strategy and improved Council operational oversight and

6. Additional sources of funding have been identified and approved to reduce the Council's overall financial exposure (e.g. Homes England funding of at least £9m for GRE5 as a contribution towards the ACM programme and additional First Homes grant funding to accelerate the sales of apartments at the Old Library Site).

1. FY 2023/24 will see a focus on JEH to enable the Council's loan facility to be repaid over the next few years.
2. The Council will also seek to exit completely from GRE5 following the completion of the ACM works at Nova House and the settlement of the legal claim against the warranty provider.
3. Activity in relation to DISH has not been prioritised in FY 22/23 and is programmed for early FY 23/24.
4. DISH is a company limited by guarantee, wholly owned by the Council.
5. DISH has been in existence since 1988 and has a lease with the Council for 54 properties which are primarily occupied by long-term tenants.
6. It is considered to have a lower risk profile compared to the other companies which has informed the timing of a cabinet paper on the way forward.

GRE5

1. Company limited by shares (100% owned by the Council). GRE5 owns the freehold lease for Nova House - a residential block of flats with cladding and structural defects.

2. Report to cabinet and full council to set out options and regularise the loan arrangement (Reports June/July 2021 and loan fully executed and in place).

3. New directors appointed based on skills audit. External appointments following interview process.

4. Separation between board and shareholder function, with shareholder decisions made at officer, cabinet or council level as appropriate (loan arrangement agreed by full council).

5. Securing of additional funding from HE and commissioning of developer for cladding and associated works.

6. Exit arrangements expected in financial year 2024/25 due to works contract and ongoing litigation (legal case expected to be concluded in FY 23/24.

SUR

1. SUR is not a company, it is a limited liability partnership, with specific limited liability partnerships created underneath for each scheme. It is a joint venture between the Council and Muse.

2. Its purpose is to manage and deliver regeneration schemes – established in 2013.

3. Cabinet reports are produced for each site on a case by case basis. Recent papers on Montem, Stoke Wharf and NWQ disposals.

4. Corporate oversight board to strengthen governance and the Council's management arrangements.

5. New Executive Director of Housing and Property will have lead responsibility for exit arrangements once current schemes are complete or alternative arrangements entered into. Phased exit following site disposals – winding up expected FY 24/25.

JEH

1. JEH is a company limited by shares – 100% owned by the Council. Set up in 2017 with the sole purpose to acquire and hold housing properties, majority rented at LHA. Includes temporary accommodation portfolio.
2. External review by Local Partnerships, funded by LGA – in FY 22/23. Recommended a phased exit incl. some properties to be transferred back to the Council / some properties to be sold; but with further work required before recommendations could be confirmed and set out in an Action Plan.
3. Council has provided loan facility to JEH to enable the acquisition of properties – c. £50m debt. Loan Facility has been restricted to this level – facility was up to c £65m.
4. New directors appointed with monthly board meetings. New board terms of reference and directors contracts.
5. New SLA between Council and JEH to ensure transparency around services provided and cost recovery. JEH has no staff – all services are provided by the Council.
6. Separation of banking arrangements put in place.

Development Initiative Slough Housing (DISH)

1. Company limited by shares set up in 1988 for sole purpose of leasing and managing 54 properties.
2. Properties are all tenanted with stability in its tenants.
3. Options review and exit strategy scheduled for financial year 2023/24 due to lower risks.

Subsidiary Company Action Plan

Open and Closing Milestones

Ref	Status	Deliverable or Milestone	Owner	Progress	Delivery Dates		Date Delivered	Additional Comments
					Original	Forecast		
M-002	A	Make sure that the directors appointed by the Authority are appropriately skilled in either technical or company governance matters.		**30/11** - Skills audit undertaken for all except DISH. All Directors replaced to meet requirement of skills audit. Interviews conducted and Terms of Appointment produced and signed for all directors and assurance sought regarding training and induction in place for each company except DISH.				Review of DISH to be completed by FY 2023/24 Q1 due to it being lower risk.
M-004	A	Ensure board functions effectively under a nominated shareholder representative		**30/11** - Shareholder/member representative for each company. Representative is supported by corporate oversight board of officers for all except DISH. Reports being taken for approval by cabinet where required/appropriate. E.g. SUR disposals, and GRE5 loan facility approval, SCF business plan and in-year contract change. Support and handover to be given to Patrick Hayes in his new role as shareholder representative for the three housing companies.				Review of DISH to be complete by FY 2023/4 Q1 to consider need for corporate oversight board if not transferred into the Council.
M-005	A	Establish a plan to internalise, close or sell as appropriate		**30/11** - Six dormant companies wound up. Options review undertaken for all companies except DISH. Cabinet authority to undertake discussions with DfE for SCF. Cabinet decision on all schemes held by SUR, with plan to dispose of all sites and winder up the partnership by 2024 latest. Options review undertaken by Local Partnerships for JEH – to be reported to Cabinet in 2022/23. Likely phased disposal/transfer programme to be recommended to Cabinet. Winding up of JEH following changes. Cabinet approval to direction of travel to dispose of GRE5, implementation to be after completion of building works and conclusion of litigation				Review of DISH to be complete by FY 2023/4 Q1 due to it being lower risk.
M-001	A	Consider the roles and case for continuing with each subsidiary company		**30/11** - Review undertaken for all except DISH. Cabinet reports outlining review for GRE5 and SUR (and SCF although not specifically part of this). Review of JEH has been undertaken with a recommendation on a way forward – however a Cabinet report has been scheduled for March 2023 due to additional work (regulatory and financial) required to inform the overall case and action plan.	31-Mar-23	31-Mar-23		Review of DISH to be complete by FY 2023/4 Q1 due to it being lower risk.

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Subsidiary Company Action Plan

Open and Closing Milestones

Ref	Status	Deliverable or Milestone	Owner	Progress	Delivery Dates		Date Delivered	Additional Comments
					Original	Forecast		
M-003	A	Ensure board functions effectively under the terms of an explicit shareholder agreement.		**30/11** - Agreements exist between all companies and the Council as shareholder, except DISH. The agreements differ depending on the nature of the corporate entity. Corporate oversight boards and governance reviews undertaken as appropriate to check compliance with requirements of agreements for all except DISH. Business plans for JEH, GRE5 and SCF required to be approved by Cabinet for next financial year. Business plan not approved for SUR due to decisions being made on a scheme by scheme basis.	31-Mar-24	31-Mar-24		Review of DISH to be complete by FY 2023/24 Q1 due to it being lower risk.

Actions to deliver against this direction are included in the democratic governance action plan. The below are examples of improvements made (previously reported to the November IRB.

Experimental Bus Lanes, Cabinet, 17 January 2022
https://democracy.slough.gov.uk/ieListDocuments.aspx?CId=109&MId=6749

Comprehensive appendices on:

- Consultation feedback
- Monitoring data
- Journey times
- Air quality

Corporate Energy Procurement Strategy, Cabinet, 17 January 2022

https://democracy.slough.gov.uk/ieListDocuments.aspx?CId=109&MId=6749

Included data on:

- Potential energy costs
- Fixed price options
- Predictions for future use, informed by expert advice and analysis

Slough Library Service Plan and new delivery model, Cabinet, 21 March 2022
https://democracy.slough.gov.uk/ieListDocuments.aspx?CId=109&MId=6751&Ver=4

Included:

- Needs assessment
- CIPFA benchmarking comparisons
- Equality Impact Assessment data
- Consultation results

Finance Department Restructure, Cabinet, 20 June 2022
https://democracy.slough.gov.uk/ieListDocuments.aspx?CId=109&MId=7050&Ver=4

Included benchmarking data with 2 other Local Authorities

Finance Department Restructure, Cabinet, 20 June 2022
https://democracy.slough.gov.uk/ieListDocuments.aspx?CId=109&MId=7050&Ver=4

Included data on cost over time, including net spend and number of items supplied.

Home to school transport & Bus Enhanced Partnership, Cabinet, 20 June & 17 October 2022

https://democracy.slough.gov.uk/ieListDocuments.aspx?CId=109&MId=7074&Ver=4

https://democracy.slough.gov.uk/ieListDocuments.aspx?CId=109&MId=7088&Ver=4

The former included:

- Benchmarking data on contribution rates for 6 other LAs
- Cost per pupil of transport from 25 other LAs
- Consultation results (October)

The latter included consultation feedback.

Both are examples of a two stage process with Cabinet approving both.

Waste Collection and Disposal Savings, Cabinet, 21 September 2022

https://democracy.slough.gov.uk/ieListDocuments.aspx?CId=109&MId=8282&Ver=4

Included:

- Data on frequency of collections for six Local Authorities
- Contaminated loads data
- Environmental impact projections

Key Service Updates

Regulation and Enforcement

- As part of our efforts to improve joint working across regulatory and enforcement teams within the Council, the Corporate fraud team are delivering briefings to explore effective collaboration.

- To enable greater understanding of the collective suite of powers and legislation available, we have started to collate this information with one spreadsheet.

- This will enable teams to understand the most effective and efficient route when addressing enforcement action.

Community Safety

- The Safer Slough Partnership relaunch is progressing with pace, with work steams and processes being refreshed and aligned to fit current operational environment.

Key Service Updates

Re-ablement

- The Reablement consultation concluded on the 2nd September 2022.
- The new Reablement and Independence team posts are being advertised until early December.
- Processes associated to the new working model have been implemented and continue to be embedded with staff.
- In year savings have been re-profiled to consider the timeline of recruitment activity which is the significant factor for driving financial efficiencies.
- Methodology for how impact of reablement efficiencies is measured and tracked has concluded.

Public Health

- The ‘Healthy Behaviours Health Needs Assessment’ has now been published as part of the East Berkshire JSNA which will inform the design of services in Slough for key council priorities such as smoking, healthy weight and physical activity.

Key Service Updates

Health and Social Care Integration

- Draft plan for the Better Care Fund 22-23 has been produced along with a Narrative Plan 22-23, Metrics and Spending Plan. This has now been agreed by the national team.

- Two reports have been agreed at November Cabinet with an integration remit, these include:

  - A model for recommissioning of the Voluntary and Community Sector which is funded through Public Health and the Better Care Fund. New services are intended to include an integrated offer at the 'Front Door' between the VCS and ASC, and VCS and Hospital Social Work teams, to enhance the preventative approach and reduce demand for ASC. These services will be going out to tender imminently.

  - Contract award for an Integrated Substance Misuse Service and Rough Sleepers Substance Misuse outreach service. Mobilisation will shortly commence for these services with new contracts going live in April 23.

-

Customer Services

- Weekly customer services performance now being reported in the weekly members bulletin.

- AD meeting with groups of front-line CS staff every Tuesday to ensure visibility / accessibility of senior leadership.

- Launched Customer Services Target Operating Model re-design meetings with the senior Customer Services staff - currently progressing discovery phase and internal evaluation of all contact channels. Discovery phase due to complete - end December.

- Performance for Customer Services is showing a significant improvement as a direct result of temporary resources invested in the service

	Oct-2021	Oct-2022
Calls Received	17,389	13,891
Calls Answered	6,124	11,191
% Answered	35.2%	80.6%
Average Wait Time	00:17:48	00:05:10

Key Service Updates

Complaints

- Statutory complaints report presented to CLT - Assurance CLT 9th November.
- Bespoke reports extracted from the case management system detailing all outstanding casework per service and was issued to services 9th November, requesting action to close outstanding casework.
- Positive response received in key areas and action taken to close - e.g., DSO, Housing, Council Tax, Resilience and Enforcement.
- Quarterly monitoring reports have been re-introduced and are being circulated to services week ending November.
- Task Finish Group is now progressing through discovery phase - inviting external Local Authority complaint leads to meet with Chairs - Hounslow , Liverpool booked for this week.

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Strategy and Transformation

Improvement and Recovery Board

Progress Report
21-Dec-22

Report Owner: *Sarah Hayward, Strategy and Transformation*
Report Author: *Strategy and Transformation Team*

Slough Borough Council
www.slough.gov.uk

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Welcome, Introductions and Declarations of Interests

Any required supporting pictures etc. for new members to the team go here...

Open and Closing Actions

Ref	Status	Description of Action	Date Raised	Raised By	Owner	Progress	Date Last Updated	Target Date	RAG
AC-002	Open	Commissioners to set up a working session with a cross-party group to discuss how to implement recovery plans at the same time as running council services.	28-Jul-22	IRB	Max Caller	**28/11/22** - Pending the availability of approved Recovery Plans against all Directions. **29/09/22** - TBC: Original date no longer available.	28-Nov-22	TBC	A
AC-007	Open	Stephen Brown agreed to take forward work to look into lessons learned from the capability assessments done as part of the 'Our Futures' restructure, including how the organisation who did 'gate one' assessments were commissioned and if scrutiny/audit should be involved in this processes.	29-Sep-22	IRB	Stephen Brown Sarah Wilson	**20/12/22** - Task and Finish group evidence gathering sessions have been completed and report is being drafted in consultation with the chair. **20/12/22** - Findings of Task and Finish Group will be reported to the O&S Committee in January 2023 with recommendations to be made to cabinet and other member forums in January/February 2023. **24/11/22** - The O&S Committee has set up a task and finish group to look at the commissioning and contract management processes and this includes looking at how Gate One was commissioned and delivery measured. This follows a lead Member and Directors meeting on a learning lessons report where it was decided not to take this to a formal cabinet meeting, as the learning had been captured and not much to be gained from having a public discussion on it.	19-Jan-22	01-Feb-23	G
AC-009	Open	Max Caller suggested having a regular meeting with the DfE Commissioner, Leader, Cabinet Member and any others they want to bring on a regular basis, noting that this may be most efficient on a day where there is a 'Getting to Good' Board planned. Lucy to raise with DfE Team / Commissioner.	29-Sep-22	IRB	Claire Willerton	**01/12/22** - DLUHC Commissioners meet the Children's Commissioner fortnightly and Paul Moffatt is invited to attend both the Finance Board (chaired by Margaret Lee) and the Improvement and Recovery Board (chaired by Max caller). The wider meeting with Cllrs Swindlehurst and Hulme described here has not been established yet.	01-Dec-22	21-Oct-22	R

Open and Closing Actions

Ref	Status	Description of Action	Date Raised	Raised By	Owner	Progress	Date Last Updated	Target Date	RAG
AC-010	Open	Updated Corporate Plan to be presented / agreed in the new year, by relevant stakeholders.	01-Dec-22	Tony Wisken	Stephen Brown	**17/01/23** - Corporate Plan update being brought to the January IRB. **01/12/22** - Replaces AC-001 and reflects the agreement to update the Corporate Plan. The new Corporate Plan should be agreed in good time for the new Council to adopt it after the all-out May-23 elections.	17-Jan-23	26-Jan-23	G

Headlines

Recruitment

1. A workshop to review the whole recruitment process for all levels took place on 9th January 2023 with stakeholders. Outcomes are being reviewed to turn into an action plan.
2. Adele Taylor has been appointed as ED for Finance and Commercial Services, and will be taking up her post in March. Interviews for two finance Deputy Directors scheduled for February.
3. Sue Butcher has been appointed as ED of people (children) and the CE of Slough Children First and commenced 16 January.
4. Mark Halligan has been appointed AD for Property.
5. Chris Stratford has been appointed AD for Housing.
6. Interviews for the ED Strategy and Improvement are scheduled for the end of January.

Culture Change

1. We are accelerating this programme – a Programme Manager starts 23rd January and the working group is currently meeting on a weekly basis.
2. There has been positive steps forward in the work to develop a refreshed corporate plan and council purpose.
3. The residents' survey has been prepared and is due to go live on 23rd January.
4. Previous Change Champions have been contacted, with a view to relaunching this initiative.

Headlines

Getting to financial stability

The financial stability plan is starting to come to fruition, and while there is a very long way to go, there are some real improvements coming through:

1. The capitalisation direction has been reduced from around £800m to less than £400m.
2. The need for revenue savings has been reduced from £20m a year for seven years to £20m in 2022/23, £23m in 2023/24 and then £14m a year for five years.
3. The sale of assets to reduce the council's debt was agreed by cabinet in September 2021 - £172m has so far been generated with a total of £200m planned for 22/23 and £100m in 23/24.
4. The 2018/19 and 2019/20 accounts have been submitted to the auditors.
5. The 2022/23 budget is forecast to be balanced and the £22.4m 2023/24 revenue savings have been identified
6. Comprehensive updates on the financial recovery have been presented to cabinet and every Full Council since September 21.
7. Six of the council's companies have been closed and four are being radically reviewed with no further expenditure on them, and sales being prepared, alongside greatly improved governance.
8. Internal audit recommendations are now being addressed and procurement has been considerably improved.
9. We can now deliver a balanced in year budget for the dedicated schools grant with a management plan that is highly regarded by DfE, and which is likely to lead to DfE financing a £27m write off of historic debt, subject to formal consideration.

Matters will continue to develop and continuously change, and the challenges are very significant, but the strategy is beginning to show real benefits. The outcome of the 2023/24 local government finance settlement may impact on the above.

Recovery Combined “Plan on a Page”

Feb-23 | Mar-23 | Apr-23 | May-23 | Jun-23 | Jul-23 | Aug-23 | Sep-23 | Oct-23 | Nov-23 | Dec-23 | Jan-24 | > Jan-24

Oversight

IRB | IRB | IRB | IRB | IRB | IRB | IRB | IRB | IRB | IRB | IRB

Letter to DLUHC (incl. Grant Thornton audit) | Letter to DLUHC | Letter to DLUHC | Letter to DLUHC

Financial Sustainability

Future Years Budget Exploration & Savings Ideation | 2024/25 Draft Budget Preparation | 2024/25 Budget Finalisation

S151 Arrives | 2023/24 Budget Update & Approval | 2024/25 Budget Update Available | 2024/25 Draft Budget | Financial Settlement

2018/19 Accounts Audit Complete | 2019/20 Accounts Audit Complete | 2020/21 Accounts Audit Complete

Asset Disposal

On-going Asset Disposal Programme

Q1 Receipts forecast: £36m | Q2 Receipts forecast: £53m | Q3 Receipts forecast: £34m | Q4 Receipts forecast: £23m

Procurement & Contract Mgmt.

Contracts Register Reviews (focussed to ensure up to date and robust, then six-monthly thereafter) | Six-Monthly Register Reviews Start

Mgmt. Framework | Contracts Register on Finance System

KPI’s Monitoring

Subsidiary Companies

Increase Member Oversight | Present and Implement Annual Business Plans for JEH, GRE5, SCF

JEH, GRE5, SUR Business Plans to Cabinet | Exit from GRE5 & SUR 2024/25

DISH Review | Undertake and Implement Recommendations for Governance Reviews | 2023/24 Receipts forecast £10m

Democratic Governance & Scrutiny

P2a – Short Term (incl. CfGS review response) | P3 – Medium to Long Term (incl. improved partnership governance, longer-term planning & decision making)

P2b – Short to Medium Term (incl. improving Member and Officer decision making processes, introductory training)

Governance & Culture Workshop | Whole Council Elections

Agree Member Dev Programme | Deliver Member Development Programme | Post-Election Member Survey

Present Reports on T&F Groups linked to Recovery | Implement new Scrutiny Structure, delivery training and finalise annual work programme

Shadow O & S Arrangements

Internal Audit

First Tranche of IA Recruitment Complete | Review against PSIAS Standards

Transition RSM to In-House Team | 2023/24 Audit Plan available

Finance Board Update on IA way forward

ICT & Digital

Updated ICT Strategy | Data-Centre Relocation Completes

Corporate Telephony | Security and Resilience, incl. DR Improvements | Mobile Telephony

Service Management Customer Portal Go-Live | Service Management – Ph 2 Go -Live

Mgmt. Structure & Recruitment

Recruitment Process Optimisation

ED & AD Levels Complete

Workforce & Culture

P1 - Defining Future & Quick Wins | P2 - Reshaping for Performance | P3 – Optimised Delivery

Staff Survey | Leadership Roadshow | CLT & Governance Restructure | Leadership Roadshow | Staff Survey

Improved PM | Staff Survey | Q’ly Perf Rep | Q’ly Perf Rep

Directives Progress Summary

Ref	Direction	CLT Lead (Strategic)	SLT Lead (Operational)	Member (Political)	Target Completion	RAG Curr.	RAG Trend	Commentary / Progress
1	Functional Capability Assessment	Sarah Hayward	Dean Tyler		01-Dec-22	C	=	**14/10** - Service plans have been completed, which will address gaps in capability. These are continuing to be iterated to ensure coherence across services and alignment with the corporate plan. SLT will act as the governance body for the service planning. Next steps are to develop reporting arrangements for monitoring progress in delivery, and ensure lessons for next year are captured.
2	Avoid Poor Governance or Financial Mismanagement	Steve Mair	Steve Muldoon / Liton Rahman	Leader / Cabinet Member for Financial Oversight & Council Assets	Continuous	G	=	**28/10** - Extensive finance business plan completed March 2022. Developed a medium and long term financial planning framework. Implemented changes to obtain best value for money. Ensuring financial implications of decisions are understood. Improving capacity, capability and culture to enable future success and monitoring of progress through the Finance Action plan. Embedding strong Financial Governance and risk management. Further improvements in Governance and Culture across the council will also contribute towards the delivery of this direction.
3a	Financial Sustainability Action Plan	Steven Mair	Steve Muldoon / Liton Rahman	Leader / Cabinet Member for Financial Oversight & Council Assets	31-Mar-29	G	▲	**13/10** - The Finance action plan covers 10 years in detail from 2015/16 to 2024/25 and is supplemented by a 14 year active financial model (to 2028/29). Key elements are: Accounts, Assets sales, Capitalisation direction, Revenue budgets, Borrowings, MRP, DSG, Internal audit, Risks and mitigations Finance structure and Directions/recommendations from DLUHC, GT, CIPFA, Directions. The plan is regularly updated.
3b	Democratic Governance Action Plan	Stephen Taylor	Alexander Polak	Leader	01-Dec-23	A	▲	**20/01** - The action plan is progressing. A Project Support Officer has been requested, and will be provided in the near future to help consolidate and deliver plans. **17/11** - Democratic governance action plan updated and reported to Overview & Scrutiny Committee on 17th November as part of wider update.
3c	Scrutiny Action Plan	Stephen Taylor	Alexander Polak	Chair, Overview & Scrutiny Committee	01-Dec-23	A	▲	**20/11 - 20/01** - The action plan is progressing. A Project Support Officer has been requested, and will be provided in the near future to help consolidate and deliver plans. **17/11** - Scrutiny action plan update and reported to Overview & Scrutiny Committee on 17th November, as well as separate report to Overview and Scrutiny Committee on recommendations from CfGS.

Directives Progress Summary

Ref	Direction	CLT Lead (Strategic)	SLT Lead (Operational)	Member (Political)	Target Completion	RAG Curr.	RAG Trend	Commentary / Progress
3d	Internal Audit Action Plan	Steven Mair	Mike Thomas	Cabinet Member for Financial Oversight & Council Assets	31-Mar-23	A	▲	**18/01** - Pre **21/22** internal audits are 97 per cent completed from a total of 276 actions. There is a concerted management effort to complete the remaining recommendations. For the **21/22** internal audits - there are now 128 actions or 52% completed from a total of 245 actions due for completion. A further 66 or 21% are not yet due for completion. As per the direction, the existing service has been reviewed and a fully costed option appraisal for an in-house internal audit function was completed in March 2022. Recruitment to the new team has taken place. Offers have been made to the three most senior posts and these have been accepted – onboarding is currently taking place during January and February. This will allow senior members of the new team to be involved in the 2023/24 audit planning alongside RSM. RSM are committed to deliver the 2022/23 plan up to 31 March 2023 and to provide an orderly handover to the new team. **05/12** - Pre **21/22** internal audits - there are now 269 actions or 97 per cent completed from a total of 276 actions. There is a concerted management effort to complete the remaining recommendations which are rated low. For the **21/22** internal audits - there are now 105 actions or 36% completed from a total of 288 actions. A further 51 or 20% are not yet due for completion. As per the direction, the existing service has been reviewed and a fully costed option appraisal for an in-house internal audit function has been completed. Recruitment advertising completed on **25/11/22** and 25 applications ....
3e	Procurement and Contract Management Action Plan	Steven Mair	Clare Priest	Cabinet Member for Customer Services, Procurement & Performance	12-Jan-23	G	=	**12/01** - Forward planning for 2023/24 financial year has commenced with all directorates, using the contracts register as a key source of information. Updated Contract procedure rules will be used in training sessions for staff planned in January and February 2023.
3f	Information Technology Action Plan	Stephen Brown	Simon SharkeyWoods	Cabinet Member for Customer Services, Procurement & Performance	11-Jan-23	A	▲	**28/12** - ICT & Digital update report discussed at Cabinet and warmly received. New strategy for ICT & Digital Services that is capable of supporting the ongoing change taking place in the Council, will be presented back to Cabinet in first quarter of 2023. Technology Operations Manager recruited and will be joining in January 2023. **24/11** - First high level view of the strategy and plan for ICT & Digital shared in report going to Cabinet in December. Shared with Commissioners 21st Nov, and reviewed at CLT 23rd Nov.
3g	Suitable Officer Structure and Scheme of Delegation	Gavin Jones	Sarah Wilson (MO)	Leader	01-Oct-22	A	▲	**Please see direction 8.**

Directives Progress Summary

Ref	Direction	CLT Lead (Strategic)	SLT Lead (Operational)	Member (Political)	Target Completion	RAG		Commentary / Progress
						Curr.	Trend	
4	Improvement Plan Monthly Reporting	Sarah Hayward	Tony Wisken	Leader	01-Nov-23	A	▲	**20/01** - Reporting and compliance continues to improve. Further work is required to ensure all updates are provided in a timely manner and are of the appropriate depth / quality. **24/11** - Feedback from the Nov IRB on the revised reporting approach was positive. Minor points of feedback have been reflected in the Dec materials. Further work will be required to align the various Action Plans to a common approach. **14/10** - First new style reporting with improved content and evidence produced for the Oct-22 IRB. **22/09** - Initial draft produced for review with Improvement and Recovery Board.
5	Cultural Change Programme	Stephen Brown	Sarah Hayward	Leader	03-Mar-23	R	▲	**18/01** - Programme Manager to lead on Cultural Change expected to start w/c **23/01**. Workstream level plans continue to develop. **01/12** - Briefing by Nick Kemp has taken place with SLT / CLT on **30/11**. **14/11** - A consultant, Nick Kemp, has been appointed to support the Programme. Scoping of key activities is currently being progressed.
6	Subsidiary Company Review	Steven Mair / Sarah Wilson	Carmel Booth	Cabinet Member for Financial Oversight & Council Assets	02-Apr-23	A	=	**20/12** - Agreement from leader to extend terms of reference of cabinet committee to include companies, SCF governance review update presented to December Audit and CG Committee, SCF articles of association reviewed and due for approval January cabinet, JEH, GR5 and SCF annual business plans to be presented to cabinet by end of FY. I would tentatively suggest this could be green, but we have not made progress on DISH, but should have done by April. Maybe we should wait for the business plans to go through and the committee to receive its first report. **05/12** - Update given to commissioners and elected members with timescale for formal cabinet reporting on each council as part of annual business planning. Of the eleven companies, six have been shut, four are currently being very actively managed, one, low risk, will follow in **23/24** (DISH). Capital programme reduced by c £65m, capital receipts of circa £50m will be generated

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Directives Progress Summary

Ref	Direction	CLT Lead (Strategic)	SLT Lead (Operational)	Member (Political)	Target Completion	RAG		Commentary / Progress
						Curr.	Trend	
7	Evidence Based Decision Making	Sarah Hayward	Sarah Wilson	Cabinet Member for Customer Services, Procurement & Performance	02-Apr-23	A	▲	**20/22** - Evidence based decision making. Update - data and insight elements incorporated into democratic governance action plan. Lessons learned incorporated into member level reports, including asset disposals, complaints and procurement reports. Progress updates being taken to formal member meetings to demonstrate progress against strategic priorities, with first progress update taken to Asset Disposal Cabinet Committee in December. **16/11** – Following the Commissioner review meeting, the Data Strategy and Governance Board met to scope actions for 2023. The first milestone will be writing and sign-off of a Corporate Data Strategy. The key messages are included in the slide pack. Budget discussions remain on-going and whether additional investment can be identified will determine if the council can pursue a Growth/Transformative path or a Foundations/Incremental path in responding to this Direction in 2023.
8	Senior Officer Structure and Recruitment	Commissioners	Stephen Brown		31-Mar-23	A	▲	**20/01** -Recruitment of the S151 has been completed and two deputies is in progress. Director of Children's Services has been appointed and has started 16th January. Two interim AD have been engaged in Property and Housing. ED Strategy and Improvement interviews taking place at the end of January. **24/11** - An initial two Programme Managers have been recruited to the Transformation Team with an initial focus of SEND and Commissioning.

Avoidance of Poor Governance or Financial Mismanagement — Direction 2

An extensive finance business plan completed March 2022 set out our vision to ensure the long-term financial sustainability of Slough by making sure every pound of public money is spent wisely and the financial implications of all decisions are understood. We have:

1. Developed a medium and long term financial planning framework – now embedded in the work around the capitalisation direction, approach to savings, budget and financial reporting processes.
2. Implemented changes to obtain best value for taxpayers money – through changes to the Commercial team, better understanding of contracts and contract management; use of the ECP process to challenge all expenditure, revision of contract procedure rules and associated training.
3. Ensured the financial implications of decisions are understood – developing business case analysis and reviewing council companies; improved risk management arrangements.
4. Operated an efficient & effective customer focussed department, reviewing systems and processes & the way in which Agresso has been utilised, reviewing our teams development & training needs, succession planning.
5. Improved capacity, capability and culture to enable future success – through the departmental restructure, the recruitment of experienced interims to assist with all aspects of the change agenda; and monitoring of progress through the finance action plan.
6. Embedded strong financial governance and risk management – completing annual accounts; reviewing previous annual governance statements; developing new financial procedure rules; agreeing a revised risk management strategy and processes.

Avoidance of Poor Governance or Financial Mismanagement — Direction 2

Governance

1. Dates set up and pre-workshop work for governance workshops, new process for annual approval of fees and charges.
2. There now a regular suite of complaints reporting – quarterly and annually.
3. All complaint cases now require office to any opportunities for continuous improvement and lessons learned.
4. The Complaints T&F Group have identified learning and service improvement as a key recommendation as part of their findings.

Next steps

1. Devise a bite size training programme for officers to cover variety of topics on good governance.
2. Devise a framework for commissioner decision-making and advice and guidance.

Finance Update - Savings Delivery Risk Assessment Direction 3.a

2023/24 Savings Delivery Risk Assessment (figures in £'000s)											
As @ 20-Jan-23	Saving Totals		Deliverability RAG Assessment					Saving Mitigations		
Function	Original (Baseline)	Total so far (excl. Non-Deliverable)	Non-Deliverable	Red (no credible plan)	Amber (at risk)	Green (on track)	Delivered	Agreed Sustainable	Agreed One-off	Proposed
Adults	5,588	5,588	0	0	1,817	3,771	0	0	0	0
Childrens	790	790	0	0	395	395	0	0	0	0
COO	1,855	1,855	0	640	97	1,118	0	0	0	0
COO/Finance	0	0	0	0	0	0	0	0	0	0
Finance	6,593	6,593	0	0	100	6,493	0	0	0	0
Place	5,051	5,051	0	277	951	3,823	0	0	0	0
Cross-Council	2,523	2,150	373	1,250	450	450	0	0	0	0
Total Slough Savings	22,400	22,027	373	2,167	3,810	16,050	0	0	0	0
			1.7%	9.7%	17.0%	71.7%	0.0%			
Movement from Previous Period			0	0	0	0	0			
Previous Period			373	2,167	3,810	16,050	0			

Any summary commentary goes here...

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Accounts

1. The accounts for 2018/19 and 2019/20 have been submitted. A very adverse external audit report is expected shortly.
2. The 2020/21 accounts will be submitted shortly.

Budget

1. Budget for 2022/23 – the month nine forecast is currently being prepared and is projecting the Councill will be within budget.
2. The 2023/24 budget gap has been closed.
3. Proposals are also starting to be gathered for 2024/25.

Structure

1. The new finance structure has been approved, recruitment commenced internally in August and externally during October and November closing on the 9th December.
2. Sifting and interviews took place pre and post Christmas with some notable successes. The three senior posts in Internal Audit have been filled with local candidates, a risk and insurance officer post is filled, all people below level 7 are now permanent staff, second interviews have or are currently taking place for 3 strategic finance manager and 2 finance manager roles.

Assets and Capitalisation

1. Asset sales are currently forecasting up to over £200m in 2022/23.
2. Currently received £172m, other sales taking place through to March 2023.
3. The capitalisation direction is showing a major reduction, largely, but not solely, arising from the above.

Dedicated Schools Grant

1. The DSG is forecasting to be balanced by 2025/26.
2. The presentation takes place on the 23rd January.
3. The council has submitted proposals to the DfE as required.
4. Final proposal required by 3rd February 2023.
5. Notification of approval expected in March 2023.
6. Could result in write off of £27m of deficit.
7. DfE very complementary about the Council's work on this.

Note, all figures are volatile and subject to change.

Asset Disposal - Progress Against Plan

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

2. Seven sales have completed generating £178m in capital receipts. Loan repayments of £6.5m have also been received. There is a high level of confidence in achieving over £200m in the current financial year.

3. AY's Asset Review Report (dated July 2022) identified the potential receipts for this financial year.

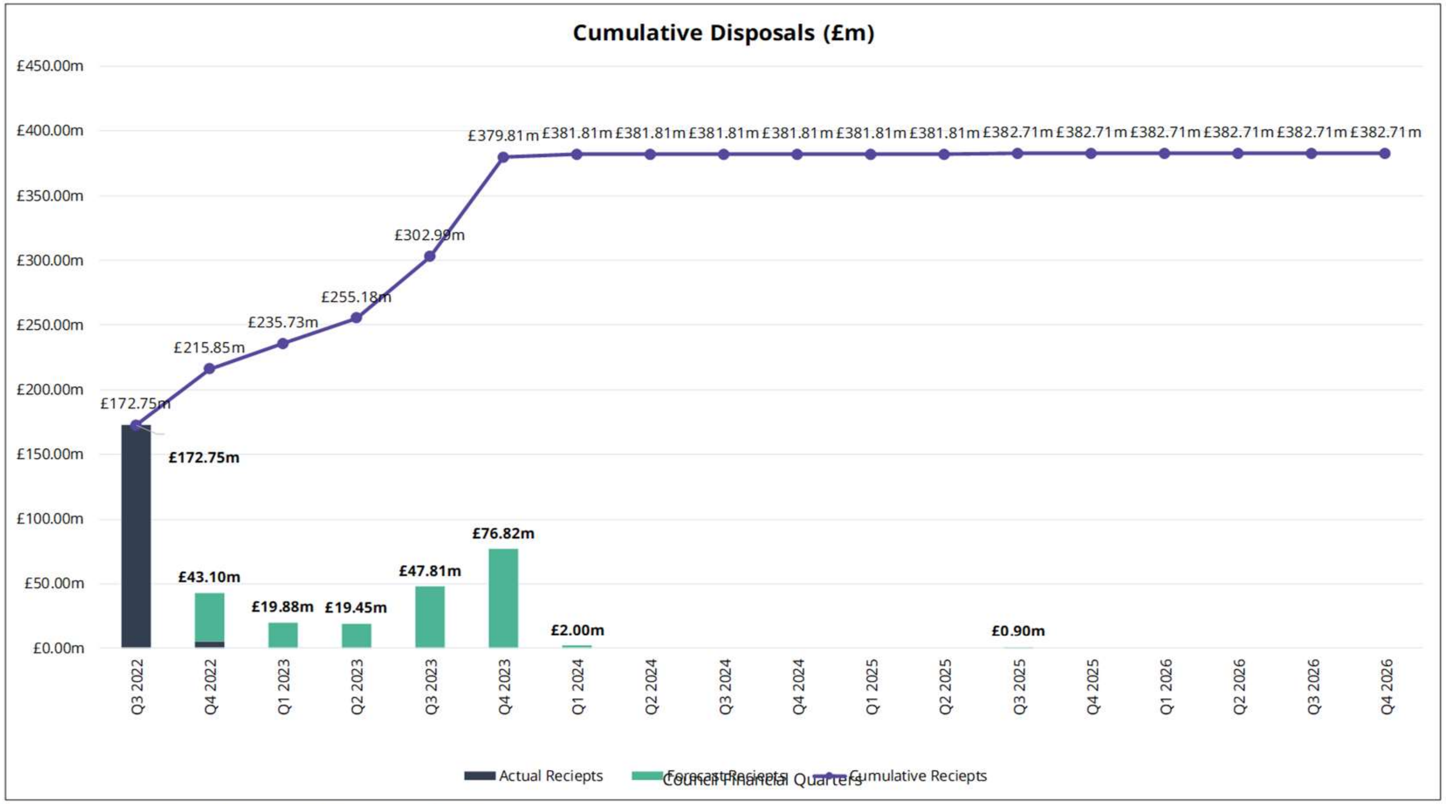
4. totalling £108m, so this will be significantly exceeded.

5. Internal resource added to provide additional focus and control on the programme.

6. An Estates Strategy being commissioned to identify opportunities beyond the initial AY report.

Asset Disposal - Progress Against Plan

Cumulative Disposals



NB: Quarters are Slough Borough Council's financial quarters

Anticipated cumulative receipts:

2022/23	£215,845,000	2023/24	£163,969,346	2024/25	£2,000,000	2025/26	£898,876	2026/27	£0	**TOTAL** £382,713,223

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Progress

1. Evidence based decision making actions have been incorporated into democratic governance action plan.
2. Review of constitution has commenced and is in progress to inform review at annual council.
3. An Independent remuneration panel is being set up for member allowances. Potential IRP members are being identified and will be appointed to the Panel by the MO in consultation with the Group Leaders.

Next Steps

1. A report on the independent renumeration panel will made to February /March Council for endorsement and approval of their Scheme of Allowances recommendations when received.

Progress

1. Task and finish groups are finishing and will report in January. Commissioners have commended the work of the SCF T&F group in setting a high standard.
2. Officer co-ordination group meeting regularly and to be "champions" for future scrutiny projects.

Next actions

1. Feedback on approach to be gathered and reported to Scrutiny

Internal Audit Action Plan Direction 3.d

Progress on actioning internal audits was slow or non-existent for several years.

Pre 21/22 internal audits:

- Progress has been made in closing management actions from previous financial years.
- There are now 269 actions or 97% completed from a total of 276 actions. Concerted action is to be taken to complete these actions before the year end. All 8 outstanding actions are rated as medium or low priority.

21/22 internal audits:

- There are now 128 actions or 52% completed from a total of 245 actions due for completion. All outstanding reports from 2021/22 have now been finalised and the Head of Internal Audit Opinion has been issued.
- 21% of actions are not yet due for completion.

22/23 internal audits:

- Internal audit plan agreed in July 2022 – 3 reports finalised, 11 further reports have been issued in draft and all are close to completion or subject to further discussion regarding the content.
- Reports on progress of implementing recommendations are made to the Audit and Corporate Governance Committee, Risk & Audit Board, Finance Board and CLT Assurance meetings.

Procurement and Contract Management Action Plan — Direction 3.e

Contracts register is being used as a business as usual tool in forward planning procurement activity, this includes consideration of longer term procurement activity required for high value, high risk contracts. It is also being used to develop the forward plan/contracts over £180k report for April Cabinet

Utilising existing IT systems for the contract register – implementation on Agresso due to be complete by the end of the financial year. The council is also considering in-house tools that can be used for contract management

Revised contract procedure rules we approved at full council in November, processes and procedures have been updated to reflect the minor changes to the rules, which reflects governance in the council. The training programme also reflects the revised rules, and continues throughout January and February.

Moved away from relying on expensive consultancy support, by initiating recruitment to a permanent in-house team, engaged a cheaper consultancy to support specialist procurement where needed and to plug short term gaps in resources.

Savings through detailed review of the council's contracts register

- The contracts register is being actively used to identify opportunities to drive savings and value for money.
- As a result of the reviews, savings of £1.8m have been identified. Note, most of these savings have been put into the Council's MTFS.

Further key development activities

1. Implement the contracts register on the council's finance system, so contracts can be easily linked to budgets and spend – by March 2023.
2. Development of a framework to ensure there is a co-ordinated and consistent approach to contract management – from January 2023.
3. Ensure KPI's are meaningful and monitored effectively – from January 2023.
4. Programme of continuous contracts register reviews to ensure the council is getting the best value for money – from September 2023 and six monthly thereafter.
5. Implement the actions in the procurement and contract management strategy that have not yet been undertaken, throughout the 2023/24 financial year.
6. Overview & Scrutiny Committee have completed a Contracts T&F Group to enhance improvement activity by bringing in additional councillor-level oversight, understanding and challenge. Their report is due to go to February Committee and on to Cabinet thereafter.

The ICT & Digital Team Strategy & Plan

1. The update report on the modernisation of ICT that went to Cabinet in December was warmly received. The new, adaptive strategy for ICT & Digital will come back to Cabinet in March. The new strategy will be robustly linked to the refreshed corporate strategy with a focus on capability, capacity and resilience that supports Slough to be an enabling council.

2. As well as directly supporting the new operating model for the provision of services, the strategy will highlight the work required to reset the IT provision and upskill all staff to use technology resources with increasing effectiveness. This will lead to a council that is more efficient and spending more of its time on serving residents and less time on low value work.

3. An exciting ambition within the new strategy will be to reset our place as an aggregator for the local community where, as well as providing access to council provided services, our offering signposts residents to partners, community groups, charities, etc., that have the ability to support them in whatever life events they are facing. The vision is that we provide a trusted digital space where our communities can find the help they need, often enabling them to solve issues for themselves.

4. As previously stated, the strategy is designed to be flexible enough to accept and welcome change. The opportunity provided by new technologies and/or new ways of working should be exploited more quickly and enable Slough to adapt without major disruption. We will test and learn as we go and embed the elements that have most impact for our residents.

Current activity and next steps

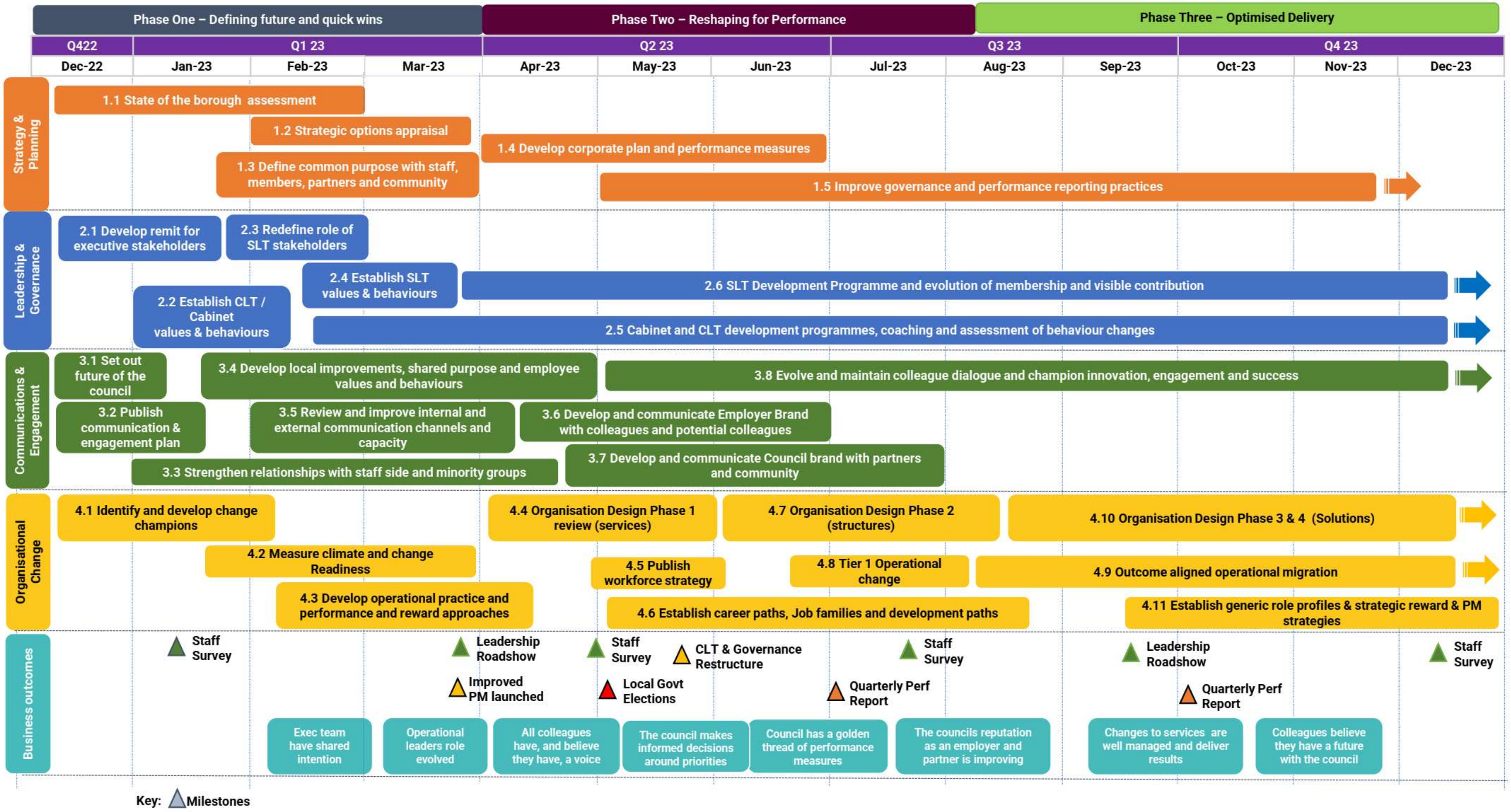
1. Complete the creation of the first draft of the ICT & Digital Strategy and begin socialising it with the lead member, commissioners, and the senior team.
2. Continue to work through the high volume of work in the modernisation programme. This now includes the new housing management system which needs significant focus to meet the future needs of the council.
3. Continue with the current focus on IT service management improvements to ensure that staff receive a more consistent service.

Organisational Structure - Senior Recruitment Update Direction 3.g

See Direction 8 - Senior Officer Structure and Recruitment

Culture Plan on a Page v0.7

DRAFT DOCUMENT



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Progress

1. We are accelerating this programme – a Programme Manager starts 23rd January and the working group is currently meeting on a weekly basis.
2. There has been progress in the Strategy and Planning workstream
   a) CLT received a report in December on the corporate plan, followed by subsequent discussions with Commissioners on this and the council's purpose.
   b) An initial evidence base is being prepared, including key insights from the 2021 Census, which will be shared in February.
3. The residents' survey has been prepared and is due to go live on 23rd January.
4. Previous Change Champions have been contacted, with a view to relaunching this initiative.

Next Steps

1. Progress development of corporate plan and purpose.
2. Resident's survey.
3. Develop branding / narrative for culture change programme and launching internally

Progress

1. Leader has agreed to extend ToR of Asset Disposal Cabinet Committee to oversee companies – a report will be presented to Cabinet on 26th January.
2. First update on SUR governance review taken to December A&CG Committee
3. SCF articles of association reviewed and amended by members in due course
4. SCF KPIs for service delivery contract are being reviewed with view to amending to avoid duplication with ‘Getting to Good’ performance indicators

Next steps

1. Officers have developed a proposal to oversee the council's interests as shareholder and advise cabinet accordingly. This is based upon an extension of the remit of the current Asset Disposal Group. A paper making recommendations on this will be taken through council decision making in the new year (FY 23/24).
2. Anticipated subsidiary derived capital receipts from sales are: FY 22/23 - £30m. NWQ disposal strategy approved in July 2022 with final disposal approval in Jan/Feb 2023. FY 23/24 - £10m. FY 24/25 - £5m.
3. Above sales receipts excludes JEH - exit plan to be agreed by Cabinet in early FY 23/24 with expected hybrid approach - lease transfer of some assets to the Council and sale of business as a going concern/individual property sales. This will enable JEH to repay its loans to the Council (JEH has assets/debts of c.£50m). Sale of individual properties (that are surplus to requirements/unoccupied) have already been included in the disposal programme for immediate sale.
4. New Business Plans for JEH, GRE5, SUR to Cabinet in March 2023.
5. New and/or revised Shareholder Agreements to be produced for all companies by the end of FY 22/23.
6. SUR estimated exit plan FY24/25 with disposal programme in FY 22/23 and 23/24. Disposals are on track.
7. Recommendations re JEH to Cabinet in early FY 23/24.
8. Exit from GRE5 when works completed – expected FY 2024/25. Expected sale of freehold interest and winding up of GRE5 Ltd.
9. DISH review and changes planned for FY 23/24. Expected transfer to Council.

Better data and insight for Evidence Based Decision Making — Direction 7

Progress

1. Data improvement actions directly linked into democratic governance action plan.
2. Check-in session held with Margaret Lee.
3. Associate Director-level Chair now in place for Data Strategy Group.
4. Draft of Council Data Strategy in development.
5. LGA-led resident engagement survey underway.

Next Steps

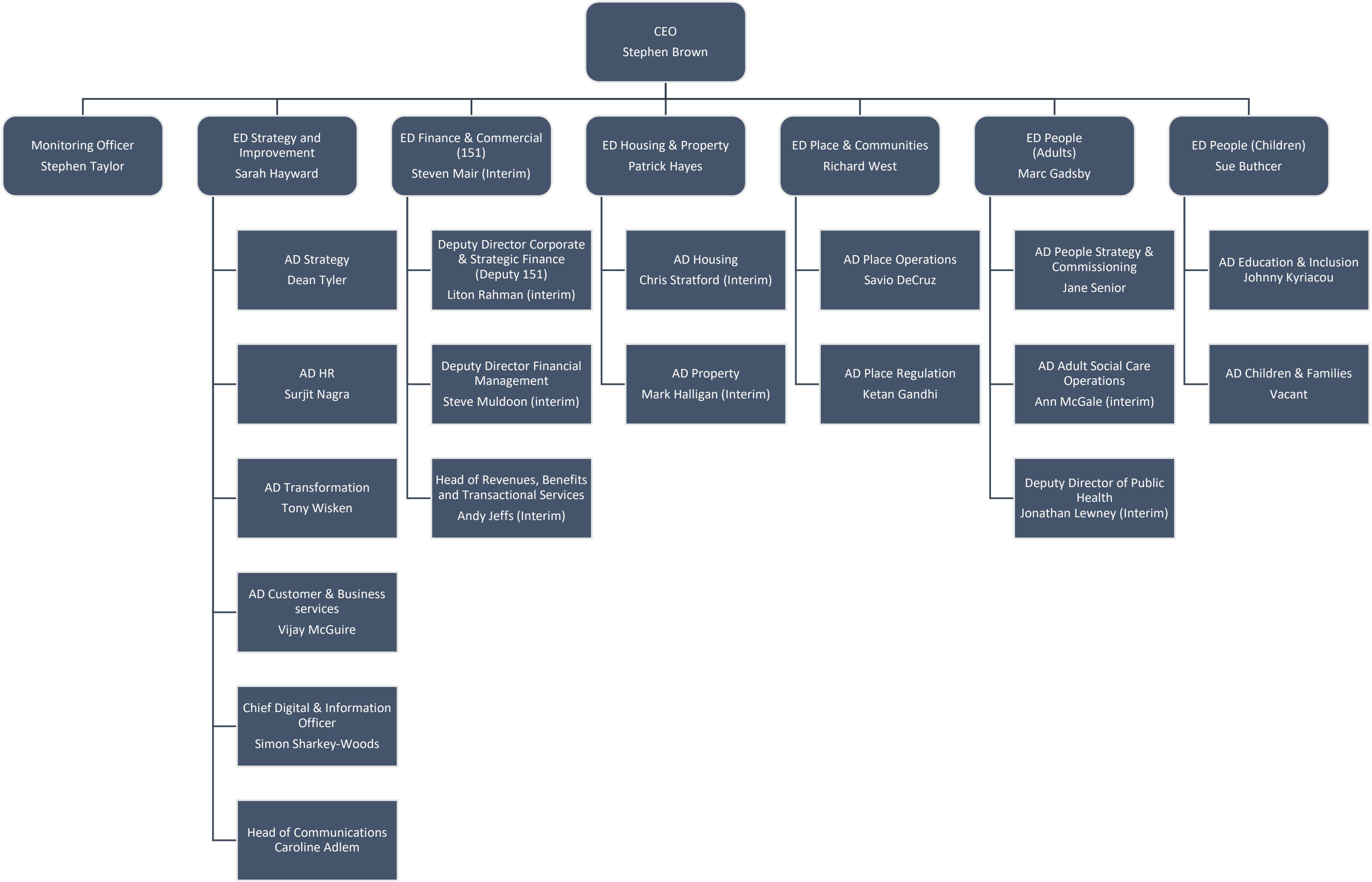
1. Progress Council Data Strategy for approval at April Cabinet.
2. Outline links between IT, digital, and data in new IT Strategy due for update at March Cabinet.
3. CLT to decide on accountabilities and responsibilities for data in the new Council Data Strategy.
4. IT and Data teams to lead on mapping all data assets to create a single view and assess current data risks and produce targeted service-level action plans defined by a risk-impact matrix.
5. Resident engagement survey results and State of Slough insight pack to inform Corporate Plan.

Organisational Structure - Suitable Senior Recruitment Update — Direction 3.g

Ref	Directorate	Tier	Position	Owner	RAG		Target Date	Incumbent	Commentary / Progress
					Curr.	Trend			
P-014	CEO	1	Chief Executive	Stephen Brown	C	=	01-Mar-23	Stephen Brown	**03/11** Stephen Brown appointed as new Chief Executive
P-004	COO	1	Monitoring Officer	Stephen Brown	C	=	26-Nov-22	Stephen Taylor	**13/10** Stephen Taylor joined SBC on 1st October.
P-001	COO	2	AD Transformation	Stephen Brown	G	▲	12-Sep-22	Tony Wisken	**19/01** Contracts being finalised **03/10** Tony Wisken joined SBC on **12/09**, on a secondment basis from Essex County Council. Formal contract details still pending.
P-002	COO	3	Head of Communication	Stephen Brown	C	=	19-Sep-22	Caroline Adlem	**03/10** Caroline joined SBC on **19/09**.
P-005	Finance	1	ED Finance and Commercial Services	Stephen Brown	C	▲	01-Mar-23	Steve Mair	**10/01** - Adele Taylor will be taking up the post in March. Appointment communicated to staff.
P-012	Finance	2	DD Corporate & Strategic Finance	Stephen Brown	G	=	01-Mar-23	Liton Rahman	**18/01** - Interviews are scheduled for February
P-013	Finance	2	DD Financial Management	Stephen Brown	G	=	01-Mar-23	Steve Muldoon	**18/01** - Interviews are scheduled for February
P-011	People		AD People (Adults)	Surjit Nagra	C	=	10-Oct-22		**13/10** An interim has been engaged for this position.
P-006	People	1	ED People (Adults)	Stephen Brown	C	=	01-Feb-23	Marc Gadsby	**02/11** - Marc Gadsby appointed as permanent Executive Director for People (Adults)
P-007	People	1	ED People (Children's)	Stephen Brown	C	▲	01-Feb-23	Sue Butcher	**12/01** - Appointment of Sue Butcher communicated to staff
P-003	Place	1	ED Housing and Property	Stephen Brown	C	=	17-Oct-22	Patrick Hayes	**21/11** - Patrick Hayes Joined on **17/11**
P-009	Place	2	AD Community	Surjit Nagra	C	=	01-Feb-23	Ketan Gandhi	**23/12** - Role no longer being recruited to. Ketan Gandhi picking up community.
P-010	Place	2	AD Housing	Surjit Nagra	C	▲	01-Feb-23	Chris Stratford	**18/01** - Chris Stratford appointed
P-008	Place	2	AD Property	Surjit Nagra	C	▲	01-Feb-23	Mark Halligan	**18/01** - Mark Hallifan Appointed

Senior Officer Structure and Recruitment

Direction 8



Senior Officer Structure and Recruitment — Direction 8

1. Employment & Appeals received a report on Chief Officer exit arrangements and new appraisal process for Chief Executive

2. The Committee also received an update on senior officer structure, recommending minor changes for approval by full council in January 2023.

3. A workshop to review the whole recruitment process for all levels took place on 9th January 2023 with stakeholders. Outcomes are being reviewed to turn into an action plan.

4. Adele Taylor has been appointed as ED for Finance and Commercial Services, and will be taking up her post in March. Interviews for two finance Deputy Directors scheduled for February.

5. Sue Butcher has been appointed as ED of people (children) and the CE of Slough Children First and commenced 16 January.

6. Mark Halligan has been appointed AD for Property.

7. Chris Stratford has been appointed AD for Housing.

8. Interviews for ED Strategy and Improvement are scheduled for the end of January.

Strategy and Transformation

Improvement and Recovery Board Appendices

Contents

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Recent Governance Decisions Taken in Support of Improvement and Recovery

Ref	Report & Subject	Date	Chief & Contact Officers	Portfolio	Key Decision	Summary of Decision	Related Direction and Contribution to Recovery	Link to Document
GD-024	**Cabinet** Financial Action Plan - update	21-Nov-22	Steven Mair ---------------------- Mike Thomas	Financial Oversight and Council Assets	No	To recommend an update on the Financial Action Plan to be presented to Council.	**3a Financial Sustainability Action Plan**: Commissioners reviewed the report and agreed with the contents.	https://democracy.slough.gov.uk/documents/s73695/Report%20and%20Appendices.pdf
GD-025	**Cabinet** Financial Update Report – 2022/23	21-Nov-22	Steven Mair ---------------------- Steve Muldoon	Financial Oversight and Council Assets	No	To note a report on the budget monitor for the second quarter of 2022/23.	**3a Financial Sustainability Action Plan**: Commissioners reviewed the report, agreed with the contents and approved the virements noted in the report and appendix.	https://democracy.slough.gov.uk/documents/s73720/Report.pdf
GD-026	**Cabinet** Treasury Management Mid-Year Report	21-Nov-22	Steven Mair ---------------------- Miriam Adams, Finance Manager - Treasury / Peter Worth, Finance Lead Technical Advisor	Financial Oversight and Council Assets	Yes	To receive an in year update on treasury management activity	**3a Financial Sustainability Action Plan**: Commissioners reviewed the report and agreed with the contents.	https://democracy.slough.gov.uk/mgIssueHistoryHome.aspx?IId=45424
GD-027	**Cabinet** Improvement and Recovery update	21-Nov-22	Stephen Brown ---------------------- Sarah Hayward	Leader of the Council	No	receive an update report on the action plan to improve governance in response to the various statutory recommendations and reports	**All**: To provide an update against the progress the Council has made in addressing each of the detailed Directions and the next steps to further embed the required changes. Commissioners' views on progress will be set out in their letter to the Secretary of State which will be sent in December	https://democracy.slough.gov.uk/documents/s73708/Report.pdf
GD-023	**Cabinet** Disposal of Council Asset - Former Akzo Nobel Site	02-Nov-22	Richard West / Steven Mair ---------------------- Fin Garvey / Peter Worth	Financial Oversight and Council Assets	Yes	Agreed to the disposal of the former Akzo Nobel site and to delegate authority to the ED of Property and Housing, in consultation with the Lead Member for Financial Oversight and Council Assets, and the ED of Finance and Commercial, to negotiate the terms and enter in contract.	**3a Financial Sustainability Action Plan**: Contribution to the Asset Disposal Programme and the financial sustainability of SBC.	https://democracy.slough.gov.uk/documents/s73323/Appendix%201%20-%20Former%20Akzo%20Nobel%20site%20-%20AY%20Recommendation%20Report.pdf

Recent Governance Decisions Taken in Support of Improvement and Recovery

Ref	Report & Subject	Date	Chief & Contact Officers	Portfolio	Key Decision	Summary of Decision	Related Direction and Contribution to Recovery	Link to Document
GD-022	**Scrutiny** Task & Finish Group - Slough Children First Business Planning	24-Oct-22	Andrew Fraser ---------------------- Alexander Polak	Children's Services, Lifelong Learning & Skills	No	Approve the creation of a Task & Finish Group to review Slough Children First Business Planning.	**2 Avoid Poor Governance or Financial Mismanagement** **3b Democratic Services Action Plan** **3c Scrutiny Action Plan**: Allows for an informed review into the arrangements surrounding the company and to make recommendations to Cabinet in time to influence budget setting decisions.	https://democracy.slough.gov.uk/documents/s73221/Task%20and%20Finish%20Group%20-%20SCF%20corporate%20reports%20and%20plans.pdf
GD-021	**Scrutiny** Task & Finish Group - Complaints Handling	20-Oct-22	Stephen Brown ---------------------- Alexander Polak	Customer Services, Procurement and Performance	No	Approve the creation of a Complaints Handling Task and Finish Group.	**2 Avoid Poor Governance or Financial Mismanagement** **3b Democratic Services Action Plan** **3c Scrutiny Action Plan**: Complaints represents an important area for the overall governance of the authority and a valuable source of performance information.	https://democracy.slough.gov.uk/documents/s73128/Task%20and%20Finish%20Group%20-%20Complaints%20Handling.pdf
GD-017	**Cabinet** Corporate Debt Management Policy	17-Oct-22	Steven Mair ---------------------- Peter Robinson	Financial Oversight and Council Assets	No	Approve a Corporate Debt Recovery Policy to support the maximisation of debt collection	**3a Financial Sustainability Action Plan**: Commissioners comment that the policy should balance the need to protect the public purse and support residents and businesses	https://democracy.slough.gov.uk/documents/s72981/Report.pdf
GD-018	**Cabinet** Update on Procurement and Contract Management	17-Oct-22	Steven Mair ---------------------- Clare Priest	Procurement and Performance	No	Update on key developments by the Commercial team to improve procurement and contract management.	**3e Procurement and Contract Management Action Plan**: Commissioners recognise the good progress to build a contract register although this needs regular management with updates to Commissioner	https://democracy.slough.gov.uk/documents/s72986/Report.pdf
GD-019	**Cabinet** Recommendations from the Cabinet Committee on Asset Disposals: Asset Disposal Strategy	17-Oct-22	Richard West / Steven Mair ---------------------- Fin Garvey / Peter Worth	Financial Oversight and Council Assets	Yes	Agree the Asset Disposal Strategy and the declaration of assets listed as surplus.	**3a Financial Sustainability Action Plan**: Adoption of the strategy and delivery at pace are essential to financial sustainability.	https://democracy.slough.gov.uk/documents/s72967/Cabinet%20Paper%20on%20Asset%20Disposal%20Strategy.pdf

Recent Governance Decisions Taken in Support of Improvement and Recovery

Ref	Report & Subject	Date	Chief & Contact Officers	Portfolio	Key Decision	Summary of Decision	Related Direction and Contribution to Recovery	Link to Document
GD-020	**Cabinet** Recommendations from the Cabinet Committee on Asset Disposals: Montem site	17-Oct-22	Richard West / Steven Mair ---------------------- Dean Tyler / Carmel Booth	Financial Oversight and Council Assets	Yes	Disposal of Montem Lane asset.	**3a Financial Sustainability Action Plan**: Commissioners view the disposal as essential to meet the financial recovery goals and is considered to be best value in the market today.	https://democracy.slough.gov.uk/documents/s72948/Report%20Part%20I.pdf
GD-012	**Cabinet** Finance Action Plan - update	21-Sep-22	Steven Mair ---------------------- Mike Thomas	Financial Oversight and Council Assets	No	Update on the work to respond to the serious financial challenges and recommendations made by external agencies	**3a Financial Sustainability Action Plan**: Commissioners pleased to see progress on the implementation of the recommendations arising from the CIPFA review, DLUHC Governance Review, Grant Thornton recommendations and the Directions	https://democracy.slough.gov.uk/documents/s72493/September%202022%20FAP%20Revised%20Master%2019.9.22%20v7.pdf
GD-013	**Cabinet** Financial Update Report - 2022/23	21-Sep-22	Steven Mair ---------------------- Steve Muldoon	Financial Oversight and Council Assets	No	Forecast revenue and capital outturn position for 2022/23 with risks and mitigations.	**3a Financial Sustainability Action Plan**: Commissioners note the forecast for a balanced position on the general fund however there is a shortfall against the savings targets and expect a robust Scrutiny process for 2023/24 budget	https://democracy.slough.gov.uk/documents/s72494/1%20Monitoring%20Report%202022-23%20P4%20DRAFT%20MASTER%2019.9.22%20v4.2.pdf
GD-014	**Cabinet** Update on the procurement forward plan for services in excess of £180,000 and works in excess of £1 million in 2022/23	21-Sep-22	Steven Mair ---------------------- Clare Priest	Procurement and Performance	Yes	Authority for commencement of procurement for contracts to be let in 2022/23	**3e Procurement and Contract Management Action Plan**: Commissioners have reviewed the report	https://democracy.slough.gov.uk/documents/s72291/180%20Contracts%20over%20180k%20cabinet%20report%2022.23%20Sept%20update%20v6.pdf
GD-015	**Cabinet** Waste Collection and Disposal Savings	21-Sep-22	Richard West ---------------------- Savio DeCruz	Transport and the Local Environment	Yes	Agree a range of charges related to waste and disposal as well as frequency of collections	**3a Financial Sustainability Action Plan**: Commissioners decided not to comment to allow freedom for Scrutiny to give consideration to the issue	https://democracy.slough.gov.uk/documents/s72367/Report%20and%20Appendices.pdf

Recent Governance Decisions Taken in Support of Improvement and Recovery

Ref	Report & Subject	Date	Chief & Contact Officers	Portfolio	Key Decision	Summary of Decision	Related Direction and Contribution to Recovery	Link to Document
GD-016	**Cabinet** Disposal of Council Assets in Wolverhampton, Bradford, Gosport and Basingstoke	21-Sep-22	Richard West / Steven Mair ---------------------- Fin Garvey / Peter Worth	Financial Oversight and Council Assets	Yes	Approve four asset sales located outside the borough to generate net savings to the revenue budget and capital receipts	**3a Financial Sustainability Action Plan**: The disposal are essential to meet the financial recovery goals and are best value in the market today	https://democracy.slough.gov.uk/documents/s72368/Report.pdf

Recent Governance Decisions Taken in Support of Improvement and Recovery

Ref	Report & Subject	Date	Chief & Contact Officers	Portfolio	Key Decision	Summary of Decision	Related Direction and Contribution to Recovery	Link to Document
GD-029	**Cabinet** ICT & Digital update	19-Dec-22	Stephen Brown ---------------------- Simon Sharkey Woods	Customer Services, Procurement and Performance	No	Update on the ICT & Digital modernisation and remediation work including new structure and operating model for delivery	**3f IT Action Plan**: Commissioners welcome the report as the first comprehensive document considered by Cabinet in response to this part o the Directions.	https://democracy.slough.gov.uk/documents/s74083/Report%20and%20Appendices.pdf
GD-030	**Cabinet** 2023/24 & 2024/25 Council Tax	19-Dec-22	Steven Mair ---------------------- Liton Rahman	Financial Oversight and Council Assets	No	Agree to approval being sought from DLUHC to increase Council Tax above the referendum limits in each of the next 2 financial years without a referendum	**3a Financial Sustainability Action Plan**: Commissioners reviewed the report and will male any observations direct to ministers	https://democracy.slough.gov.uk/documents/s74211/Ctax%20Council%20Tax%20Report%20191222%20v3a.pdf
GD-031	**Cabinet** Fees and Charge	16-Jan-23	Steven Mair ---------------------- Liton Rahman	Financial Oversight and Council Assets	Yes	Annual review of fees and charges	**3a Financial Sustainability Action Plan**: Commissioners reviewed the report and are content with the proposals.	https://democracy.slough.gov.uk/documents/s74353/Report.pdf
GD-032	**Cabinet** Procurement of Adult Social Care Shared Lives Service Contract	16-Jan-23	Marc Gadsby ---------------------- Jane Senior	Social Care and Public Health	Yes	To ensure that the council can secure a Shared Lives Service that offers best value as part of the ASC Transformation Programme that is procured properly and safely.	**3a Financial Sustainability Action Plan**: Commissioners reviewed the report and are content with the proposals.	https://democracy.slough.gov.uk/documents/s74347/Report%20and%20EIA.pdf
GD-033	**Cabinet** Severance of the Council's leasehold interest at Greenwatt Way	16-Jan-23	Pat Hayes ---------------------- Fin Garvey / Peter Robinson / Peter Worth	Financial Oversight and Council Assets	Yes	Termination of lease agreement and release of overage	**3a Financial Sustainability Action Plan**: Commissioners support the recommendations	https://democracy.slough.gov.uk/documents/s74233/CL%20Cabinet%20Paper%20on%20Chalvey%20Lease%20v3.3.pdf
GD-034	**Cabinet** Recommendations of the Cabinet Committee: Disposal of the Adelphi Theatre, Slough	16-Jan-23	Pat Hayes ---------------------- Steven Mair	Financial Oversight and Council Assets	Yes	Disposal of asset	**3a Financial Sustainability Action Plan**: Commissioners support the recommendations	https://democracy.slough.gov.uk/documents/s74517/Ad%20Cabinet%20Paper%20on%20Adelphi%20Disposal%20Final.pdf

Previous Improvement and Recovery Board Decisions Taken

Ref	Status	Description of Decision	Impact / Rationale of Decision	Date Raised	Raised By	Owner	Consulted Parties	Date Last Updated	RAG	Date Closed
D-001	Closed	Stephen Brown committed to providing a regular savings monitor to lead Members.	Lead Members will be communicated to effectively regarding the savings plans and progress.	22-Aug-22	IRB	Stephen Brown		22-Aug-22	G	13-Oct-22
D-002	Closed	Future reports to the Board should include an update on compliance with the Intervention Directions.	Commissioners will gain increased confidence that SBC are fully addressing the Intervention Directions.	25-Aug-22	IRB	Stephen Brown		13-Oct-22	G	

2023/24 Cost Saving Initiatives, Directorate - Adults

Ref	Saving / Initiative / Project	Service Owner	Politically Sensitive?	Consult Public?	Staff Consult?	Pre-Elect Restricted?	2023/24 Forecast (£'000s) Base (Target)	Black	Red	Amber	Green	Delivered	Total Saving Forecast	Trend
I-001	Transformation programme	Marc Gadsby					2,112			584	1,528		2,112	=
I-002	Better use of Disabled Facilities Grant and equipment	Andre Ansah					100			40	60		100	=
I-003	Align and integrate the range of ASC and PH services with the NHS and/or across East Berks Councils/better use of PH Grant	Vanita Dutta					250			150	100		250	=
I-004	Mental Health	Seb Sebastian					500			100	400		500	=
I-005	Transitions	Uma Macarov	Medium	No	No		400			160	240		400	=
I-006	Diverting demand	Andrea Rodin	Medium	No	No	No	270			54	216		270	=
I-007	Review of hospital discharge / six-week review	Andre Ansah					350			140	210		350	=
I-018	Joint Protocol	Andrea Rodin	Medium	No	No	No	330			66	264		330	=
I-019	Financial Assessments	Alan Bunclark					150			30	120		150	=
I-020	Direct Payment recoupment	Suzanne Binns					200			40	160		200	=
I-021	Levying the OPG determined charge rate of 3.5% plus an annual fee	Alan Bunclark					100			60	40		100	=
I-022	Further cost reductions, efficiencies and vacancy factor						200			80	120		200	=
I-065	Assistive Technology						420			210	210		420	=

2023/24 Cost Saving Initiatives, Directorate - Adults

Ref	Saving / Initiative / Project	Service Owner	Politically Sensitive?	Consult Public?	Staff Consult?	Pre-Elect Restricted?	2023/24 Forecast (£'000s)							Trend
							Base (Target)	Black	Red	Amber	Green	Delivered	Total Saving Forecast	
I-066	Reduce Block Beds						206			103	103		206	=

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2023/24 Cost Saving Initiatives, Directorate - COO

Ref	Saving / Initiative / Project	Service Owner	Politically Sensitive?	Consult Public?	Staff Consult?	Pre-Elect Restricted?	2023/24 Forecast (£'000s)							Trend
							Base (Target)	Black	Red	Amber	Green	Delivered	Total Saving Forecast	
I-026	Various - business administration, staffing and other budgets	Sarah Hayward	Low	No	Yes	No	150				150		150	▲
I-029	IT contract savings (£TBC)	Simon SharkeyWoods	Medium	No	Yes	No	525		28	90	613		731	=
I-030	Vacancy factor and other overhead reductions	Sarah Hayward	Medium	No		No	500				500		500	=
I-064	Wide Area Network	Simon SharkeyWoods					40				40		40	=
I-067	TBC						640		640				640	=

2023/24 Cost Saving Initiatives, Directorate - Childrens

Ref	Saving / Initiative / Project	Service Owner	Politically Sensitive?	Consult Public?	Staff Consult?	Pre-Elect Restricted?	2023/24 Forecast (£'000s)							Trend
							Base (Target)	Black	Red	Amber	Green	Delivered	Total Saving Forecast	
I-023	Home to School Transport - various initiatives to reduce spend	Sabi Hothi					490			245	245		490	▲
I-024	HTST - acquire tail lift minibuses and bring routes in-house	Sabi Hothi					250			125	125		250	▲
I-025	Vacancy factor and other overhead reductions/efficiencies	Johnny Kyriacou					50			25	25		50	▲

2023/24 Cost Saving Initiatives, Directorate - Cross-council

Ref	Saving / Initiative / Project	Service Owner	Politically Sensitive?	Consult Public?	Staff Consult?	Pre-Elect Restricted?	2023/24 Forecast (£'000s)							Trend
							Base (Target)	Black	Red	Amber	Green	Delivered	Total Saving Forecast	
I-031	Fees & Charges up 10%	Steve Muldoon					900			450	450		900	▼
I-068	Commissioning	Sarah Hayward					750		750				750	=
I-069	Support Services	COO/Children's					500		500				500	=
I-071	TBC						373	373						=

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2023/24 Cost Saving Initiatives, Directorate - Finance

Ref	Saving / Initiative / Project	Service Owner	Politically Sensitive?	Consult Public?	Staff Consult?	Pre-Elect Restricted?	2023/24 Forecast (£'000s)							Trend
							Base (Target)	Black	Red	Amber	Green	Delivered	Total Saving Forecast	
I-060	Vacancy factor and other overhead reductions	Steve Muldoon / Vijay McGuire	Medium	No		No	299				299		299	=
I-032	Increased tax base and collection rate	Liton Rahman	None	No	No	No	917				917		917	▲
I-033	Reduced audit fee, reduced duplicate payments and income	Jas Dalvair					400			100	300		400	▲
I-034	Proactive Single Person Discount monitoring to reduce fraud and error	Andy Jeffs					350				350		350	▲
I-035	Early payment of pension contributions	Miriam Adams					350				350		350	▲
I-036	Budget overheads cleanse	Steve Muldoon					375				375		375	=
I-061	Staffing reduction, fraud department	Peter Robinson					12				12		12	=
I-062	Efficient working practices in Revenues and Benefits	Andy Jeffs					440				440		440	=
I-063	Revenues and Benefits Agency Savings	Andy Jeffs					450				450		450	=
I-070	Minimum Revenue Provision	Steve Muldoon					3,000				3,000		3,000	=

2023/24 Cost Saving Initiatives, Directorate - Place

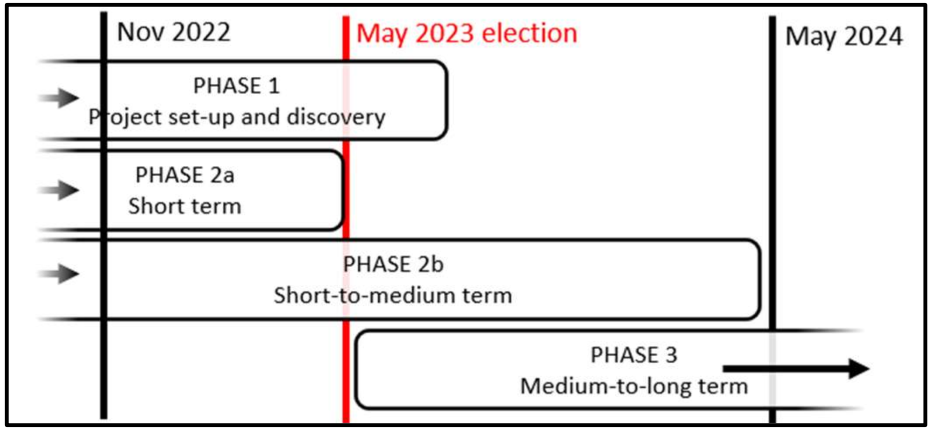
Ref	Saving / Initiative / Project	Service Owner	Politically Sensitive?	Consult Public?	Staff Consult?	Pre-Elect Restricted?	2023/24 Forecast (£'000s)							Trend
							Base (Target)	Black	Red	Amber	Green	Delivered	Total Saving Forecast	
I-027	Revenue running cost savings from asset disposals	Kamal Lallian	None	No	Yes	No	100			100			100	=
I-037	Reduce staff costs in Planning Development	Daniel Ray	None	No	Yes	No	100				100		100	▲
I-038	Adopt fortnightly waste collections	Alison Hibbert	Low	No	No	No	424				424		424	▲
I-039	Chalvey HWRC Management Fee	Alison Hibbert	Low	No	No	No	40				40		40	=
I-040	Borough Wide Controlled Parking Zones	Kam Hothi	Medium											=
I-041	Switch off streetlighting and park lighting after midnight	Jason Newman	High	Yes	No	Yes	150			150			150	▼
I-042	Stop Bus Subsidy - Service 4, 5 and 6	Savio DeCruz	Medium	No	No	No	160				160		160	=
I-043	Government tapering of concessionary fares	Savio DeCruz	Medium	No	No	No	300				300		300	=
I-044	2023-24 Library Service Model	Liz Jones	High	No	No	Yes	386			386			386	▲
I-045	Improve Trade Waste Business	Alison Hibbert	None	No	No	No	10				10		10	=
I-046	Reduce Parks ad-hoc Work Budget	Alison Hibbert	Medium	No	No	No	277		277				277	▼
I-047	Increase Charges for Parking Permits	Kam Hothi	Medium	No	No	No	48				48		48	=
I-048	Streetworks Section 50 licences	Kam Hothi	None	No	No	No	35				35		35	=
I-049	Streetworks Road Closure Fees	Kam Hothi	None	No	No	No	65				65		65	=

2023/24 Cost Saving Initiatives, Directorate - Place

Ref	Saving / Initiative / Project	Service Owner	Politically Sensitive?	Consult Public?	Staff Consult?	Pre-Elect Restricted?	2023/24 Forecast (£'000s)							Trend
							Base (Target)	Black	Red	Amber	Green	Delivered	Total Saving Forecast	
I-050	Transport and Highways Grant Swap	Savio DeCruz	None	No	No	No	1,071				1,071		1,071	=
I-051	Green Waste Collection Charges	Alison Hibbert	Medium	No	No	No	700				700		700	=
I-052	Reduce Highways Maintenance Works	Kam Hothi		Yes	No	No	100				100		100	=
I-053	All Leisure Service to be Externally Funded	Liz Jones	None	No	No	No	20					20	20	▲
I-054	Kennedy Park Permit Variation	Ancuta Asandei	None	No	No	No	15			15			15	=
I-055	Reduce Spend on Repairs and Maintenance at Corporate Buildings	Kamal Lallian	None	No	No	No	300				300		300	▲
I-056	Reduce Spend on Cleaning at Corporate Buildings	Kamal Lallian	None	No	No	No	200				200		200	▲
I-057	Corporate Contract Efficiencies	Kamal Lallian	None	No	No	No	50				50		50	=
I-058	Stop SBC Funded CCTV Monitoring of Public Spaces	Ketan Gandhi	High	Yes	Yes	Yes	300			300			300	▼
I-059	Parking Income - Increase Controlled Parking Zones	Kam Hothi	Medium	Yes	No	No	200				200		200	▲

Timescales

- Further project and resource planning will be part of phase 1.
- While this is underway, the timescales given are fairly broad. All phases are expected to overlap.
- This action plan incorporates the plan for addressing direction 7 on evidence based decision making, as well as aspects of direction 3.g.
- The phases below will also be used within the Scrutiny Action Plan.



Democratic Governance Action Plan

Directions 3.b, 3.g & 7

Headline action	Owner	Indicative Timescale
1. Set up formal project management and reporting arrangements	Monitoring Officer	Phase 1

Actions to date:

- Set up Corporate Governance Working Group
- CG Working Group formally requested Project Support Officer from PMO – recruitment underway
- Put in place formal reporting to relevant elected member meetings (Audit & Governance Cttee)

Next steps:

- Align plan, materials and reporting with whole-council approach to recovery action planning and reporting
- Confirm programme/project management resource – recruitment underway

Democratic Governance Action Plan

Directions 3.b, 3.g & 7

Headline action	Owner	Indicative Timescale
2. Continuous ongoing development of this plan including fostering a culture of looking to best practice across the sector, amongst members and officers.	Monitoring Officer	Phase 1

Actions to date:

- Two workshops with all Democratic Services staff to check and develop the plan
- Plan discussed monthly at Corporate Governance Working Group
- Launched Member Survey to enable benchmarking
- Ongoing work to align this plan with (or within) the culture change workstream

- **Next steps:**

- Formulate overall philosophy of governance in the authority, expressed through corporate documentation
- Assess baseline and benchmark via survey of staff and members
- Schedule a LM&Ds discussion on the existing ‘policy statement on corporate governance’, with a view to collecting feedback for an update, to be agreed by appropriate Member forum and full council.
- Review: governance framework (CIPFA/SOLACE guidance), outstanding internal audit actions, Business Continuity and emergency planning arrangements, and major corporate systems and their business impact / risks etc.

Democratic Governance Action Plan — Directions 3.b, 3.g & 7

Headline action	Owner	Indicative Timescale
3. Continue to improve forward planning of decision-making, including early engagement with members and other stakeholders	Chief Executive / Monitoring Officer	Phase 2a

Actions to date:

- Internal corporate schedule produced and reviewed weekly at CLT and SLT
- Internal corporate schedule reviewed at Lead Members and Directors meeting
- Visits by Head of Governance and Scrutiny at all DLTs to conduct horizon scanning and further embed use of corporate schedule as business planning tool
- MO has met all ADs and EDs to understand the causes of governance issues and set clear expectations.

Next steps:

- Create and deliver further Slough-specific training on working in a political environment, for senior leaders and frequent report authors
- Report Member Survey findings to Standards Cttee in February along with Member Development Strategy and Plan informed by the results

Democratic Governance Action Plan

Directions 3.b, 3.g & 7

Headline action	Owner	Indicative Timescale
4. Improve effectiveness of, and compliance with, formal decision-making processes	Monitoring Officer	Phase 2a

Actions to date:

- Senior officer training programme to improve report writing
- Clear timescales and clearance processes published and promoted throughout council
- Cabinet reports reviewed at CLT and LM&Ds
- *Guide* to cabinet and committee lead-in dates published and publicised internally
- Lead members briefed and presenting reports at Cabinet meetings
- Commenced RAG-rating of cabinet report compliance with corporate timescales for SLT/CLT monitoring

Next steps:

- Improve quality of Cabinet and Committee reports.
- Implement data recording in Democratic Services to understand frequency of late reports by directorate.
- Review whether single member decision-making should be introduced.
- Review processes for significant officer decision-making

Democratic Governance Action Plan

Directions 3.b, 3.g & 7

Headline action	Owner	Indicative Timescale
5. Further improve quality of formal reports	Monitoring Officer	Phase 2a

Actions to date:

- Officer training to top three tiers on report writing
- Improved clarity and timeliness of clearance processes and discussion at CLT re: cabinet reports
- Improved early briefing of lead members
- Discussions underway with IT about options for bringing formal report workflow into a document management system such as the one currently being procured.

Next steps:

- Deliver further bite-size sessions about report-writing for lead officers
- Create self-service guidance for officers about formal report writing and decision-making processes
- Agree ultimate responsibility for report quality and quality assurance and compliance with report template.
- Explore options for using a document management system to improve document handling, version control, sign-offs etc
- NB further improvements in process, timeliness and engagement (elsewhere in plan) will further improve quality

Democratic Governance Action Plan

Directions 3.b, 3.g & 7

Headline action	Owner	Indicative Timescale
6. Establish agreed and documented expectations and consistent processes for commissioner decisions	Monitoring Officer	Phase 2a

Actions to date:

- Bespoke training session on essentials of local government decision-making for top three tiers
- Feedback captured from above event and actions discussed and agreed at CLT
- MO and governance officers routinely meeting with new senior staff, to conduct bespoke governance induction.

Next steps:

- Review induction processes and introduce session on 'governance in a political environment' for new starters
- Review management and senior officer development programme to incorporate support for officers who have been promoted within the organisation

Democratic Governance Action Plan — Directions 3.b, 3.g & 7

Headline action	Owner	Indicative Timescale
6. Establish agreed and documented expectations and consistent processes for commissioner decisions	Monitoring Officer	Phase 2a

Actions to date:

- Meeting between chief of staff, former MO and COO
- Discussion with other local authorities under statutory intervention for example frameworks

Next steps:

- Working with the commissioners and their chief of staff, devise a framework for consistent, robust and transparent commissioner decision-making, advice and guidance.

Headline action	Owner	Indicative Timescale
7. Ensure effective introduction to local government decision-making and processes as part of induction are in place for all new starters and those promoted including senior officers.	Monitoring Officer	Phases 2a & 2b

Actions to date:

- Bespoke training session on essentials of local government decision-making for top three tiers, feedback captured and actions discussed and agreed at CLT.

Next steps:

- Review induction processes and introduce session on ‘governance in a political environment’ for new starters.
- Review management and senior officer development programme to incorporate support for officers who have been promoted within the organisation.

Democratic Governance Action Plan — Directions 3.b, 3.g & 7

Headline action	Owner	Indicative Timescale
8. Ensure effective and respectful member officer relations	Monitoring Officer	Phases 1, 2a & 2b

Actions to date:

- Training session for top three tiers on member officer relations protocol
- Externally facilitated workshop between CLT and lead members
- Review of member casework system
- Report to Standards Committee on various matters on ethical framework, including member complaints
- Meetings between statutory governance officers and leaders of groups
- Have drafted a Member Survey to be conducted alongside staff survey
- Governance culture workshop for top two tiers with external facilitator using CfGS toolkit – sessions on 10 Jan and 7 Feb

Next steps:

- Gather feedback from staff and members, via methods to be decided e.g. surveys, workshops etc
- Link to wider culture change action plan

Headline action	Owner	Indicative Timescale
9. Assess and improve how the council's real situation compares to its sense of self	Chief Executive / Monitoring Officer	Phase 2b

Actions to date:

- Training and self-assessment for Audit committee members
- Training and annual report for scrutiny members
- Externally facilitated workshop between CLT and lead members and regular lead member briefings and meetings
- Annual report on complaints data taken to Audit and Corporate Governance
- CLT Assurance meetings to review performance data
- Completed first of two workshops with external facilitator on CfGS' seven characteristics of good governance with officers
- Member survey findings to be reported to Standards Cttee in February

Next steps:

- Conduct workshops with external facilitator involving members (and senior officers).
- Review: how officers and members monitor and act on data about the council's performance; approach to resident / public participation in decision-making; options for gathering residents' views on satisfaction with services and how members self-assess their performance.

Democratic Governance Action Plan — Directions 3.b, 3.g & 7

Headline action	Owner	Indicative Timescale
10. Improve organisational awareness of Slough's particular political dynamics	Chief Executive / Monitoring Officer	Phase 2b

Action to date:

- Training on local government decision-making for officers and feedback report to CLT, agreeing next steps.

Next steps:

- Governance and political awareness built into officer induction programme
- Put in place Member-Officer relationships and culture development programme
- Leadership development to include political awareness and skills – potentially with input from ADSO
- Consider programme of encouraging senior officers to observe formal meetings (and feed back?)
- Consider how to use induction, (and perhaps the Lord Mayor's office) to create more opportunities for members and officers to meet and mingle informally.

Democratic Governance Action Plan

Directions 3.b, 3.g & 7

Headline action	Owner	Indicative Timescale
11. Revise directorates' internal schemes of delegation in line with recently reviewed Scheme of Delegations	Chief Executive / Monitoring Officer	Phase 2b

Action to date:

- Reviewed and amended Scheme of Delegation to Officers, including delivering training to senior officers on delegations
- Introduced internal schemes of delegation per directorate, including consistent sections on financial, HR and procurement delegations
- Amended contract procedure rules to set out thresholds for officer decision making
- Amended financial procedure rules to set out thresholds for officer decision making

Next steps:

- Update internal schemes of delegation to reflect new senior officer structure
- Implement annual review of internal schemes
- Review thresholds and procedures for significant officer decision making

Democratic Governance Action Plan

Directions 3.b, 3.g & 7

Headline action	Owner	Indicative Timescale
12. Improve Member Development	Monitoring Officer	Phase 2a

Actions to date:

- Bespoke training for scrutiny members
- Bespoke training for Audit and Corporate Governance Committee members
- Welcome induction event and handbook for new members
- Briefings with chairs and vice-chairs of scrutiny
- Briefings in advance of formal member meetings

Next steps:

- Agree 4-year member development strategy, designed with input from councillors – Standards Cttee in February
- Agree annual member development plan at Standards Cttee in February, aligned to above strategy

Democratic Governance Action Plan — Directions 3.b, 3.g & 7

Headline action	Owner	Indicative Timescale
13. Improve provision of information to Members	Monitoring Officer	Phase 2a

Actions to date:

- Review and communication on member casework, agreed with leaders of groups
- Weekly member bulletin rebranded and relaunched
- Briefings with lead members and scrutiny members
- Confidential budget papers available to scrutiny members in advance of budget scrutiny
- Rebranded member bulletin and incorporated Customer Service data infographic

Next steps:

- Produce a position statement on what information councillors can expect to be provided with and when.
- Include training on availability and functionality of Insite in induction programme
- Consider creating intranet or SharePoint pages dedicated to information for Councillors
- Implement regular programme of ‘all member scrutiny briefings’
- Corporate push to improve consistency and completeness of officers’ email signatures and phone book entries
- Each Executive Director-Lead Member partnership to have a re-set conversation to define what performance information is shared and reviewed, and at what frequency.

Democratic Governance Action Plan — Directions 3.b, 3.g & 7

Headline action	Owner	Indicative Timescale
14. Deliver accurate and efficient all-out election and maximise the intended benefits of the change to four yearly elections	Returning Officer	Phase 2a

Action to date:

- Council decision to move to whole council election
- Boundary review
- Polling station review (underway)
- New Returning Officer and senior leads for election management
- Proposals in development by Strategy team relating to a longer-term strategic planning and delivery cycle linked to the four-year municipal cycle

Next steps:

- Identify and maximise the intended benefits of the change to four yearly elections

Democratic Governance Action Plan

Directions 3.b, 3.g & 7

Headline action	Owner	Indicative Timescale
15. 2022/23 Annual review of Policy Statement on Corporate Governance	Monitoring Officer	Phase 1

Actions to date:

- New Policy Statement on Corporate Governance based on CIPFA framework approved by full council.

Next steps:

- Conduct desktop analysis of organisational governance.

Headline action	Owner	Indicative Timescale
16. 2022/23 Annual review of Policy Statement on Corporate Governance	Monitoring Officer	Phases 1, 2a & 2b

Actions to date:

- Recruitment of senior interim lead for governance and scrutiny, including fulfilling statutory scrutiny officer
- Commencement of recruitment to scrutiny role vacancy
- Advertise Scrutiny Post and other vacancies in the Democratic Services team
- **Next steps:**
- Finish recruitment to vacancies including new scrutiny posts created in response to Government intervention.
- Review: service provision with a view to streamlining offer, support for partnership meetings and review cost-effectiveness of Statutory Appeals service.

Democratic Governance Action Plan

Directions 3.b, 3.g & 7

Headline action	Owner	Indicative Timescale
17. Ensure document storage and retention arrangements are robust	Monitoring Officer	Phase 2b

Actions to date:

- Review of deeds by legal team, including advice on deeds packets
- Review and plan for storage of existing physical deeds
- **Next steps:**
- Review circumstances around deeds and storage of legal documentation by SBC in-house.
- Review arrangements for electronic deeds storage.

Headline action	Owner	Indicative Timescale
18. 2022/23 Implement annual review of constitution	Monitoring Officer	Phases 2a & 2b

Actions to date:

- Rolling review of the constitution based on needs
- Consulted Extended CLT on whether any further elements of the constitution require to be updated

Next steps:

- Conduct minor review of constitution for 2023 AGM with a view to more significant rolling review thereafter

Democratic Governance Action Plan — Directions 3.b, 3.g & 7

Headline action	Owner	Indicative Timescale
19. Strengthen community engagement in the council's recovery and improvement	Monitoring Officer	Phase 2b

Actions to date:

- Confirmed re-subscription to Citizen Space as the single online tool used by the council to consult and engage with residents.

Next steps:

- Review community participation and engagement in local democracy / decision-making

Democratic Governance Action Plan — Directions 3.b, 3.g & 7

Headline action	Owner	Indicative Timescale
20. Improve how the council looks to the future to assure its own viability and set its decision-making priorities	Monitoring Officer / ED for Strategy	Phases 2b & 3

Actions to date:

- New five year corporate plan linked to recovery themes
- Proposals in development by Strategy team relating to a longer-term strategic planning and delivery cycle linked to the four-year municipal cycle

Next steps:

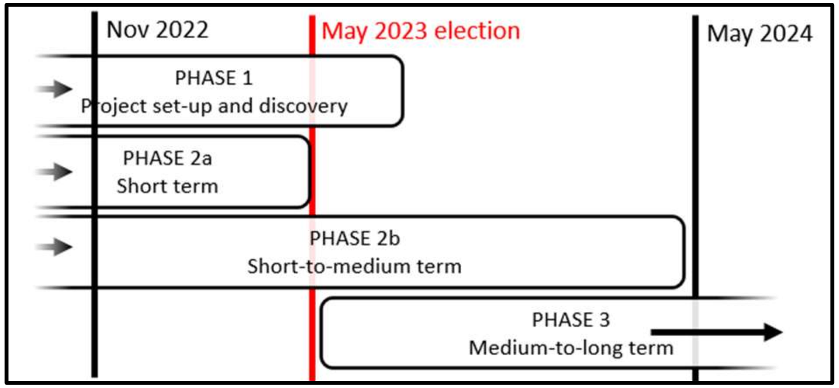
- Build cycle of corporate planning into corporate schedule and communicate the intended pathway to the organisation
- Long-term options for future viable governance of the authority explored and assessed
- Refresh the service planning cycle

Headline action	Owner	Indicative Timescale
21. Improve quality of local (external) partnerships	Monitoring Officer	Phase 3

- Review partnerships governance
- Implement changes that improve efficiency and effectiveness of partnership arrangements

Timescales

- Further project and resource planning will be part of phase 1.
- While this is underway, the timescales given are fairly broad. All phases are expected to overlap.
- The same phases are used within the Democratic Governance Action Plans.



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Scrutiny Action Plan

Direction 3.c, 5 & 7

Headline action	Owner	Indicative Timescale
1. Set up project management and reporting arrangements	Monitoring Officer	Phase 1

- Align plan, materials and reporting with whole-council approach to recovery action planning and reporting.
- Seek programme/project management resource.
- Create informal ‘Democratic Governance Improvement Group’ chaired by Monitoring Officer.
- Assess baseline and benchmark via e.g. survey of staff and members.

Scrutiny Action Plan — Direction 3.c, 5 & 7

Headline action	Owner	Indicative Timescale
2. Respond to CfGS review in relation to reorganising scrutiny arrangements	Monitoring Officer / Statutory Scrutiny Officer	Phase 2a

Actions to date:

- Commissioned Centre for Governance and Scrutiny to undertake a review of scrutiny function. This has been published, endorsed by Council and member training delivered
- Established which member/s will lead on the development of the scrutiny function
- Held first meeting of the Member Working Group on Scrutiny (3 January) and agreed key principles for the new design of scrutiny

Next steps:

- Continue to work with members to review and develop these proposals for Slough
- Agreement of detail by Member Working Group, constitutional changes considered by Constitution Member Working Group, for agreement by Council at AGM 2023.
- Implement CfGS recommendations endorsed by Council 22 November.

Headline action	Owner	Indicative Timescale
3. Formulate a cohesive work programme for scrutiny	Monitoring Officer / Statutory Scrutiny Officer	Phase 2a

Action to date:

- Work programming events held in-year with officer and member involvement
- Launch of three T&F Groups to conduct focused work and a work programme for the remaining panels focussing on Budget/savings, improvement and recovery

Next steps:

- Continue to develop a cohesive work programme for scrutiny, tightly focused on scrutiny of the council's plans for financial and organisational recovery and progress against those plans, in line with the CfGS recommendations.

Headline action	Owner	Indicative Timescale
4. Re-instate regular all-member briefings outside of formal committee settings	Monitoring Officer / Statutory Scrutiny Officer	Phase 2a

- Proposals to be made in February for regular programme of 'all-member scrutiny briefings' to improve all members' knowledge and connection to the business of the council, increase scrutiny bandwidth and take 'for information/learning' items out of committee setting allowing better prioritisation of impactful items.

Scrutiny Action Plan

Direction 3.c, 5 & 7

Headline action	Owner	Indicative Timescale
5. Elevate and support the role of the Chair of Overview & Scrutiny	Monitoring Officer / Statutory Scrutiny Officer	Phase 2a

Action to date:

- Statutory Scrutiny Officer now meeting weekly with Chair of O&S Cttee
- Chair of O&S Cttee now periodically invited to Improvement Board meetings with Commissioners, Cabinet and senior officers, when O&S is under discussion.
- LGA mentorship reinstated for O&S Chair

Next steps:

- Review the Special Responsibility Allowance attracted by the Scrutiny Chair position and other scrutiny lead roles, via an Independent Remuneration Panel

Headline action	Owner	Indicative Timescale
6. Improved mechanisms for holding Cabinet Members to account	Monitoring Officer / Statutory Scrutiny Officer	Phase 2a

Action to date:

- Cabinet members invited to present and answer questions at budget scrutiny sessions in February 2023, and invited to receive T&F group reports in public committee meetings (also February 2023).

Next Steps:

- Further review strength of cabinet connections with scrutiny - e.g. regularity of attendance, portfolio updates etc

Scrutiny Action Plan

Direction 3.c, 5 & 7

Headline action	Owner	Indicative Timescale
7. Recruit resource to vacancies in Democratic Services and Scrutiny	Monitoring Officer / Statutory Scrutiny Officer	Phase 1

Actions to date:

- Recruitment of interim head of governance and statutory scrutiny officer
- Scrutiny role and other democratic services posts have been advertised

Next steps:

- Continue recruitment process

Headline action	Owner	Indicative Timescale
8. Improve the ways in which scrutiny members are kept appraised of forthcoming executive decisions and issues	Monitoring Officer / Statutory Scrutiny Officer	Phase 2a

Action to date:

- Significant improvements to early engagement with budget setting
- Regular meetings between O&S Chair and Chief Exec have now commenced.

Next steps:

- Embed mechanism to ensure that scrutiny members are availed of the public Forward Plan of cabinet decisions and are using it to inform their work
- Design effective use of corporate performance management information and KPIs by scrutiny councillors
- Support scrutiny members to understand their rights to access information

Scrutiny Action Plan		Direction 3.c, 5 & 7
Headline action	**Owner**	**Indicative Timescale**
9. Improve year-round scrutiny of the financial cycle	Monitoring Officer / Statutory Scrutiny Officer	Phase 1

Actions to date:

- Significant improvements to early engagement with budget setting
- Additional round of finance training and detailed pre-meeting for December round of budget/savings scrutiny meetings carried out on 24th November.

Next steps:

- Work towards whole-year focus on financial management in scrutiny, in accordance with guidance from CfGS.

Scrutiny Action Plan

Direction 3.c, 5 & 7

Headline action	Owner	Indicative Timescale
10. Deliver sustained programme of Scrutiny member and officer training and skills development	Monitoring Officer / Statutory Scrutiny Officer	Phases 2a & 2b

Actions to date:

- Training delivered to all scrutiny members taking account of early draft findings of CfGS review.

Next steps:

- Commission the member training proposal set out by Centre for Governance & Scrutiny
- Consider options for co-option in order to bring in exemplars of effective scrutiny to the committee setting
- Deliver further training to lead officers at suitable intervals
- Put in place weekly meetings for officer leads of T&Fs to discuss progress and process and thereby share good practice
- Involve service-based officers heavily in the leadership and delivery of T&F group support, encouraging learning-by doing
- Deliver member training and induction, including about scrutiny and chairmanship, post-election.

Headline action	Owner	Indicative Timescale
11. Review constitution re: scrutiny rules and practice, including call-in		Phase 2a

- Review constitution re: scrutiny rules and practice, including call-in, for recommendation by working groups to Council at AGM 2023.

Scrutiny Action Plan

Direction 3.c, 5 & 7

Headline action	Owner	Indicative Timescale
12. Improve overall support for Scrutiny Members to continuously improve effectiveness of scrutiny	Monitoring Officer / Statutory Scrutiny Officer	Phases 2a& 2b

Actions to date:

- See actions 5, 8 & 10.
- Offered intensive officer support of O&S Chair including regular weekly meetings with the statutory scrutiny officer.
- Pre-meetings more routinely in place for all committees.

Next steps:

- See action 2 & 10.
- With the support of CfGS, empower scrutiny members to self-evaluate their performance in committee and plan steps towards further improvement.
- Implement system of pre-meetings with facilitated identification of key lines of inquiry for key items

Internal Audit Bring In House

Direction 3.d

Ref	Status	Deliverable or Milestone	Owner	Progress	Delivery Dates		Date Delivered	Additional Comments
					Original	Forecast		
IA-001	C	Recruit to new IA Team	Mike Thomas	First round of adverts completed and shortlisting taking place	25-Nov-22	30-Nov-22	25-Nov-22	
IA-003	C	Shortlisting	Mike Thomas	Shortlisting to take place 1 December and 14 December 2022	25-Nov-22	01-Dec-22	14-Dec-22	2 phases of shortlisting in case first round is unsuccessful
IA-002	C	Recruitment advert extension approved	Mike Thomas	Advert extended to 9 December to attract additional candidates	09-Dec-22	09-Dec-22	09-Dec-22	Completed
IA-004	C	Interviews and Assessment centres	Mike Thomas	Interviews and Assessment centres to take place weeks commencing 5 and 12 December	16-Dec-22	16-Dec-22	16-Dec-22	Completed 3 Offers made to Head, Internal Audit Manager and Senior Auditor
IA-005	C	Offer Letters	Mike Thomas	Pre Christmas 2022	31-Dec-22	22-Dec-22	22-Dec-22	Completed
IA-007	A	New In House team commence work	Mike Thomas	Depends on recruitment	31-Dec-22	31-Jan-23	31-Jan-23	Arranging start dates and induction – all three new staff have indicated relatively short notice periods.
IA-13	A	Failure to recruit In House Team	N/A	Plan B is in place for RSM to continue for **23/24** should recruitment not be successful - it is likely other options will be considered	31-Dec-22	31-Jan-23	31-Mar-23	Not an issue as senior recruitment taken place - completed
IA-008	A	Transition from RSM to IN House team	Head of FG, IA	Depends on recruitment – internal auditor posts will need re-advertising or support through alternative means.	31-Mar-23	31-Mar-23	31-Mar-23	During February and March 2023
IA-10	A	Development of IA approach and launch of new service	Head of FG, IA	Review of approach to consider support for departments and managers	31-Mar-23	31-Mar-23	31-Mar-23	This will take place during 2023/24 as the new team sets up and beds in.
IA-11	A	Reduction in historical IA recommendations	Mike Thomas	IA Tracker in place and being utilised to reduce number of IA recs	31-Mar-23	31-Mar-23	31-Mar-23	Ambition is to reduce the number and risk rating of IA recommendations on an annual basis
IA-006	G	2023-24 IA Plan	Mike Thomas	Work with RSM and new team to develop and transition a plan for 2023/24	01-Apr-23	01-Apr-23	01-Apr-23	New Team to work with RSM to develop plan for 2023/24 and transition of work
IA-009	A	Quality Review of IA work	Head of FG, IA	Review against PSIAS standards to be undertaken within two years of new team starting	31-Mar-24	31-Mar-24	31-Mar-24	Subject to quality of work and recruitment

Internal Audit Bring In House

Direction 3.d

Ref	Status	Deliverable or Milestone	Owner	Progress	Delivery Dates		Date Delivered	Additional Comments
					Original	Forecast		
IA-12	R	Positive Head of Internal Audit Opinion	Head of FG, IA	This will be work in progress for a number of years	31-Mar-24	31-Mar-24	31-Mar-24	Significant number of variables that can impact including outcome of External Audit findings; recruitment of a IA team and general response from departments to implementing IA recommendations

Procurement and Contract Management Action Plan — Direction 3.e

Ref	Status	Deliverable or Milestone	Owner	Progress	Delivery Dates		Date Delivered	Additional Comments
					Original	Forecast		
M-004	G	Deliver contracts register	Clare Priest	**22/12** - Contracts register in place and reflects new council structure - now being used as Business as Usual activity, including forward plan for 2023/24 which will go to April cabinet	30-Jun-22	30-Jun-22	30-Jun-22	
M-006	G	Update Contract Procedure rules	Clare Priest	**29/11** - Updates approved, along with revised financial procedure rules at full council on 22nd November	22-Nov-22	22-Nov-22	22-Nov-22	Major update to CPR's was done in November 2021 which underpins improvement in governance
M-002	G	Develop procurement and contract management processes and procedures, and train staff	Clare Priest	22/12- Processes and procedures updated to reflect changes to contract procedure rules, training sessions booked and advertised for January/February 2023	31-Dec-22	31-Dec-22		Note there will be changes to procurement legislation in 2023 which will necessitate a review of the councils contract procedure rules
M-001	A	Recruit to vacant posts within the Commercial Team	Clare Priest	22/12- Posts have been advertised, expect a second round of recruitment for procurement category managers and contract management support lead	30-Mar-23	30-Mar-23		Posts have been advertised, expect a second round of recruitment for procurement category managers and contract management support lead
M-003	G	Implement contract management system (Agresso)	Clare Priest	**22/12** - meeting held with Agresso technical lead - confirmed that initial implementation can be delivered by the end of the financial year and enhancements/add on modules can be delivered thereafter	31-Mar-23	31-Mar-23		
M-007	G	Development of meaningful KPIs and performance data	Clare Priest	22/12- KPI's to be developed from January onwards, including performance relating to exemptions. Procurement review board tracker has been reviewed to ensure information is captured	31-Mar-23	31-Mar-23		
M-009	G	Develop forward plan for 2023/24	Clare Priest	**22/12** - Contracts register will be used and form the basis of the forward plan, meetings with directorates has commenced, and will take place throughout January 2023	01-Apr-23	01-Apr-23		
M-005	A	Develop and implement social value policy	Clare Priest	**22/12** - Policy being developed, will work with procurement consultants to implement	31-Dec-23	31-Dec-23		
M-008	A	Implement procurement and contract management strategy	Clare Priest	**22/12** - Strategy in place, LGA procurement strategy maturity assessment to be undertaken. Implement contract management framework when resources in place	31-Mar-24	31-Mar-24		Predicated on fully resourced in house team

ICT action plan - cloud migration for line of business applications

Direction 3.f

Ref	Status	Deliverable or Milestone	Owner	Progress	Delivery Dates		Date Delivered	Additional Comments
					Original	Forecast		
M-007	A	APAS Migration of the council's planning application to the cloud	Stephen Menzies	**06/01/23** - server infrastructure set-up complete and application loaded to infrastructure. Vendor undertaking configuration and testing.	30-Nov-22			
M-001	R	*Northgate Housing Migration of the council's housing management system to the cloud	Tom McAuliffe	**06/01/23** - Project being moved to the ICT and Digital programme for delivery. Workshops planned for January and project will be reset and rebaselined for delivery.	31-Dec-22	31-Dec-22		
M-010	G	Agresso finance system Migration and ongoing service management of the council's finance system to a new supplier (Cloud Hosted)	Stephen Menzies	**06/01/23** - Project went live in December. Some post go-live issues to be addressed. Infrastructure decommissioning work has started.	31-Dec-22	31-Dec-22		
M-004	G	Academy (Revs and Bens) Migration of the council's revenues and benefits case management system to the cloud	Stephen Menzies	**06/01/23** - Project undertaking go-live activities 6 and 7 January. Minor test case errors outstanding. Manual workarounds in place.	31-Jan-23	31-Jan-23		
M-008	A	ITSM Phase one Implementation of an IT service management application – case management and customer portal.	Stephen Menzies	**06/01/2023** - Options appraisal complete. G-cloud 13 Framework newly launched. Procurement can't complete until access to framework is provided by CCS. Issue escalated to Procurement.	31-Mar-23	31-Mar-23		
M-009	A	EDMS Implementation of a council wide electronic document management system	Stephen Menzies	**06/01/23** - Report for new two year contract will be considered by Cabinet in January. Work has started on the future medium/long term technology and resourcing strategy.	31-Mar-23	31-Mar-23		

Direction 3.f

Ref	Status	Deliverable or Milestone	Owner	Progress	Delivery Dates		Date Delivered	Additional Comments
					Original	Forecast		
M-005	A	Flare Implementation of a new case management system for regulatory services	Stephen Menzies	**06/01/2023** - Options appraisal complete. G-cloud 13 Framework newly launched. Procurement can't complete until access to framework is provided by CCS. Issue escalated to Procurement.	30-Sep-23	30-Sep-23		
M-012	G	Liquid Logic (Adult social care) Migration to the cloud of the council's Adult Social Care system, Children's Social Care & Early Help applications.	Stephen Menzies	**06/01/23** - Requirements gathering and business case being drafted. Workshop planned with service area and vendor.	TBC	TBC		Timelines to be agreed with service area once requirements gathering, BC drafting and workshop has completed.

ICT action plan - cyber security and resilience

Direction 3.f

Ref	Status	Deliverable or Milestone	Owner	Progress	Delivery Dates		Date Delivered	Additional Comments
					Original	Forecast		
M-009		Cyber reporting Implementing a range of cyber reporting on the council's cyber security and resilience	Stephen Menzies	**06/01/23** - Not started yet. Resource to be allocated January 2023.				
M-010		PSN/DWP re-certification Preparing for the submission of the council's PSN certification	Stephen Menzies	**06/01/23** - Not started yet. Resource to be allocated January 2023.				
M-005	A	NCSC services Implementing a range of free NCSC provided IT services for network and email security	Stephen Menzies	**06/01/23** - Work being undertaken by cyber security officer.	31-Dec-22	31-Dec-22		
M-006	R	Multi factor authentication (MFA) Implementing MFA across council devices.	Stephen Menzies	**06/01/23** - Specialist cyber security consultancy contract awarded. Consultant being recruited. Project timelines to be reviewed when consultant onboarded.	31-Dec-22	31-Dec-22		
M-008	R	Ransomware Implementation of a ransomware file encryption protection solution	Stephen Menzies	**06/01/23** - File share permissions have been set-up. Vendor meeting 9/1/23 to confirm migration and testing activities	31-Jan-23	31-Jan-23		
M-002	R	Security incident and event monitoring (SIEM) Implement a SIEM tool to log and monitor traffic on the council's networks and devices	Stephen Menzies	**06/01/23** - ITT commercial model outstanding. ITT to be released to market early January.	31-Mar-23	31-Mar-23		
M-003	R	Active Directory Implementing additional controls and security policies on the council's Active Directory	Stephen Menzies	**06/01/23** - Specialist cyber security consultancy contract awarded. Consultant being recruited. Project timelines to be reviewed when consultant onboarded.	31-Mar-23	31-Mar-23		

ICT action plan - cyber security and resilience

Direction 3.f

Ref	Status	Deliverable or Milestone	Owner	Progress	Delivery Dates		Date Delivered	Additional Comments
					Original	Forecast		
M-001	R	Back-up Implementing a cloud-based back-up solution for the council's applications and data	Stephen Menzies	**06/01/23** - ITT commercial model outstanding. ITT to be released to market early January.	30-Sep-23	30-Sep-23		
M-004	R	Legacy operating systems Replacing legacy operating systems which are out of date and unsecure	Stephen Menzies	**06/01/23** - Specialist cyber security consultancy contract awarded. Consultant being recruited. Project timelines to be reviewed when consultant onboarded.	30-Sep-23	30-Sep-23		
M-007	R	IT health checks Undertaking regular IT health checks on the council's networks.	Stephen Menzies	**06/01/23** - Specialist cyber security consultancy contract awarded. Consultant being recruited. Project timelines to be reviewed when consultant onboarded.	30-Nov-22	Ongoing		

ICT action plan - End use compute

Direction 3.f

Ref	Status	Deliverable or Milestone	Owner	Progress	Delivery Dates		Date Delivered	Additional Comments
					Original	Forecast		
M-006		Anti-virus Implementing a new anti-virus solution	Stephen Menzies	**06/01/23** - Not started yet. Resource to be allocated February 2023				
M-002	R	Corporate and contact centre telephony Migration to a new service provider for corporate and contact centre telephony services	Stephen Menzies	**06/01/23** - Migration planning and data collection underway. Comms Strategy in development.	28-Feb-23	28-Feb-23		
M-004	A	Always on VPN Improving remote access over VPN for staff	Stephen Menzies	**06/01/23** - Netscaler upgrade complete. Network testing being carried out. Poor download performance in test and access issues to MS Office being reviewed and resolved.	31-Jan-23	28-Feb-23		
M-003	A	Laptop AutoPilot Automating process of building staff user profiles onto new laptops	Stephen Menzies	**06/01/23** - Reviewing existing laptop images. Project cannot be rolled out until the Always On VPN project has completed. All non impacted activities are being delivered in parallel.	31-Jan-23	31-Mar-23		
M-005	R	InTune mobile device management Implementing new approach to managing council devices remotely	Stephen Menzies	**06/01/23** - 540/700 devices upgraded to InTune. Comms campaign being started to encourage remaining staff to upgrade as soon as practical now that staff are returning to work after break.	31-Dec-23	31-Dec-23		

ICT action plan - upgrading infrastructure — Direction 3.f

Ref	Status	Deliverable or Milestone	Owner	Progress	Delivery Dates Original	Delivery Dates Forecast	Date Delivered	Additional Comments
M-009	G	Cloud assessment Identify the potential for more efficient hosting options for applications used across the council	Stephen Menzies	**06/01/23** - This project hasn't started. Resource to be allocated late February 2023 to scope project.				
M-001	R	Disk storage replacement Replacement of the council's storage area network equipment.	Stephen Menzies	**06/01/23** - new SAN has been installed, powered up and connected to the network. Porting identification exercise to be undertaken and migration plan to be reviewed by project team and vendor.	31-Dec-22	31-Jan-23		
M-007	R	Disaster recovery as a service Procurement and implementation of a cloud disaster recovery service	Stephen Menzies	**06/01/23** - Awaiting commercial model from procurement to complete ITT. Release to market early January.	28-Feb-23	28-Feb-23		
M-005	A	Wi-Fi Review and upgrading of the council's Wi-Fi service within Observatory House	Stephen Menzies	**06/01/23** - Requirements being collected and business case drafted.	31-Mar-23	31-Mar-23		
M-002	R	Core switch migration Upgrade and replacement of the core switch	Stephen Menzies	**06/01/23** - Cable audit has completed. Reviewing opportunity to migrate some services ahead of the DC relocation in May as there are services which are currently not supported on the existing switch.	31-Mar-23	30-Apr-23		
M-006	G	Data centre relocation Relocating the council's data centre to a central government, highly available and flexible location	Stephen Menzies	**06/01/23** - Cable audit complete. Awaiting sealing of contract to allow commissioning of data lines to new data centre. Migration date agreed for May to minimise impacts on key council activity relating to FYE.	31-Jan-23	31-May-23		Mid-May migration date is based on: a) telcom data lines - earliest date available, mid February b) financial year end and start activities with residents, mid March to Mid April c) local govt. election in May

ICT action plan - upgrading infrastructure

Direction 3.f

Ref	Status	Deliverable or Milestone	Owner	Progress	Delivery Dates		Date Delivered	Additional Comments
					Original	Forecast		
M-008	A	Office 365 Phase 2 Maximising the use of online collaboration and productivity tools available from Office 365	Stephen Menzies	**06/01/23** - Initial project scoping complete. Wider piece around staff adoption and end-to-end support on adoption being developed.	30-Jun-23	30-Jun-23		

The Council had 11 companies: Six have been shut and four are currently being very actively managed.

1. Reviews of three (GRE5, SUR and JEH) have been undertaken and measures introduced to improve governance, management, reporting, stabilise/reduce operating costs, generate capital receipts and reduce capital spend.
2. One, low risk, will follow in 23/24 (DISH) as planned.
3. Directors/Board representatives have been replaced for all, apart from DISH. Board meetings and reporting have been regularised, new board terms of reference agreed, director contracts agreed, director appraisal programme in place.
4. Officer corporate oversight boards have been established to provide support to representatives, strengthen communication, reporting and performance oversight.
5. Short term Council capital programme commitments have been reduced by at least £65m.
6. Programme to accelerate asset disposals to generate cash receipts of c.£40m in 22/23 and 23/24.
7. Acceleration of loan repayments to the Council. SUR loan facility reduced from £10m to £nil in 12 months.
8. Additional external funding obtained to reduce Council's financial exposure e.g. HE grant to GRE5 of £10m.
9. Reduced operating costs for SUR and JEH with reduced scale of operations and reduced capex programme.

Subsidiary Companies Action Plan — Direction 6

1. In FY 2022/23, the Council has simplified the Council's corporate structure and reduced its resource requirements by closing down all of its dormant companies.

2. Six companies have been closed down this year.

3. The Council's activities have been focused on the higher risk companies; GRE5, JEH and SCF, as well as its regeneration partnership, SUR.

4. This has included significant changes to the governance, management, reporting and financial arrangements across these entities as set out in this section and improvements will continue to be made.

5. Critically, these changes have, or will have, a significant impact on the Council's financial position over the next few years; generating capital receipts, reducing borrowing requirements, MRP and the Council's exposure to financial risk. JEH losses have been stabilised and the company now has a net operating profit. The SUR operating model and costs have been significantly reduced to reflect the new scale of operations. A good quality team has been put into place in GRE5 to provide leadership and manage the programme.

6. The remaining four companies will be closed down by 2024/25 which allows for key projects to be completed and/or transfer or sale of assets. SUR/GRE5 expected FY24/25. DISH/JEH expected FY23/24 - 24/25.

The improved governance arrangements should also enable the Council to make timely informed decisions on key strategic and financial matters that are critical to the Council's capitalisation directive. These include:

1. The Council's capital programme has been reduced (e.g. SUR programme reduced by c £50m and the JEH acquisition programme was been stopped reducing the capital programme by a further £15m);

2. The increased loan repayments to the Council improving cash flow and borrowing costs (e.g. a significant reduction in the SUR loan facility from £10m to £nil this year);

3. Capital receipts have been accelerated. NWQ and Montem Lane sale are expected to complete before the end of FY 22/23 (c £40m).

4. Reduced cost exposure on key development sites;

5. Reduced operational losses for JEH due to the change to its acquisition strategy and improved Council operational oversight; and

6. Additional sources of funding have been identified and approved to reduce the Council's overall financial exposure (e.g. Homes England funding of at least £10m for GRE5 as a contribution towards the ACM programme and additional First Homes grant funding to accelerate the sales of apartments at the Old Library Site).

Subsidiary Companies Action Plan — Direction 6

1. FY 2023/24 will see a focus on JEH to enable the Council's loan facility to JEH to be paid down. The company has property assets of c£50m and associated loans of c£50m. It is expected that Cabinet will be asked to approve the transfer of some assets back to the Council and the sale of assets to third parties. This will enable JEH to be closed down. Cabinet decision required in early 23/24.

2. The Council will also seek to exit completely from GRE5 following the completion of the ACM works at Nova House and the settlement of the legal claim against the warranty provider. This is expected in FY 24/25 – works scheduled to be completed in early 2024.

3. Activity in relation to DISH has not been prioritised in FY 22/23 and is programmed for early FY 23/24.

4. DISH is a company limited by guarantee provided by the Council. It was established in 1988 and has one lease (with the Council) for 54 homes. It is considered to have a lower risk profile compared to the other companies which has informed the timing of a cabinet paper on the way forward.

5. Further governance and oversight improvements – new Shareholder Agreements (March 23) and new member oversight (for start of FY 23/24).

GRE5

1. Company limited by shares (100% owned by the Council). GRE5 owns the freehold lease for Nova House - a residential block of flats with cladding and structural defects.

2. Report to cabinet and full council to set out options and regularise the loan arrangement (Reports June/July 2021 and loan fully executed and in place).

3. New directors appointed based on skills audit. External appointments following interview process.

4. Separation between board and shareholder function, with shareholder decisions made at officer, cabinet or council level as appropriate (loan arrangement agreed by full council).

5. Securing of additional funding from HE and commissioning of developer for cladding and associated works (£10m +) to reduce Council financial exposure.

6. Programme update to cabinet (March 23).

7. Exit arrangements expected in financial year 2024/25 due to works contract and ongoing litigation (legal case expected to be concluded in FY 23/24.

SUR

1. SUR is not a company, it is a limited liability partnership, with specific limited liability partnerships created underneath for each scheme. It is a joint venture between the Council and Muse.

2. Its purpose is to manage and deliver regeneration schemes – established in 2013.

3. Cabinet reports are produced for each site on a case by case basis. Recent papers on Montem, Stoke Wharf and NWQ disposals.

4. Corporate oversight board to strengthen governance and the Council's management arrangements – operated throughout FY 22/23.

5. Significant progress on site by site disposal of SUR opted sites. Two expected to complete FY 22/23 (NWQ and Montem) and further sales in FY 23/24.

6. New Executive Director of Housing and Property will have lead responsibility for exit arrangements once current schemes are complete or alternative arrangements entered into. Phased exit following site disposals – winding up expected FY 24/25.

JEH

1. JEH is a company limited by shares – 100% owned by the Council. Set up in 2017 with the sole purpose to acquire and hold housing properties, majority rented at LHA. Includes temporary accommodation portfolio.
2. External review by Local Partnerships, funded by LGA – in FY 22/23. Recommended a phased exit incl. some properties to be transferred back to the Council / some properties to be sold; but with further work required before recommendations could be confirmed and set out in an Action Plan. Further data and analysis is required to support the LP recommendations to ensure that the wider Council revenue implications are clearly understood.
3. Council has provided a loan facility to JEH to enable the acquisition of properties – c. £50m debt. Loan Facility has been restricted to this level – facility was up to c £65m.
4. New directors appointed with monthly board meetings and new reporting arrangements. New board terms of reference and directors contracts in place.
5. New SLA between Council and JEH to ensure transparency around services provided and cost recovery. JEH has no staff – all services are provided by the Council.
6. Separation of banking arrangements put in place.

Development Initiative Slough Housing (DISH)

1. Company limited by shares set up in 1988 for sole purpose of leasing and managing 54 properties.
2. Properties are all tenanted with stability in its tenants.
3. Options review and exit strategy scheduled for financial year 2023/24 due to lower risks.

Subsidiary Company Action Plan

Direction 6

Ref	Status	Deliverable or Milestone	Owner	Progress	Delivery Dates Original	Delivery Dates Forecast	Date Delivered	Additional Comments
M-002	A	Make sure that the directors appointed by the Authority are appropriately skilled in either technical or company governance matters.		**30/11** - Skills audit undertaken for all except DISH. All Directors replaced to meet requirement of skills audit. Interviews conducted and Terms of Appointment produced and signed for all directors and assurance sought regarding training and induction in place for each company except DISH **13/1** – first round of Director appraisals have taken place and will continue on a rolling basis.				Review of DISH to be completed by FY 2023/24 Q1 due to it being lower risk.
M-004	A	Ensure board functions effectively under a nominated shareholder representative		**30/11** - Shareholder/member representative for each company. Representative is supported by corporate oversight board of officers for all except DISH. Reports being taken for approval by cabinet where required/appropriate. E.g. SUR disposals, and GRE5 loan facility approval, SCF business plan and in-year contract change. **13/1** – Handover undertaken with Pat Hayes in his new role as shareholder representative for JEH, SUR and GRE5.				Review of DISH to be complete by FY 2023/4 Q1 to consider need for corporate oversight board if not transferred into the Council.
M-005	A A	Establish a plan to internalise, close or sell as appropriate		**30/11** - Six dormant companies wound up. Options review undertaken for all companies except DISH. Cabinet authority to undertake discussions with DfE for SCF. Cabinet decision on all schemes held by SUR, with plan to dispose of all sites and winder up the partnership by 2024 latest. Options review undertaken by Local Partnerships for JEH – to be reported to Cabinet in early 2023/24. Likely phased disposal/transfer programme to be recommended to Cabinet. Winding up of JEH following changes. Cabinet approval to direction of travel to dispose of GRE5, implementation to be after completion of building works and conclusion of litigation **13/1** – No change to plans. SUR - decisions re the disposal of opted sites continue to be made by Cabinet on a case by case basis (most recent ones – Montem and NWQ). No new activity is being undertaken by SUR and the LLP will be wound up following completion of asset sales. GRE5 – update paper on Nova House works programme and associated matters to be provided to Cabinet (in addition to the annual Business Plan) in March 23. GRE5 Ltd be sold and/or wound up in 24/25 following completion of works – optimum exit strategy to be agreed (e.g. sale of lease or sale of business/share				Review of DISH to be complete by FY 2023/4 Q1 due to it being lower risk.

Subsidiary Company Action Plan

Direction 6

Ref	Status	Deliverable or Milestone	Owner	Progress	Delivery Dates		Date Delivered	Additional Comments
					Original	Forecast		
M-003	A	Ensure board functions effectively under the terms of an explicit shareholder agreement.		**30/11** – A range of agreements exist between all companies and the Council as shareholder, except DISH. The agreements differ depending on the nature of the corporate entity. Corporate oversight boards and governance reviews undertaken as appropriate to check compliance with requirements of agreements for all except DISH. **13/1** - Business plans for all companies to be approved by Cabinet for next financial year (February 23 Cabinet). **13/1** – New Shareholder Agreements to be approved by Cabinet for all companies in March 23.	31-Mar-24	31-Mar-24		Review of DISH to be complete by FY 2023/24 Q1 due to it being lower risk.

Key Service Updates

Health and Social Care Integration

- A procurement exercise has been undertaken concerning the voluntary and community sector contracts and a report will be presented to Cabinet in March 23 as per the Corporate Forward Plan.
- Approval for contract award for an Integrated Substance Misuse Service and Rough Sleepers Substance Misuse outreach service was secured in November 22. Mobilisation has commenced for these services with new contracts going live in April 23.

Public Health

- Recruitment to the substantive posts in the Public Health Team is now underway.
- The majority of the team are currently interims. Improving long-term public health outcomes is heavily reliant on stable partnerships and a substantive team will be a key step to ensuring this.

Key Service Updates

Reablement

- The Reablement recruitment advertisement campaign concluded. Good response, interviews happening throughout January 2023.
- Reablement Workshops are being run through January setting the culture for the team for team members.
- Reablement Roadshows for wider teams planned through 2023.
- Processes associated to the new working model have been implemented and are now being reviewed to assess benefits.
- In year savings have been re-profiled to consider the timeline of recruitment activity which is the significant factor for driving financial efficiencies.
- Methodology for how impact of reablement efficiencies is measured and tracked has concluded.

Key Service Updates

Children

- LGA will undertake a peer review of the Corporate Parenting Panel on 18/19 January.
- Further meeting taking place with the DfE regarding the SEND WSOA on 26 January.
- Safety Valve initial proposal feedback meeting on 22 January.
- The Early Help Strategy is being prepared to be taken to the Slough Wellbeing Board.

Key Service Updates

Place

- SBC has been awarded £9.2 million in the second round of the Levelling Up Fund, to transform the A355 Farnham Road in Slough to better serve pedestrians, cyclists and drivers, with faster access for buses to improve journey times.

Communications

- Peer review issues and recommendations are forming the basis of an action plan
- Second round of staff roadshows to be held w/c 23 January 2023
- Three small getting to know you sessions (six staff members at each) held with the CE, receiving positive feedback from attendees
- Community engagement touchpoints identified across the organisation to enable coordination of key messages
- Report to CLT on communications planning 18 January 2023 and monthly reporting to CLT commenced
- Brand review awarded to external creative agency, work commenced 18 January 2023
- Fortnightly bins creative and media buying campaign awarded 23 January 2023

Key Service Updates

Customer services

- The Customer Contact Centre has exceeded the corporate plan targets for the service in October, November and December (currently 55% of calls answered, and 10 minutes wait time).

	Oct-2021	Oct-2022
Calls Received	17389	13891
Calls Answered	6124	11191
% Answered	35.2%	80.6%
Average Wait Time	00:17:48	00:05:10

	Nov-21	Nov-22
Calls Received	16,722	13,812
Calls Answered	6,669	10467
% answered	39.9%	75.8%
Average wait time	00:16:53	00:06:58

	Dec-21	Dec-22
Calls Received	11,222	10,025
Calls Answered	5,471	7682
% answered	48.80%	76.60%
Average wait time	13:41	06:08

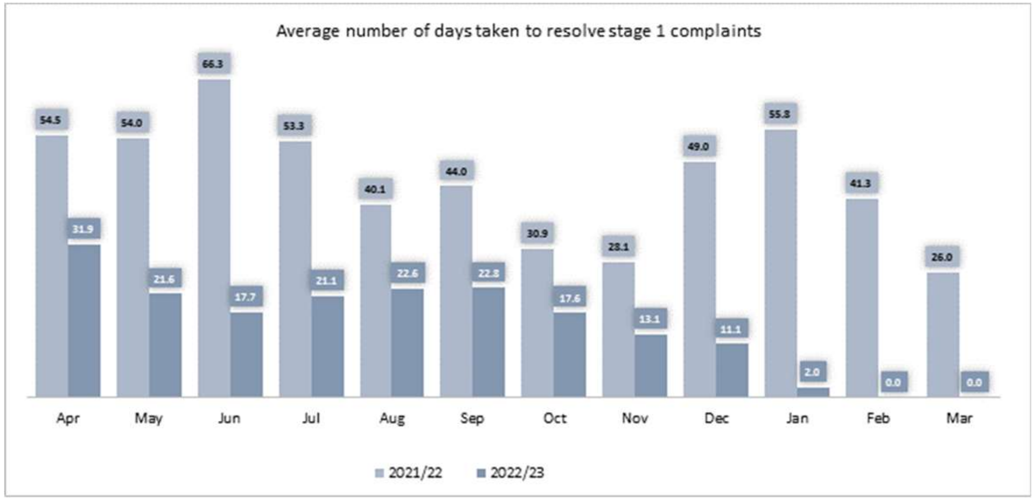
Average wait times have improved our customers' experience substantially since the same period last year

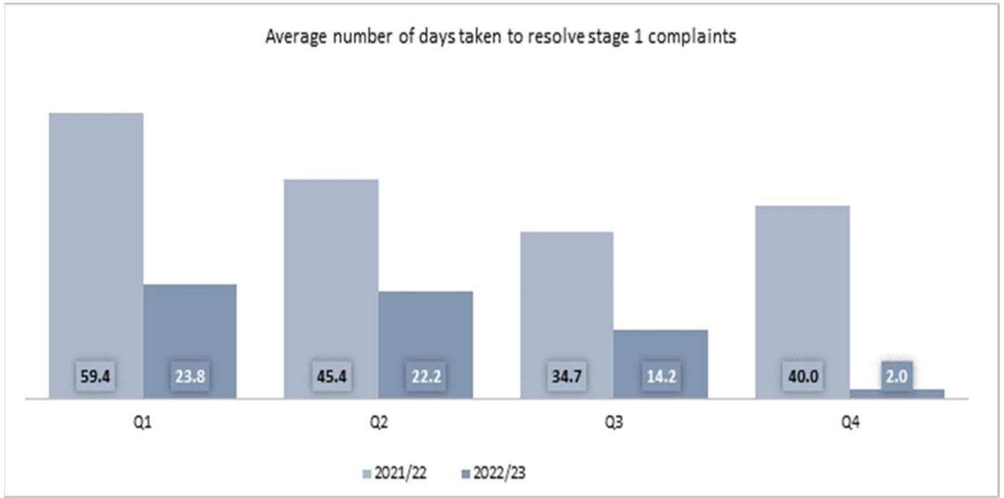
- The service is currently working on a draft high level programme plan, which includes initiatives to embed a corporate 'Customer Focussed' culture within the organisation. Further workstreams focus on the Customer Contact Centre.
- A paper on approach / methodology to develop the customer care standards is in the process of being finalised and will be tabled for discussion and engagement with the wider leadership.
- Service redesign is progressing well, with full engagement of staff within the service to define a revised interim target operating model; conversations have taken place with HR, and the detailed business case is currently in development stages.

Key Service Updates

Complaints

- From December, we have introduced a weekly outstanding cases report, detailing all outstanding casework per service and issued to services, requesting urgent action.
- Quarterly complaints monitoring report re-introduced and circulated since 17 November.
- Members Complaint handling T&F Group has completed – the final recommendation report to be presented at the Customer & Community scrutiny panel in February 2023.
- We are carrying out periodic quality checks on complaints to ensure learning actions are registered and followed through





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Slough Borough Council

REPORT TO:	**Overview & Scrutiny Committee**
DATE:	23 February 2023
SUBJECT:	**Section 25 Report**
CHIEF OFFICER:	Steven Mair
CONTACT OFFICER:	Mike Thomas
WARD(S):	All
EXEMPT:	**NO**
APPENDICES:	**None.**

1 SUMMARY AND RECOMMENDATIONS

1.1 This report advises the Council of the Executive Director Finance and Commercial's (s.151) report on the robustness of the estimates made for the purposes of the budget calculations and the adequacy of the proposed financial reserves.

1.2 This report is made under section 25 of the Local Government Act 2003, which the Council is required to have regard to when making decisions in accordance with s.31A of the Local Government Finance Act 1992 on agreeing the budget for the financial year 2023/24.

2 RECOMMENDATIONS

The Overview & Scrutiny Committee is requested to scrutinise this report and make any comments to Cabinet.

The Cabinet is being asked to recommend to:

1. Recommend to Council that it has regard to this report when making decisions about the calculation of council tax requirement.

Reason:

This recommendation enables the Executive Director of Finance and Commercial (s.151 officer) to meet his statutory responsibilities.

Commissioner Review

This is an important report – it provides the full context within which the entire suite of budget papers must be considered. The commissioners are content with this report.

3 INTRODUCTION

3.1 On the basis of the risks and issues raised in this report, in my opinion as Executive Director Finance and Commercial (s.151), the budget should be submitted to Council for approval on the basis that:

a) the proposed level of Council reserves and contingencies are adequate to support the budget for 2023/24 having regard to an assessment of current financial and other risks set out extensively in this report and assuming these risks do not increase beyond those that can be contained by the Council. It should also be noted that matters will continue to be identified and will change throughout the coming financial year and beyond.

b) the Council has an agreed, robust, extensively reported and to date very successful financial strategy that is beginning to allow the Council to move towards longer term financial sustainability. However, this strategy will take a further five financial years to conclude and to embed at all levels to the standards and work required.

c) the estimates are robust for the calculation of the budget within the confines of the many risks noted throughout this report. Particular attention is drawn to the following specific conditions and risks:

(i) the recommended level of general balances for 2023/24 is £21m, although this is the bare minimum as a percentage of Net Revenue Expenditure

(ii) the budget which has levels of contingency and conditions built in to reflect the considerable risks the Council is facing and is predicated on continuing support from DLUHC;

(iii) agreement of the Capitalisation Direction for 2023/24 and future years as proposed to DLUHC in February 2023 at estimated figures of £267m to 31/3/23 and £32m for 2023/24 (this is a significant reduction from last year's s.25 report which was £307m to 31/3/23 and £78m for 2023/24)

(iv) agreement by DLUHC that they will agree to issue Capitalisation Directions or provide other support to equal the actual figures for the outstanding and current year as the accounts for the years are closed.

(v) looking forward beyond this coming year agreement by DLUHC will be needed to issue Capitalisation Directions or provide other support to equal the estimated figures for future years as the budgets are prepared for these future years.

(vi) likewise agreement by DLUHC that they will agree to issue Capitalisation Directions or provide other support or agreed mechanisms to supplement the level of revenue budget savings that the Council can achieve and as will be reviewed in future years. Further that they will agree to finance/support on a recurrent basis any recurrent gap that would arise if the £12.9m annual level of savings from 2024/25 was not achieved in a sustainable manner.

(vii) the level of Council general reserves, outside of the support from DLUHC relating to specific risks and specific initiatives, is £21.5m, of which £20m comes from the Capitalisation Direction, consisting of the General Fund (GF) balance at March 2022. These reserves will be established and built up over time once a more stable finance base has been created. The MTFS also expects at least £1m per annum to be put into reserves from revenue balances to add further to this.

(viii) as at the end of March 2022, the estimated earmarked reserves held by the Council totalled £29m. The majority of these funds were accumulated during 2020/21 and 2021/22 as part of the Government's covid response measures to be used for specific purposes such as helping local business and managing the outbreak of covid and must be repaid to DLUHC. In addition, school balances amount to £10.3m and cannot be used for general purposes.

	£m
Repayable to Government	17.0
School balances excluding DSG	10.3
Other	1.8
Total	**29.1**

(ix) as the Council has only one set of audited accounts since 2018/19 and will not have a complete set i.e. to 2021/22 until September 2023 at the earliest, the financial position is subject to considerable potential change which may impact on the robustness of the budget

(x) the Council embeds the good practice now being designed but notes that this will take up to 5 years to do so and thus as with the accounts the various estimates will be subject to change

(xi) the Council has a major dependency on asset sales and revenue budget savings which will significantly impact on the budget for 2023/24 and the future years, which will again affect the level of robustness of the budget

(xii) the Council continues to operate the Expenditure Control Process throughout 2023/24

(xiii) the Council continues to develop its budget monitoring processes and ensures that the delivery of the planned budget savings are achieved

(xiv) the Council continues to develop longer term financial planning as evidenced by the work reported in the revenue budget report for 2023/24 and the Medium-Term Financial Strategy

(xv) the Council continues to drive the financial strategy forward, or revise it as required.

3.2 In coming to a view on the robustness of the estimates there are a wide range of factors to take into account, including:

- the Slough Council context
- local risks impacting Slough's budget setting for 2023/24
- risks affecting the sector
- inherent risks

- Slough Council's financial management including the availability of support from the Department of Levelling Up, Communities and Housing (DLUHC)

4 SLOUGH COUNCIL CONTEXT

4.1 In December 2020 the Council requested Exceptional Financial Support from the Ministry of Housing, Communities and Local Government (MHCLG) (now known as the Department for Levelling Up, Housing & Communities (DLUHC)) in respect of the financial year 2021/22 to help it balance its budget. MHCLG agreed in-principle to provide support and commissioned CIPFA to undertake an independent and detailed financial assurance review of Slough Borough Council (the Council). Since the original capitalisation request for 2021/22 of up to £15.2m, the Council has identified further very substantial liabilities for previous years, which the Council is unable to meet from its reserves. These past liabilities also impact substantially on the financial position for the Council in the current financial year and beyond

4.2 The Executive Director of Finance and Commercial, as statutory Chief Finance Officer under s.151 issued a report under s114 of the Local Government Finance Act 1988 in July 2021, outlining the then estimated total potential liabilities across the Council of some £174m up to 2024/25, which had not been accounted for hitherto. It was advised that this could increase significantly.

4.3 As also recognised by CIPFA in its report in October 2021, there was a high likelihood that this figure could grow. This has proven to be the case. At its potential maximum the estimate reached £782m, an unprecedented level of support for a Capitalisation Direction, through to 2047/48 in order to place the Council on a sustainable financial footing for the future, of which £307m was required to deal with historic issues and £78m for 2023/24 to enable the Council to deliver a legal budget for 2023/24. Since last year, officers have been able to close the 2018/19 statement of accounts and prepare the accounts for 2019/20 and 2020/21, which has allowed the extent of support required via the Capitalisation Direction to be revised. The submission to DLUHC has been reduced from an overall figure of £782m down to £357m which will return the Council to a sustainable financial position by 2028/29.

4.4 On 1 December 2021, the Secretary of State for Levelling Up, Housing and Communities made a statutory Direction requiring the Council to take prescribed actions and that certain functions be exercised from this date by appointed Commissioners, acting jointly or severally. The functions to be exercised by the Commissioners included the requirement at section 151 of the Local Government Act 1972 to arrange for the proper administration of the Authority's financial affairs, and all functions associated with the strategic financial management of the Authority, to include:

- providing advice and challenge to the Authority on the preparation and implementation of a detailed plan to close its short and long-term budget gap in response to the section 114 notice;
- providing advice and challenge to the Authority in the setting of annual budgets and a robust medium term financial strategy (MTFS) for the Authority, limiting future borrowing and capital spending;
- scrutiny of all in-year amendments to annual budgets;

- the power to amend budgets where Commissioners consider that those budgets constitute a risk to the Authority's ability to fulfil its best value duty; and
- providing advice and challenge to the Authority on the preparation of an outline asset disposal plan.

4.5 In the medium to longer-term the Council cannot become a financially self-sustaining council without considerable Government support. The availability of significant future support is a key assumption underpinning the 2023/24 budget and will be for several years.

4.6 The Council's financial position has been the subject of regular briefings to members and DLUHC since 2021/22. The seriousness of the financial situation and how the Council found itself in this position remain of significant concern. This has been acknowledged and a financial recovery plan agreed and reported since September 2021. Whilst the current request of Government is unprecedented it has to be noted that the audits of the 2018/19 (including 20 prior period adjustments and 9 in-year adjustments), 2019/20, 2020/21 and 2021/22 are yet to be completed, and it is very likely that more amendments may be uncovered during the continuing closure of the accounts process. Consequently, it will not be possible to secure a fully compliant, secure and stable position until all years' accounts have been drafted and the audits concluded. Issues will continue to be identified that will affect the financial position particularly during 2023/24.

4.7 The 2023/24 budget needs to be seen in this context and on the back of the actions taken by various bodies in response to the identification of these serious financial failings, which have included:

- the identification of an extensive range of issues by the finance team since 2021/22
- the issue of statutory and non-statutory recommendations from the external auditor in May 2021
- a significant number of recommendations from internal audit including a Head of Internal Audit annual opinion in August 2021 which concluded that the system for internal controls, governance and risk management was inadequate
- reports from both Department for Levelling Up, Housing and Communities (DLUHC) and the Chartered Institute of Public Finance and Accountancy (CIPFA), both of which identified significant weaknesses in financial management processes, governance and internal control
- as referred to above, a statutory direction by the Secretary of State including the appointment of Commissioners to remain in force until 30 November 2024, unless amended.
- the conclusion of the audit resulting in the external auditors issuing a disclaimer of opinion on the 2018/19 accounts. A disclaimer opinion is only issued when the possible effects of undetected misstatements due to the lack of audit evidence (a scope limitation) could be both material and pervasive to the financial statements. The negative opinion, or lack thereof, is predominantly due to inadequate processes and controls over journals posted by the old finance team in addition to inadequate record keeping and audit trails, lack of good working papers and appropriate reconciliations, mapping issues within the

financial statements ultimately resulting in a significant number of material misstatements identified in the 2018/19 accounts and material prior period misstatements relating to the 2017/18 accounts and before by the new finance team.

4.8 The Council's very serious financial challenges have arisen over a period of several years and represent the combined impact of a wide range of issues. Examples to note are as follows:

- inadequate minimum revenue provision - the single biggest amount within the capitalisation direction is due to the incorrect accounting for Minimum Revenue Provision for many years. The amount undercharged from 2008/09 to 2021/22 was £57m, with a further £18m needed for 2022/23
- inadequate provisions estimated at £25m (of which £11m is for bad debts) in a range of areas including bad debts such as adults social care, sundry debts and insurance
- incorrect capitalisation of revenue costs totalling £49m, the majority of this is for the period to 2021/22 which includes £24m of costs incorrectly capitalised relating to transformation funding, £4m for incorrectly recognised overage costs and £21m for incorrectly capitalised costs of property and IT staff to projects
- non-receipt of expected dividends from Company investments and potential liabilities in respect of winding up some of these companies totalling c£10m
- inadequate budget estimation and failure to deliver planned cost savings

4.9 As a result at the time of the s114 notice the Council effectively had no unallocated general reserves and a very significant general fund deficit

4.10 The Council had for several years suffered greatly from a lack of:

- understanding of and transparency about its true financial position
- corporate (at all levels) and financial ownership, drive and leadership of the problem as it understood it
- professional financial standards at all levels
- tight financial management by budget holders
- skilled project management
- development and leadership of the Council's finances and finance team
- financial drive, control, positive attitude, ownership at all levels and roles
- evidenced based decisions set within a context of value for money

4.11 All of which led to:

- no (complete and accurate) accounts for at least 5 years
- no proper management of its budgets
- poor financial systems
- effectively no general reserves

- the need for an exceptional level of capitalisation direction that exceeded any in the Country at the time from what is a very small Council
- a very large DSG deficit with no plans to tackle it
- very poor governance of all of its companies
- many extremely adverse internal and external reviews with very little response from the Council up to May 2021

4.12 At the same time as identifying the financial issues facing it the Council also began work on its financial strategy to recover from this situation. The financial strategy agreed and actioned by the Council was to:

- address the identified problem, this began in July 2021
- start selling assets to reduce borrowings and thus reduce MRP/interest costs and finance the CD – agreed September 2021
- reduce net revenue expenditure, both general fund and the dedicated schools grant – ongoing since July 2021
- produce and have audited annual accounts – work to prepare, correct and submit the outstanding years of accounts has been going on by the new Finance Team since 2021
- operate proper and rigorous budgeting and build up reserves – from July 2021
- design and implement a permanent structure for the Council's finance service – now complete and currently being recruited to
- all to an appropriate standard and in an appropriate manner and with an understanding that this will take up to five years

4.13 The Council's strategy is starting to come to fruition although there is a great deal of work still to do and risks to be managed before stability can be achieved. The position throughout this paper is of course at a point in time and will undoubtedly change. The key developments have been:

- achieving asset sales of over £173m to date during this financial year with a planned total of over £200m for the whole year and already planning for £200m plus in 2023/24. This is greatly in excess of that assumed in the budget and is reducing debt, the level of minimum revenue provision and reducing the total capitalisation direction
- an overall reduction in the Capitalisation Direction from £782m to £357m
- projecting a budget which for 2023/24 is currently showing a reduction of £47m in the Capitalisation Direction compared to the original expectation of £79m.
- planning for savings of £22.4m in 2023/24
- agreeing with the DfE, subject to formal approval, a DSG recovery plan that achieves an in year balanced position by 2025/26 from what was a previously forecast £7m annual increase in the overspend and should see the Council's historic deficit of £27m financed by the DfE
- producing annual accounts, 2018/19 and 2019/20 produced to date, 2018/19 audit completed, 2020/21 and 2021/22 in progress

- starting to build up reserves as indicated in the Capitalisation Direction
- designing and having approved a new structure for the finance service which is currently being advertised, interviewed and appointed to.

4.14 These problems are now being addressed but designing, implementing and embedding new processes together with the required changes to organisational financial management culture and process will take an estimated 5 years to achieve. More detailed assessments of the improvement timeframe will only become possible as the situation in Slough develops locally and will inevitably vary. Realistically the financial strategy will need to outline the actions required over the next decade in order to set the Council on a firmer and more sustainable financial footing.

5. LOCAL RISKS IMPACTING SLOUGH'S BUDGET SETTING FOR 2023/24

5.1 In addition to the general risks affecting the sector as a whole, which are set out in section 5 onwards, there are a number of specific local risks that need addressing in order to develop a sustainable financial plan, as follows:

- commitment from the Department of Levelling Up, Housing and Communities to the approval of a Capitalisation Direction of £299m to 31 March 2024 necessary for setting a legally balanced budget for 2023/24. The approval of future Capitalisation Directions is also fundamental to allow the Council to set legal budgets in 2024/25 and beyond. Without these Directions the Council cannot set a legally balanced budget
- identification and delivery of circa £400m of capital receipts by 31 March 2024 from the Asset Disposal programme. This needs to be undertaken with the support of expert advice in order to obtain best value for the Council. The Council engaged Avison Young as its external advisors in 2022 and work continues at pace with the Asset Disposal programme
- the Council's Dedicated Schools Grant deficit had grown and was essentially out of control. The deficit had grown from £4.9m in 2015/16 to £20.6m at 31 March 2021, and could potentially have grown to £43m by 2024/25 if no further action had been taken. This has now been addressed, the Council having reduced the annual in year deficits from £7m to nil and the DfE considered and agreed to finance the historic deficit of £27m. However, this is dependent on the Council ensuring that the significantly reduced level of expenditure is maintained from 1 April 2023
- the Council's company, Slough Children First Ltd, set up in response to a DfE direction to deliver its statutory children's services remains in an extremely challenging financial position and will need to manage its budget very robustly to meet its statutory responsibilities and remain a going concern. A revised business plan is being considered on the same Cabinet agenda and the Council has raised significant concerns about the ability of the company to deliver its planned improvements, deliver savings and balance its budget. It is forecast to overspend the budget approved by the Council in 2022/23 by over £5m.
- the Council prior to 2022/23 and the Children's Company do not have a track record of delivering savings. In order to achieve the financial recovery plan targets, very significant annual revenue savings will be required, subject to support from DLUHC and DfE

- the Council's 2018/19 accounts (including 20 prior period adjustments) have been prepared and audited. The 2019/20, 2020/21 and 2021/22 accounts have been or are being prepared/finalised but have yet to be audited and signed off by the Council's External Auditor. It is expected that the audit for each of these years' accounts will be completed by September 2023 thus allowing greater certainty on which to base the future financial plan. However, any issues arising from these audits will potentially impact the budget and MTFS.
- the current finance team is heavily dependent on interim support, particularly at the senior level, which is unsustainable in the medium-term. Whilst a re-structure of the department and a major recruitment exercise has been undertaken this will not begin to have a sustained impact until well into 2023/24
- the financial issues faced by the Council over the past 21 months have highlighted weaknesses due to the operational standards of the previous finance team across all aspects of the Council's finances
- and likewise budget and financial management across the Council including financial reporting, controls and financial oversight. These areas are being improved through the implementation of the finance recovery action plan but this will take time to fully implement and embed

5.2 There are a number of areas of risk that remain subject to volatility.

- **Capital Receipts** - In certain areas, such as capital receipts the planned receipts estimated to the Council can be volatile depending on both the prevailing local economic conditions and timing and this has an adverse impact on the financing of the Capital Programme. However, the Council has procured experts and have highly experienced internal resources to assist it to generate the necessary receipts, and as noted above is delivering this work well in excess of the budgeted assumptions
- **Fees and charges** The Council is currently budgeting to collect an additional circa £1.0m (2023/24) in fees and charges including fees in respect of planning fees, car parking charges, waste disposal, burials and cremations, licensing, street works etc. These will be closely monitored and are sensitive to local economic conditions. Variances are reported through the General Fund revenue budget monitoring reports to Cabinet.
- **Demand Led Budgets** - Adults and Children's Social Care budgets are demand led. The impact of high-profile national cases can lead to a significant increase in safeguarding concerns and the subsequent referrals and demand for placements within Children's Services. Demand for Adult Social Care is increasing with an ageing population living longer and with more complex needs. Whilst future years' estimates have been made based on cost and volume assessments there is a risk that these assessments may be exceeded particularly in respect of Slough Children's Services. There is also the risk of provider failure as prevailing market conditions may deteriorate. The Council, however, has invested significantly in social care in recent years including additional social workers to assist in managing these risks given the considerable demand and price pressures.
- **Council Tax Collection** - There is a risk that future local economic conditions will deteriorate and that the current projected levels of council tax collection will

fall leading to a deficit on the Collection Fund. This risk has increased since 2013/14 with the localisation of council tax benefits and welfare reform. The risk has been exacerbated by the Covid-19 pandemic. The Council has budgeted on the basis of collecting 98.3% of 2023/24 Council Tax. The total business rate base has been set at £38.7m for 2023/24. The performance against these collection rates will be monitored on a monthly basis and the Council has a good track record of managing this risk

- **Inflation** has been applied to various budgets, specifically to pay, energy and some contract budgets. Whilst Government announced a pay increase of 2 per cent for public sector workers this is separate from the negotiation in respect of Local Government. Some inflation assumptions are necessarily based on estimates at a point in time (e.g. energy costs). These markets are currently very volatile and remain largely driven by international factors that are difficult to predict with any certainty. The risk assessment puts a figure to the potential for a higher level of inflation that would not seem to be unreasonable to include in the budget as it may materialise

- **Borrowing** – The Treasury Management Strategy approved in March 2022 set out plans for reducing the Council's borrowing levels by generating capital receipts via the Asset Disposal Strategy. As reported elsewhere the Strategy has significantly exceeded target capital receipts and is on track to generate at least £210m of capital receipts by 31 March 2023 and forecast generate a further £200m in 2023/24. As a result total temporary borrowing is on track to be reduced by £203m from £336m at 31 March 2022 to £133m by 31 March 2023 and fully repaid by September 2023. In addition, long-term borrowing from the PWLB continues to be repaid as loans mature and the Council is now on track to reduce overall borrowing to a sustainable level of £335m by March 2025.

- **Investments –** The Treasury Management Policy identifies the security of capital as the main priority; with liquidity and yield as lesser priorities. To maintain security the Council adopts robust credit criteria and applies this to all investment counterparties. Currently surplus cash from the Asset Disposal strategy has been invested temporarily with the Debt Management Office (DMO) to match the maturity of temporary borrowing. This will generate £1m of interest at an average rate of 3.1% in 2022/23. While the Asset Disposal Strategy is underway it is expected that cash generated will be invested temporarily either with the DMO or money market funds, thus ensuring security and liquidity of funds while continuing to generate a yield.

- **Other investments**. The Council has two forms of other investment, namely loans to subsidiary companies and shareholding in those investments. Loans outstanding to companies at 31 March 2023 total £69m. All of the loans advanced present risk of non-payment to the Council, which potentially will impact on the General Fund in the event of the need to impair the loans. The Council's shareholdings in subsidiary companies are held for service provision rather than financial gain, nonetheless the Council is exposed to risk of financial loss as the companies are all generating losses. The Council also is a partner in Slough Urban Renewal (SUR). In line with the Council's financial recovery plan, it is divesting itself from SUR, which also brings financial risk in the form of the Council's share of the running costs as schemes are wound up.

5.3 The Council has been in continual discussion with DLUHC about a significant package of support through a Capitalisation Direction and other matters which may allow the Council to develop a sustainable medium term financial strategy. Even with additional support, improving the Council's underlying financial position will take several years to rectify. The support has yet to be confirmed but may come with additional conditions.

6 RISKS AFFECTING THE SECTOR

Short Term nature of the Local Government Finance Settlement and Fair Funding Review

6.1 The forthcoming year, 2023/24, will be the fourth year where local authorities will only receive a single-year finance settlement. The October 2021 Spending Review was the first multi-year Spending Review since the end of 2019 with single year Spending Rounds in October 2019 and 2020. Despite the October 2021 Spending Review projecting public sector resources to 2024/25, local authorities have continued to only receive a single settlement for 2023/24. The Council's funding beyond 2023/24 will be determined by the outcome of the Review of Relative Needs and Resources (previously the Fair Funding Review) and the reforms to the Business Rates Retention System under the Levelling Up agenda. At this time there is no indication of future funding levels, and the Council is only able to financially plan with difficulty beyond 2023/24.

Legislative Changes/Burdens

6.2 There have been a number of major legislative changes/burdens that in some cases go back some time but given Slough's particularly fragile financial state continue to potentially impact on Council funding in future years. These include:

- **Better Care Fund and Discharge Fund** - The Government has continued its commitment to an alignment of funding for health and social care which is to be shared between the NHS and local authorities with social care responsibilities. The Spending Review 2021 confirmed that the BCF grant will continue in 2023 to 2024 and be maintained nationally at its current level (£2.140bn), meaning £4.0m is again allocated to Slough. An additional £600 million will be distributed in 2023-24 and £1 billion in 2024-25 through the Better Care Fund to get people out of hospital on time into care settings, in the form of a new Discharge Fund. The funding will be split 50:50 between DLUHC and DHSC, meaning DLUHC will distribute £300 million in 2023-24 and £500 million in 2024-25. Of the £300m, Slough will receive £0.559m.

- **Fair Cost of Care** - In the recent Autumn Statement from the Chancellor, the fair cost of care pressure on councils has been pushed out from the original planned date of implementation in October 2023 by another two years, effectively into the next parliament. This would pose a significant risk to the Council's finances and while modelling to date has been hard to verify, the impact would be in the multi-million pounds. Given the lack of affordability of this to the Council, and the fact that the issue has been pushed out another two years, the latest modelling of the MTFS excludes provision for such a potential pressure.

7 **INHERENT RISKS**

7.1 As a Unitary authority the Council provides the broadest possible range of services and has an inherently higher level of risk than many other authorities simply due to the complexity and nature of the services it provides. Additionally, the Council has taken policy decisions to establish several alternate delivery models including wholly owned companies and PFI arrangements which whilst potentially having advantages also have the potential to increase the Council's risk profile. These are currently being addressed as set out in the revenue budget report.

7.2 Other inherent risks include the:

- significant staffing shortages within the Finance department and the potential difficulties in recruiting sufficient qualified staff given the Council's financial position and reputation
- risk of grant clawback including Government funding and housing benefit subsidy
- Council's risk as an employer which has and will require the Council to budget for the cost of severance packages incurred in the delivery of the required budget savings, service transformation and restructuring. The Government has indicated that it may introduce an exit cap regulation which would make workforce restructuring more difficult. There are further risks from other employee related claims
- full effects of any economic measures with the potential for higher demands on services e.g. social care for both Children's Services and Adults Services and falling income levels
- risk of major litigation, both currently and in the future
- risk of claims arising from the Council's ownership of land and property and potentially historic service failings
- need to retain a general contingency to provide for any unforeseen circumstances, which may arise
- magnitude of the savings that the Council has to deliver in 2023/24, all of which must be delivered in full or alternatives found within the services. This is of a scale the Council has not delivered previously and will require a very significant focus throughout the year on delivery plans, budget monitoring and expenditure and income control that goes beyond what the Council has previously achieved

8 **FINANCIAL MANAGEMENT**

8.1 The extensive issues concerning the financial management of the Council across the many elements of this report have been well analysed, documented and reported to the Council and elsewhere within the corporate body.

8.2 There are many aspects to this and much remains to be done. Fundamentally, putting the other related issues to one side, at the budget level the robustness of the estimates depends on:

- the quality of the budget setting process,

- detailed, rigorous and quality assured back up to the savings proposals,
- review of all existing estimates and the evidence to support them
- ownership of estimates by all concerned, and
- a shared acknowledgement across the whole Council (both officers and Members) of the imperative of living within the approved estimates or finding equal value alternative options.

8.3 The Council has begun the process of designing what is needed e.g. functional capacity and capability assessments, business cases, and action plans. However, embedding these fully across the Council will take another two years. Zero Based Budgeting is a proven technique for delivering savings, but will require a great deal of data cleansing and analysis to provide a fit for purpose base to work from. Attitudes of all departments in working to agreed budgets will similarly take time to embed culturally.

8.4 The 2023/24 budgets will contain inherent but in the longer term reducing financial management risks. Mitigations to minimise this position have operated as far as possible since 2021/22 and will develop further.

Preparation for 2023/24

8.5 The Council has taken a much improved approach to developing its Medium-Term Financial strategy (MTFS) given the challenging circumstances in which it finds itself.

8.6 All aspects of the Council's budget, efficiency savings, additional income, service reductions and pressures have been subject to review, with Executive Directors, Assistant Directors and Group Managers being required to review the plans they put forward to confirm delivery of the proposals. This work will continue in future years to ensure that a high standard of budgeting is developed over the coming year. Budget proposals have subsequently been reviewed by:

- the Finance Business Partnering Team
- the Executive Director of Strategy and Improvement and the PMO manager
- Executive Directors (Corporate Leadership Team)
- Lead Councillors
- The Council's scrutiny committees

8.7 The Council's HRA and Capital Programme is undergoing a similar review process alongside a review of all the Council's companies.

8.8 The assumptions on which the budget is based are contained within the main budget report presented elsewhere on the agenda, however, key assumptions include:

- for the future agreement of the Capitalisation Direction for 2024/25 and future years as proposed to DLUHC in January 2023 at £299m to 31/3/24 and £23m for 2024/25
- likewise agreement by DLUHC that they will agree to issue Capitalisation Directions or provide other support to equal the actual figures for the

outstanding, current and forthcoming years as the accounts for the years are closed

- agreement by DLUHC that they will agree to issue Capitalisation Directions or provide other support to equal the estimated figures for future years as the budgets are prepared for these future years
- agreement by DLUHC that they will agree to issue Capitalisation Directions or provide other support or agreed mechanisms to supplement the level of revenue budget savings that the Council can achieve as discussed and as will be reviewed.
- Council Tax increase – at 9.99% for 2023/24 and 4.99% per annum thereafter
- finance settlement – the figures are as per the Government's Final Settlement announcement
- pay assumptions – this has been provided for at a level similar to that seen in 2022/23, estimated to be 4.8% on average with £2.8m provided for in total.
- inflation – OBR forecasts in January 2023 projected that inflation is to come down significantly in 2023 and 2024, such that the average rate for CPI across 2023/24 is 5.5%. We currently have provision for 4.8% general inflation on contracts provided for, together with further specific monies against known areas of potential pressure. This amounts to £6.9m in general inflation and £2m specific provision within the contingency discussed later in this report. Inflationary pressures will need to managed in negotiations where possible, with other costs not bound by contractual terms needing to be contained within existing budget envelopes.
- reserves and provisions – that the reserves and provisions identified as needed as the accounts are closed and budgets prepared will be added into future years capitalisation direction and supported by DLUHC
- asset sales and capital receipts of up to £200m in 2023/24 are planned which will finance the capitalisation direction and reduce borrowing
- the Council has scaled back its Capital Programme to a minimum in the light of its financial situation. Over the next five years it will carry out projects totalling £165m (£102m General Fund and £63m Housing Revenue Account). The entire capital programme will be funded from capital grants, capital receipts and the major repairs reserve (HRA only), which means that there will be no recourse for any additional external borrowing. This is in line with the aim to be a Council which lives within its means.
- The Council's temporary borrowing is projected to reduce to £133m by 31 March 2023 and be fully repaid by September 2023 from asset sales, and to return to a sustainable level of £335m by March 2025. The associated capital financing costs together with the revenue implications of the specific schemes are provided for within the Capitalisation Direction and relevant revenue accounts.

8.9 It should also be noted that to deliver the Council's policy priorities and a balanced budget in each year of its MTFS 2024/25 to 2028/29 very significant savings in the order of £12.9m will be required per annum in addition to further capitalisation directions.

8.10 The continued need to deliver a high level of savings poses an inherent risk to the delivery of a balanced budget position as over time they become more complex and difficult to deliver. Consequently, it is important there is an absolute continued focus on savings delivery to ensure they are identified and delivered as planned.

8.11 To provide some resilience to the 2023/24 budget and future position, a contingency has been included in the Capitalisation Direction for 2023/24 and beyond to allow for and to mitigate any potential shortfall or slippage in the delivery of higher risk savings. For 2023/24 this equates to a £3m provision against non-delivery and £3m against slippage in delivery of savings. This is considered to be a prudent approach considering the increasing difficulty experienced in identifying and delivering further savings in the budget, but it is incumbent on senior management, executives and elected members to ensure that savings are delivered in full and on time in order to assist the Council's long-term position.

8.12 In addition to the above, the Council has a contingency figure of £6m to mitigate anticipated ongoing pressures arising from the need to create a bad debt provision, address liquidity requirements of the Slough Children First company, rent reductions arising from the asset disposal strategy, temporary accommodation, additional adult social care inflation/demographic pressures and a number of other minor items. The Council also has circa £15m in one-off contingency to address non-recurring issues such as the delayed delivering in savings, delivery of the local plan, redundancy and one-off implementation costs resulting from the savings proposals, temporary interim staffing to support the transition in the customer contact centre and finance team, and to cover the cost of the CCTV service being extended until 1 January 2024.

8.12 The longer-term position will need continual review given the magnitude of the position the Council finds itself in, the uncertainties associated with that and the inability at this stage to advise on the long-term going concern of the Council.

8.13 In order to allow the Council to set a budget for 2023/24 and to continue to plan for 2024/25 and beyond the following mitigations will be needed during 2023/24:

- all budgets approved by Council for 2023/24 are cash limited, including all Companies, and all Departments and Companies will have to manage within those sums
- a level of contingency as funded from the capitalisation direction will be held centrally against unforeseen events and risks and will be used to increase the Council's reserves as at 31/3/24 if not required
- no sums can be released from those contingencies except in extreme circumstances and only then with the approval of Cabinet following a report by the Executive Director of Finance and Commercial and appropriate Executive Director
- all expenditure of whatever type and funded by whatever means will be subject to approval by an expenditure control panel,
- any expenditure incurred outside of this process will be reported to Cabinet as part of the budget monitoring process
- a review will be undertaken of all estimates as part of the ongoing work of the finance department, along with the continued work on the accounts

- continuous budget meetings will be held with Executive Directors to review issues, savings, mitigations, and delivery of efficiencies.
- thematic reviews of budgets covering types of expenditure, income, and contracts in order to assess the potential for savings.

Adequacy of Reserves and Balances

8.14 The prudent level of reserves a Council should maintain is a matter of judgement. The consequence of not having adequate reserves can be significant. In normal circumstances the Council would be setting its budget and identifying reserves and provisions in a systematic manner. However, in the current circumstance the setting of the level of general fund and earmarked reserves is much less secure due to the extreme circumstance in which the Council finds itself. As at 31 March 2023 the Council had a general fund balance of £21.5m, of which £20m comes from the capitalisation direction. The medium-term financial strategy also expects at least £1m per annum to be put in reserves from revenue balances. This is the bare minimum position and will be subject to on-going review and risk assessment.

8.15 As opportunity arises, the financial situation improves and the Council becomes more capable of managing its finances then the Council will look to create a range of general and specific earmarked reserves in order to manage future risks. These reserves will be determined having regard to a risk-based assessment.

8.16 In setting the budget for 2022/23, estimates were made at the time of the required level of reserves and provisions, and this was included in the submission to DLUHC as part of the capitalisation directive. Provisions relate to known events, which have occurred and that have given rise to a liability for the Council, where the exact amount or timing of the payment is not clear. As a result of the forensic investigation of the accounts during 2021, amounts have been requested from Government as part of the capitalisation directive to ensure adequate provisions are in place for items such as bad debts, insurance claims and other known liabilities. Others may well be identified and further needed as part of this process.

8.17 In addition to known liabilities, the budget also has regard to various risk issues where at the time of setting the budget there is no contractual liability but there is a possibility that payment may be required at some point in the future; in these cases earmarked reserves are normally created. These reserves are established to cover specific risk issues as highlighted in the Council's risk registers. For 2023/24 one earmarked reserve has been set to allow the Council to consider in the future what it may need to finance/mitigate.

8.18 In reviewing the adequacy of reserves, the Executive Director of Finance and Commercial recommends the level of the General Fund Balance to be £21m in 2023/24 having regard to the risks set out in this report and the request for financial support being discussed with Government. The Executive Director of Finance and Commercial is of the view that the level of reserves is adequate solely for 2023/24, having regard to the risks identified and the level of contingency in the budget. The revised Medium Term Financial Strategy will in the future identify in greater detail the plans for replenishing reserves.

8.19 CIPFA (Chartered Institute of Public and Finance and Accountancy) in its review of financial resilience within councils have stated that there should be no imposed limit on the level or nature of balances required be held by an individual Council. However, in light of recent high-profile failures and funding concerns being raised by authorities they launched a financial resilience index which uses a basket of 15 indicators to measure individual authorities' financial resilience compared to their comparator group. Key indicators include:

- the level of reserves held as a percentage of net revenue expenditure
- the average change in reserves over the last three years
- the reserve "burn rate"
- the cost of adult social care as a percentage of net revenue expenditure
- the average cost of children's social care as a percentage of net revenue expenditure
- OFSTED rating
- the auditors value for money conclusion

8.20 It is anticipated that the requirement to formally report on these indicators will be incorporated into a new Financial Management Code and the Council will identify and consider these as it develops its MTFS.

9 CONCLUSION

9.1 Slough's budget deficit:

a) has moved from an initially submitted one year request of £15.2m to a potential worst case of £782m to a 10 year £357m problem, potentially rising well beyond this if £12.9m of additional, recurrent annual savings are not delivered from 2024/25

b) has changed continuously and will continue to do so as work has been undertaken

c) will continue to change throughout the next 12 months while the accounts up to 31/3/23 are prepared and audited and the budget for 2024/25 worked up in detail

d) is of a magnitude which had not previously been seen before across the UK and is accompanied by a range of issues that are likewise extremely wide ranging, unique in their appearance and size at one Council, and, of a significance that will take several years to correct in full

e) is successfully being reduced as the financial strategy starts to come to fruition

9.2 In these circumstances it is impossible to give an assurance that is normally required within a S25 report. However what can be said is that:

a) the Council has a well-developed, rigorous and extensively reported financial strategy that is starting to come to fruition – particularly successfully in asset sales, borrowing reduction, revenue budget management, DSG budget management, preparation of accounts and restructuring of the finance service

b) has an increased awareness of financial management's importance, requirements and the necessity of preparing and living within budget, taking appropriate financial decisions and operating sound governance

c) is better equipped to meet its budgetary challenges given the focus it has applied to this work since May 2021 and will continue to do so in future years

d) has kept DLUHC fully involved in all aspects of its financial situation and will continue to do so in the future

e) given the above, the contingency built into the budget estimates, the assumption that DLUHC will support the Council in full as it continues its work on the accounts, estimates and financial processes and that managers will manage within their allocated budgets it should be able to manage within these estimates for 2023/24.

In providing this statement, the Executive Director of Finance and Commercial will maintain an on-going and robust review of all risks, including those associated with the delivery of budget savings decisions and report throughout the financial year.

Steven Mair
Executive Director of Finance and Commercial (Chief Finance Officer)
Date 27 February 2023

10. Implications of the Recommendations

10.1 Financial implications

10.1.1 The recommendation has a direct financial impact on the setting of the Council's budget for 2023/24 and the Medium-Term Financial Strategy.

10.2 Legal implications

10.2.1 Section 25 of the Local Government Act 2003 requires the chief finance officer to report on two matters as follows:
(a) the robustness of the estimates made for the purposes of the calculations, and
(b) the adequacy of the proposed financial reserves.

10.2.2 Full Council is obligated to have regard to this report when making decisions about the calculation of council tax as a billing authority in accordance with s.31A of the Local Government Finance Act 1992.

10.3 Risk management implications

Summary of risks.

Category	Risk/Opportunity	Controls	Residual Risk Score (1 (Low) to 10 (high)	Additional Controls
Financial	The Council is fully appraised of the Executive Director of Finance and Commercial's views on the robustness of the budget setting process.	Inclusion of all Executive Directors in detailed planning and agreement of the budget.	6	Budget monitoring process and regular reporting on achievement of budget and savings.
Financial	The Council is fully appraised of the Executive Director of Finance and Commercial's views on the adequacy of reserves.	Risk assessment of the level of reserves and the building of contingency into the base budget to protect future volatility.	8	Regular assessment and review of new and existing areas of volatility or uncertainty.

10.4 Environmental implications

10.4.1 No specific environmental implications arise from this decision.

10.5 Equality implications

10.5.1 The budget is subject to an equality impact assessment which is reflected in this report.

10.6 Procurement implications

10.6.1 There are no procurement implications of this report

10.7 Workforce implications

10.7.1 There are no workforce implications of this report

10.8 Property implications

10.8.1 This report has no direct implication on properties.

11. Background Papers

None.

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Slough Borough Council

Report To:	Overview & Scrutiny Committee
Date:	23 February 2023
Subject:	Capital Programme 2023/24 to 2027/28
Chief Officer:	Steven Mair, Director of Finance (S151 officer)
Contact Officer:	Steve Muldoon, Deputy Director of Financial Management
Ward(s):	All
Exempt:	NO
Appendices:	Appendix A Detailed Capital Programme 2023/24 to 2027/28

1. Summary and Recommendations

The report sets out the Council's capital strategy from 2023/24 to 2027/28.

Recommendations:

The Overview & Scrutiny Committee is requested to scrutinise this report and make any comments to Cabinet. The Cabinet is being asked to:

1.1 Recommend approval of the Capital Programme for 2023/24 to 2027/28 to full Council as set out in this report and Appendix A.

Reason:

1.2 The Council should have an approved capital programme over the medium term as part of its overall Financial Framework. This will comply with the requirements of the Capital Strategy as set out in the Treasury Management Strategy which is set out in a separate report. Capital expenditure is defined as expenditure that is predominantly incurred on buying, constructing or improving physical assets such as land, buildings, infrastructure and equipment.

Commissioner Review

1.3 The capital programme is a key component of the budget papers for 2023/24. This paper sets out that programme which has been compiled using some key principles, including meeting statutory requirements, including health and safety, Significantly, the programme is funded through external funding sources including grants, capital receipts and S106 funding. This means that no additional borrowing is undertaken which would incur additional debt repayment costs. The commissioners support this approach – it is essential that the borrowing costs are reduced supporting the council's overarching aim to live within its means.

Introduction

1.4 The capital programme set out in the Capital Strategy forms a key part of the Council's budget setting process.

1.5 Prior to the 2022/23 capital programme, previous years' capital programmes have been ambitious involving several major projects in any one year and were heavily dependent on external borrowing. There was insufficient capacity to deliver the capital programme, resulting in slippage of 40% in delivering the programme.

1.6 The previous capital programme approved 9th March 2022, envisaged spending £219m (including 21/22) with a borrowing requirement of £17.540m. This year the size of the capital programme is £165m, with no new external borrowing needed. The programme is fully funded from grants, S106 contributions and capital receipts from the asset disposal programme. This ensures the Council lives within its means in respect of the capital programme.

Options considered

1.7 The options available to the Council are dependent to the extent to which funding is available to pay for the capital projects, and whether it has the ability to borrow to finance an increased size of programme. Given the Council's current financial position, it is considered prudent to minimise and even eliminate as far as possible the amount of capital spend on projects which are dependent on the council funding from its own very limited resources, and to prioritise projects for which the Council has health and safety obligations and to comply with statutory requirements. It is currently having to sell off assets to generate capital receipts in order to reduce the level of minimum revenue provision (MRP) and pay off short term debt owed to other councils, so including expenditure in the programme which requires borrowing and increases the MRP is counter-productive in the Council's aim to live within its means.

1.8 The capital programme is therefore largely financed through capital receipts and particularly external capital grants, and it is the Council's ability to bring in such grants, and the conditions placed on such grants, that will determine the size and nature of schemes in the capital programme.

Background

1.9 The total capital programme over the 6 years 2022/23 to 2027/28 is £165m largely funded by capital grants and the major repairs reserve in respect of the Housing Revenue Account (HRA) – see summary below:

Table 1 - Funding of Capital Programme

	General Fund £m	HRA £m	Total £m
Spend	(102)	(63)	(165)
Funded by			
Government Grant	(83)	0	(83)
Capital Receipts	(18)	(12)	(30)
Developer contributions (s.106)	(1)	0	(1)
Major Repairs Reserve	0	(51)	(51)
Revenue contributions	0	0	0
Capitalisation Direction	0	0	0
Total external funding	**(102)**	**(63)**	**(165)**
Total borrowing requirement	**0**	**0**	**0**
Total funding including borrowing	**(102)**	**(63)**	**(165)**

1.6 The detailed capital programme for both the General Fund and the HRA is set out in Appendix A.

1.7 In addition to the capital budgets and revenue implications, the report sets out:

- The Council's asset base
- Delivery strategies;
- Governance
- Capital funding and
- Risk management

2 Report

The Council's Assets

2.1 The Council has total long-term assets of £1.303 billion comprising property, plant, equipment, investment property, heritage and other assets summarised in the table below:

Table 2 - Asset Portfolio

Asset type		Net book value at 31/3/2022 £m
Council dwellings		587
Other land and buildings		365
Investment property		208
Infrastructure assets		71
Assets under Construction		33
Community Assets		11
Vehicles, plant and equipment		8
Surplus assets		19
Intangible assets		1
Total		**1,303**

2.2 Since March 2022 the Council has embarked on an asset disposal strategy. To date the Council has generated £173m of capital receipts from the asset disposal programme and is anticipating raising a total in excess of £210m by 31 March 2023, with a further £200m forecast for 2023/24.

2.3 The majority of capital expenditure set out in this strategy will be spent on enhancement to the existing property portfolio and infrastructure assets. The remainder will be revenue expenditure funded from capital under statute (REFCUS) – either funding loan advances to GRE5 or funding the capital direction.

2.4 The Council carries out regular maintenance on its properties and infrastructure assets. The capital programme ensure that the Council's highways, operational properties and council dwellings are continuously maintained to a good standard.

Overview of delivery strategies

2.5 The Council's capital programme objectives are:

- To rationalise the capital portfolio, so the remaining assets continue to deliver the services to the public.
- Ensure the necessary works to enhance the working conditions of the remaining assets, so they are fit for purpose and meet statutory requirements.
- Minimise any other works to those which are fully funded from external sources and can be undertaken at no additional cost to the Council.

Development schemes

2.6 In the past the Council had engaged in a substantial regeneration and acquisition programme in partnership with Slough Urban Renewal LLP, its joint venture with Morgan Sindall Investments Ltd.

2.7 As part of the Council's asset disposal strategy, and in response to the Council's financial situation, the Council has embarked on a process to disengage from all developments with Slough Urban Renewal LLP.

2.8 Consequently:

- there will be no further capital investment by the Council into the sites that are optioned to SUR.
- Two sites have been disposed of in 2022/23 with a further two to complete before 31st March 2023. The remaining sites are due to be disposed in 2023/24 and 2024/25.

Strategic Acquisitions

2.9 The 2022/23 Treasury Management Strategy identified that the investment properties acquired in previous years were not actually generating an adequate return for the Council. Consequently, these assets have been prioritised for disposal under the Asset Disposal Strategy. To date, seven assets have been sold and a further nine are scheduled to be sold by 31 March 2023.

Operational

2.10 As a result of stopping all development and strategic acquisitions, the capital programme is focussed solely on improvement works to the Council's operational asset portfolio and other schemes as fully funded through external grants. Departments will work with the programme management team to ensure that delivery of all projects is suitably resourced

3 Governance

3.1 Once the capital programme is approved by full Council, any changes must be approved in accordance with para 2.4.6 of the Council's financial procedure rules. These require the following:

3.1.1 Cabinet approval is required for all capital budget and funding virements and yearly profile changes (slippage or accelerated spend) between approved capital programmes i.e., as per the budget book. The report must show the proposed:

(i) Budget transfers between projects and by year.
(ii) Funding transfers between projects and by year; and
(iii) A summary based on a template approved by the Chief Finance Officer

3.1.2 The Chief Finance Officer can approve virements of capital monies up to £1m under delegated responsibilities but these must be reported to Cabinet on a quarterly basis.

3.1.3 Cabinet approval is required for all capital additions to the capital programme. All Capital additions are reviewed by senior officers prior to being recommended for approval to Cabinet. Capital additions should also be included in the quarterly budget monitoring report to Project Review Board for noting.

3.1.4 Funding substitutions in order to maximise funding are the responsibility of the Chief Finance Officer.

3.1.5 Cabinet can approve spend on new capital projects up to £5m where expenditure is covered by external grant, is in accordance with the Council's treasury management strategy, has no full year revenue implications and does not exceed £20m in total in any one year.

3.1.6 The Chief Executive can approve virements between projects of up to £1m following consultation with the Chief Finance Officer and the Lead Member.

3.1.7 The Chief Finance Officer can approve virements between projects of up to £500k following consultation with the Lead member.

3.1.8 Executive Directors can approve virements between projects of up to £250k following consultation with the Chief Finance Officer and the Lead Member.

NB- all virements will be reported to Cabinet on a quarterly basis

4 Summary of the Capital Programme 2022/23 to 2027/28

4.1 The capital programme and the proposed funding is set out in table below:

Table 3 - Proposed Capital Programme 2022/23 to 2027/28

	Forecast		Five Year Plan				
	2022/23 £000s	2023/24 £000s	2024/25 £000s	2025/26 £000s	2026/27 £000s	2027/28 £000s	Total £000s
Expenditure							
General Fund							
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
Finance & Commercial	0	0	0	0	0	0	0
HRA	10,720	10,093	8,019	9,531	10,196	14,875	63,434
Total expenditure	**39,732**	**46,410**	**27,954**	**17,713**	**15,415**	**18,295**	**165,519**
External funding	(39,732)	(46,410)	(27,954)	(17,713)	(15,415)	(18,295)	(165,519)
Borrowing Requirement							
General Fund	0	0	0	0	0	0	0
HRA	0	0	0	0	0	0	0
Total Borrowing Requirement	**0**	**0**	**0**	**0**	**0**	**0**	**0**

4.2 In drawing up the above programme, the emphasis has been on ensuring that only schemes which are essential for meeting health and safety requirements or complying with statutory obligations and are largely funded from external sources are prioritised. Hitherto, the Council's capital programme has been heavily dependent on borrowing to the extent that the borrowing level and associated costs have become unaffordable and are consuming a substantial part of the net revenue budget.

4.3 The table below summarises the changes to the capital programme arising from the review of the programme and the need to reduce future borrowing. As a result, the overall capital budget reduces by £54m over a five-year timescale. This has been largely achieved by stripping out schemes which were reliant on new external borrowing in line with the Council's overarching aim to live within its means.

Table 4 - Summary of Reductions in Capital Programme

	Forecast	Five Year Plan					
	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	Total
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Capital Programe 21/22							
General Fund	38,323	45,259	8,333	7,878	7,863	6,370	114,026
HRA	13,001	22,111	24,108	24,770	7,253	13,951	105,194
Total	**51,324**	**67,370**	**32,441**	**32,648**	**15,116**	**20,321**	**219,220**
Capital Programme 22/23							
General Fund	29,012	36,317	19,935	8,182	5,219	3,420	102,085
HRA	10,720	10,093	8,019	9,531	10,196	14,875	63,434
Total	**39,732**	**46,410**	**27,954**	**17,713**	**15,415**	**18,295**	**165,519**
Change	**(11,592)**	**(20,960)**	**(4,487)**	**(14,935)**	**299**	**(2,026)**	**(53,701)**
Borrowing							
Capital Programme 21/22	8,538	7,103	8,050	10,380	1,500	1,500	37,071
Capital Programme 22/23							
Change	**(8,538)**	**(7,103)**	**(8,050)**	**(10,380)**	**(1,500)**	**(1,500)**	**(37,071)**

Key Projects

Place & Communities Directorate

4.4 **Zone 4 – Stoke Road**

This is the final element of a wider improvement scheme approved by the Council and funded through the Berkshire LEP programme. This final stage includes the implementation of improvements to two junctions associated with the North West Quadrant site and will enable the sale and development of the site by improving access/egress of traffic. There will also be some upgrade works to the Heart of Slough junction to ensure the entire traffic signal junction works well.

4.5 **Flood Defence Measures (Sponge City Project)**

The Council has been awarded from Defra Grant funding of £5.65m - £7.9m for delivery of the Smart, Sponge Catchments Project. This aims to improve flood resilience in the Chalvey Ditches and Salt Hill Stream river catchments in north-west Slough and southern Buckinghamshire. The project will help the Council to meet its corporate priority for an environment that helps residents live more independent, healthier and safer lives, by delivering infrastructure and enriched public spaces that can act as sponges, soaking up surface water to improve resilience to flooding.

4.6 **A4 Safer Roads**

The A4 in Slough was identified in 2016 as being in the UK's 50 most dangerous roads and SBC is required by Government to make changes to improve its safety. This project will introduce road safety improvements on the A4 that will be funded by the Department for Transport's (DfT) Safer Roads Fund grant. A number of road safety measures will be designed and introduced to regulate driver behaviour. One of these measures is a proposed speed reduction on some sections of the A4. Additional complementary engineering measures, to reduce the number and severity of fatal and serious injury collisions, will be introduced as the overall scheme design progresses in consultation with residents, key partners and subject to the necessary approvals within the Council.

4.7 **Destination Farnham Road**

The Council's Transport team have been advised of an award of £9.249m from the Department for Levelling Up, Housing and Communities. In addition, a 10% local contribution of £1.004m provided through other DFT grants and S106 contributions related to the location. The proposed scheme will revitalise the Farnham Road (A355) corridor by transforming its public realm, in a way that prioritises walking and cycling, and improves bus priority through signal upgrades and the enforcement of parking restrictions. Fully grant funded, initial designs will be presented to Cabinet to enable progression to consultation, detailed design and construction. The scheme focuses on the Britwell and Northborough wards and Farnham. North-south transport connections will be made stronger to enhance connections to Slough town centre. Farnham Road District Centre's public realm will be improved to support economic growth and improved social function.

4.8 **A4 Cycleway**

The Council's Transport team have secured £10.2m from the Department for Transport for the design and implementation of an off road cycleway along the A4. The scheme extents are from Huntercombe to the Town Centre. The procurement process has started and will continue in 2023/24 for design support.

Housing & Property Directorate

4.9 **Fire Risk Assessment Nova House**

Nova House is a block of 68 apartments in the town centre which failed flammability tests. GRE5 owns the freehold lease of Nova House. In 2018, the Council acquired 100% of the shares of GRE5 due to concerns about the capacity of GRE5 to undertake the substantial remediation works required to the building and concerns about the safety of residents. In addition to replacement of ACM cladding, there are significant deficiencies in the fire safety of the building identified on the Fire Risk Assessment that need rectifying. The expenditure has been converted to a loan to GRE5 which was executed August 2022. The loan limit is currently £10m and repayments are being made as claims are submitted to Homes England. This is to be increased by £5m to £15m as a result of additional costs. Currently the company has a Grant Funding Agreement with Homes England for £9.3m of "eligible development costs". The company is currently engaged in legal proceedings with the building's warranty provider, Allianz. The timing and amount of any final settlement are uncertain, and it may be that some costs will have to be borne by leaseholders. There are substantial risks associated with this project in terms of cost escalation, the outcome of the insurance claim and leaseholders may not be liable for all of the unfunded costs. Therefore there is a risk that the Council may need to impair the loan for any unrecoverable costs

4.10 **Britwell Hub Development**

The Britwell Hub Development was a part refurbishment and part extension of the Britwell Community Centre in partnership between Slough Borough Council and East Berkshire CCG / Frimley Health and Care ICS. The refurbishment of the existing building provided meeting rooms and a new hall, and the extension provided a modern up to date purpose designed medical centre which was completed in April 2022. The retention held on this contract is payable following completion of the works after the defect's liability period ends in April 2023. Further works are also required together with upgrading the existing mechanical and electrical systems. In addition, there is also a requirement to repay the balance of funding owed to the DfE for Grove Academy S278 works, that SBC is liable for.

4.11 **Office Accommodation Strategy**

SBC intends to reduce its corporate footprint to a minimum level to reduce running costs and maximise disposal opportunities. 6 assets are likely to be retained and are candidates for accommodating the full desk requirement of the council (currently set at 460 desks). The first step is to appoint consultants to carry out costed options appraisals. These will inform the Council's decision on best use of these 6 assets, to accommodate the Council's office requirements. Once a decision is taken on the final number of desks to be provided and location of these desks, conversion works will be undertaken to deliver the project.

Children's Directorate

4.12 The key projects for the Children's Directorate continue to be the schools modernisation programme and the expansion of the special schools provision in the Council area to meet the increasing numbers of pupils with Special Education Needs. Both projects are largely funded from capital grant from the Department for Education (DfE) supplemented by developer contributions.

5 Capital Funding

5.1 The Council is required to have a funded capital programme that is affordable. i.e. all capital expenditure should have a source of funding and if that funding source is borrowing, the cost of borrowing should be built into a balanced revenue budget.

5.2 The key sources of funding for the Council are:

- grants
- developer contributions
- capital receipts
- direct revenue funding
- Major Repairs Reserve (HRA only) and
- borrowing

Grants

5.3 These are predominantly Government grants and are usually provided to the Council to fund specific schemes or programmes. The majority of grants which the Council receives for capital are from:

- the Department for Education (DfE) to ensure the Council is meeting its statutory duty to provide school places and that school buildings are in good condition;
- the Department for Transport (DfT) for infrastructure (i.e. highways) improvements; and
- Department for Levelling Up, Housing and Communities (DLUHC) for disabled facilities grant (DFG).

5.4 Capital grants usually have conditions attached which require the grant to be used for specific schemes and potentially require repayment in the event that they are not used for the purpose intended or within a set timetable.

Developer contributions

5.5 Developer contributions are a contract between a developer and the Council, which have to be used on specific projects rather than a more general objective. These are either:

- s.106 agreements made under the section 106 of the Town and Country Planning Act 1990 whereby the planning authority places an obligation on the developer to undertake an obligation as part of the planning permission, and the developer agrees to pay a contribution to the authority for the authority to undertake the works to discharge the obligation; and
- s.278 agreements made under section 278 of the Highways Act 1980 which allow a developer to enter into an agreement with the highways authority to make permanent alterations or improvements to a public highway as part of a planning approval.

Capital Receipts

5.6 Capital receipts are generated from the sale of non-current assets (e.g. land and buildings). The use of capital receipts is statutorily prescribed, such that they can only be used primarily to fund capital expenditure or repay borrowing. The Council holds all capital receipts corporately, which ensures that they can be used to fund the overall capital programme.

5.7 As set out in the Debt Recovery Strategy approved by Cabinet on 20 September 2021, capital receipts generated from asset sales will be used:

- firstly, to finance the much reduced flexible use of capital receipts programme set out in the revenue budget report
- secondly, to finance any expenditure capitalised under any Capitalisation Direction granted by the Government; and
- thirdly, to repay existing external debt.

5.8 In addition, because the capital receipts have significantly exceeded forecasts for both 2022/23 and 2023/24, the Council has the potential to pay off the pension fund deficit.

Borrowing

5.9 Borrowing to fund capital expenditure is normal practice in both the private and public sector. In local government the prudential regime has operated since 2003/04 under which local authorities must take responsibility to ensure that borrowing is both affordable and sustainable for the revenue budget and the council taxpayer.

5.10 Borrowing can take the form of internal or external borrowing. Internal borrowing is a temporary position where the Council uses its cash balances instead of externally borrowing at that point in time. If not used for internal borrowing, these cash balances would be invested on a medium to long-term basis providing the Council with a return on investment. However, the Council does not have any internal borrowing as all internal resources have been used in previous years.

5.11 Consequently, the Council’s borrowing is entirely external borrowing. External borrowing is where the Council borrows money from the open market such as from banks or the Government via the Public Works Loans Board or other local authorities.

5.12 Although the capital programme may highlight a need to borrow to fund capital expenditure (the borrowing requirement referred to in Table 2), the timing and type of borrowing depends on cashflow modelling in line with the Council’s Treasury Management Strategy.

5.13 The Council’s total borrowing requirement is based on capital expenditure incurred historically but yet to be financed is measured and reported as the Capital Financing Requirement. This is published in the Statement of Accounts in the Capital Expenditure and Financing Note and projections are reported in the Treasury Management Strategy.

5.14 All borrowing incurs capital financing costs, namely interest charges and a minimum revenue provision (MRP). MRP is an amount which the Council is statutorily required to set aside to repay borrowing to the extent that the Council’s CFR remains positive.

5.15 All capital financing costs must be treated as a revenue cost and built into the Council’s budget plans. In essence the more the Council borrows, the greater the call on the revenue budget, which then requires further service savings to be identified to fund this in the longer term. Consequently, it is important that borrowing is set at a level which is both affordable and sustainable in revenue budget terms.

6 Capital Programme Funding 2022/23 to 2027/28

6.1 Table 5 summarises the funding of the proposed capital programme both for the General Fund and the HRA.

Table - 5 Analysis of Proposed External Funding

2021/22 Actual £000s		2022/23 Forecast £000s	2023/24 Estimate £000s	2024/25 Estimate £000s	2025/26 Estimate £000s	2026/27 Estimate £000s	2027/28 Estimate £000s	Total £000s
	Expenditure							
38,323	General Fund	29,012	36,317	19,935	8,182	5,219	3,420	102,085
13,001	HRA	10,720	10,093	8,019	9,531	10,196	14,875	63,434
51,324		**39,732**	**46,410**	**27,954**	**17,713**	**15,415**	**18,295**	**165,519**
	Funding							
	General Fund							
(12,816)	Government Grant	(25,577)	(31,394)	(15,789)	(4,930)	(3,278)	(2,220)	(83,188)
(41)	Capital Receipts	(3,435)	(4,255)	(4,146)	(3,252)	(1,941)	(1,200)	(18,229)
(1,194)	Developer contributions (s.106)	0	(668)	0	0	0	0	(668)
(200)	Revenue contributions	0	0	0	0	0	0	0
(15,534)	Capitalisation Direction	0	0	0	0	0	0	0
	HRA							
0	Government Grant	0	0	0	0	0	0	0
(1,834)	Capital Receipts	(5,331)	(2,422)	(2,563)	(1,325)	(482)	0	(12,123)
(11,167)	Major Repairs Reserve	(5,389)	(7,671)	(5,456)	(8,206)	(9,714)	(14,875)	(51,311)
0	Revenue contributions	0	0	0	0	0	0	0
0	Developer contributions (s.106)	0	0	0	0	0	0	0
(42,786)		**(39,732)**	**(46,410)**	**(27,954)**	**(17,713)**	**(15,415)**	**(18,295)**	**(165,519)**
8,538	**Net financing need for the year**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

6.2 Table 5 above shows that the entire capital programme of £165m will be fully funded from capital grants, capital receipts and developer contributions without recourse to any external borrowing.

6.3 This is a huge change in capital strategy compared to that approved in March 2021, which was planning to incur additional borrowing of £119m over the shorter period from 2021/22 to 2023/24 or 55% of the capital programme. The reduction in reliance on borrowing has been achieved by removing schemes which were totally relying on borrowing and seeking alternative sources of funding.

7 Revenue Implications of the Programme

7.1 Any General Fund capital expenditure which is not fully funded from available capital resources (i.e. capital receipts, capital grants, developer contributions and direct funding from revenue) gives rise to borrowing which incurs capital charges in the form of MRP and interest. Where expenditure is to be met from a capitalisation direction, this incurs MRP also which is amortised over 20 years in line with the Statutory Guidance on Minimum Revenue Provision (issued by DCLG 2018).

7.2 HRA capital expenditure falls outside the MRP requirements. Instead, loan repayments are a direct charge to the HRA.

7.3 No additional MRP arises from the current capital programme because it is fully funded.

8 Risk Management

8.1 Capital projects require careful management to mitigate the potential risks that can arise. Effective monitoring, management and mitigation of these key risks is a key part of managing the capital strategy, which are set out below.

Interest Rate Risk

8.2 Whilst the capital programme does not envisage any additional external borrowing over the next five years, the Council is still exposed to interest rate risk on the temporary borrowing which historically had been used to fund the capital programme. As a result of the Asset Disposal Programme, the capital receipts generated to date are forecast to reduce temporary borrowing to £133m by 31 March 2023 and to fully repay temporary borrowing by September 2023. This will largely eliminate interest risk from the capital programme.

8.3 Interest rates are variable and are forecast to increase over the next year as the Bank of England seeks to manage inflation nationally. To date, any additional borrowing required has been met by borrowing short-term from other local authorities. This strategy works well provided that there is surplus money within the local authority money market. In the event that liquidity slows in this market then the Council will need to lock into fixed borrowing with the PWLB, but will seek to avoid doing so while the current debt reduction strategy is in place.

Inflation Risk

8.4 Construction inflation (e.g. on highways works, not solely developments) over and above that budgeted could impact on the affordability of the capital programme. A rise of 1% in the cost of the overall programme would increase the cost of the programme by £1.7m, or £0.5m in 2023/24. Whilst this can be mitigated through regular, close monitoring of project expenditure, this may require projects to be scaled back in ambition, deferred to future years or deleted. Where projects are financed through external grants, the intent should be to manage within the same overall budget envelope rather than require the Council to borrow to meet an overspend.

9. Implications of the Recommendation

9.1 Financial Implications

9.1.1 The financial implications are set out in the main body of this report.

9.2 Legal implications

9.2.1 The Local Government Act 2003 sets out the framework for local authority capital finance. This confers a broad power to borrow, subject to affordable borrowing limits. This framework is supplemented by the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003, as amended, and by codes of practice and statutory guidance.

9.2.2 Approval of the budget and policy framework is reserved to full Council. In accordance with Part 4.3 of the Council's Constitution, by the end of February Cabinet shall consider the resources available to finance capital projects for the next five years together with the Prudential Indicators and approve the capital expenditure programme for the next five years. By 11 March, Cabinet shall recommend to full Council the capital programme, borrowing limits and the Prudential Indicators for the following five years.

9.2.3 The legal implications for each individual scheme within the capital programme will be considered when approval is sought for that particular scheme. Each scheme within the capital programme will be approved in accordance with the Council's constitution and in particular the Financial Procedure Rules.

9.3 **Risk management implications**

9.3.1 These are set out in the main body of the report in section 8.

9.4 **Environmental implications**

9.4.1 Inevitably, with any capital projects there are likely to be environmental implications, which will be considered when approval is sought for particular schemes. The HRA report looks further at this with respect to decarbonisation of the housing stock and damp and mould issues.

9.5 **Equality implications**

9.5.1 At this stage, it is not possible to fully measure the impact of these proposals on those people who have protected characteristics under the Equality Act 2010, or how the geographic spread of the capital strategy proposals will be felt across all areas of Slough. However, our preliminary equality impact analysis of the planned activity for 2023/24 indicates that whilst the Council is focused on making a wide range of changes during 2023/24 in order to balance its budget, it is likely that many of the proposals will have limited negative impacts on the communities that we serve.

9.5.2 It should be noted that there a number of schemes included in the capital budget for 2023/24 which are specifically for the benefit of certain residents within the protected characteristic groupings, namely £1.140m of improvements funded by the Disabled Facilities Grant, £29k on a Learning Disability Change Programme and £4.323m on Children's Services. In particular within the latter, there is £1.675m for Special School Expansion and £1.250m for SEND Resource bases and Improvements. These are all expected to have favourable benefits for vulnerable residents.

9.5.3 In order to ensure that the Council complies with its duty under section 149 of the Equality Act 2010, individual equality impact assessments will continue to be undertaken as proposals are developed in order to ensure there are mitigating actions, where possible, to minimise any adverse impacts on our communities.

10 Background Papers

10.1 HRA 2023/24 budget and 30-year business plan, containing the HRA capital programme and submitted as part of the overall suite of papers that form the Council's 2023/24 budget plans.

APPENDIX A

Detailed Capital Programme 2022/23 to 2027/28

General Fund Capital Programme	2022/23 Forecast £000s	2023/24 Budget £000s	2024/25 Budget £000s	2025/26 Budget £000s	2026/2027 Budget £000s	2027/28 Budget £000s	Grand Total Gross Spend £000s
Fire Risk Assessment (Nova House)	7,400	5,000	-	-	-		12,400
Capital works following stock condition survey/Bus station fire damage	737	400	400	400	400		2,337
Britwell Hub Development incl DFE Repayment for Grove	1,047	1,047	-	-	-		2,094
Thames Valley University site	104	-	-	-	-		104
Leisure Centre Farnham Road	100	100	-	-	-		200
St Martins Place	19	-	-	-	-		19
Retention monies re OLS Commercial Development	537	-	-	-	-		537
Compulsory Purchase Orders	391	-	-	-	-		391
Cornwall House Fire Strategy		950					950
Office Accommodation Strategy		900	2,000	2,000			4,900
Housing & Property TOTAL	**10,335**	**8,397**	**2,400**	**2,400**	**400**	**-**	**23,932**
Cemetery extension	207	100	750				1,057
Traffic Signals Maintenance Grant	475	-	-	-	-		475
Domestic Wheeled Bins & Containers	40						40
Refuse fleet & Grounds Plant equipment	582	-	-	-	-		582
Urban Tree Challenge Fund	185	82	82	82	82		513
Local Sustainable Transport	-	222	-	-	-		222
LTP Implementation Plan	-	139	139	139	139	139	695
Colnbrook Bypass	115	-	-	-	-		115
Burnham LEP		-	-	-	-		-
Zone 1 Sutton Lane Gyratory (MRT)	1,979	-	-	-	-		1,979
Zone 2 - Foxborough (MRT)	980	-	-	-	-		980
Zone 3 - Park & Ride (MRT)	18		-	-	-		18
Zone 4 - Stoke Road (Stoke Rd)	2,250	2,500	-	-	-		4,750
Zone 5 - Slough Station (Stoke Rd)	2,950		-	-	-		2,950
Zone 7 - Offroad cycle routes - Stoke Road	150	-	-	-	-		150
Flood Defence Measures (Sponge City Project)	1,000	1,482	1,537	1,530	278		5,827
A4 Safer roads	200	1,511	-	-	-		1,711
High Street Langley Widening	2,200	-	-	-	-		2,200
Electric Vehicle Network	-	157	-	-	-		157
Carbon Management - Public Sector	479	22	-	-	-		501
Car Club	-	100	-	-	-		100
Reading Archives SBC Contribution	200	188	55	11	-		454
Community Investment Fund - Cabinet	25						25
DSO Replacement RCVs					1,200	1,200	2,400
DSO Replacement Fleet		500	500	500			1,500
DSO Food/Fibre vehicles and Caddies			400	300	300		1,000
A4 Cycleway	4	10,168					10,172
Transport and Highways Grant	1,943	2,489	2,489				6,921
Destination Farnham Road		2,768	7,482				10,250
Place & Communities TOTAL	**15,982**	**22,428**	**13,434**	**2,562**	**1,999**	**1,339**	**57,744**
Hold long-term disabilities grant	224	-	-	-	-		224
Disabled Facilities Grant	1,594	1,140	1,140	1,140	1,140	1,140	7,294
Learning disability change programme	-	29	-	-	-		29
Adults TOTAL	**1,818**	**1,169**	**1,140**	**1,140**	**1,140**	**1,140**	**7,547**
Primary expansions (Phase 2 for 2011)	5	167	-	-	-		172
Schools Modernisation Programme	690	810	600	600	600		3,300
Special School Expansion	60	1,675	1,031	1,000	1,000	941	5,707
SEND Resource Bases and Improvements	11	1,250	1,250	400			2,911
Secondary Expansion	5	315	-	-	-		320
Schools Devolved Capital	80	80	80	80	80		400
323 High St/Haybrook	26	26	-	-	-		52
Children's Services TOTAL	**877**	**4,323**	**2,961**	**2,080**	**1,680**	**941**	**12,862**
							-
GRAND TOTAL	**29,012**	**36,317**	**19,935**	**8,182**	**5,219**	**3,420**	**102,085**

HRA Capital Programme	2022/23 Forecast £000s	2023/24 Budget £000s	2024/25 Budget £000s	2025/26 Budget £000s	2026/2027 Budget £000s	2027/28 Budget £000s	Grand total Gross Spend £000s
CAPITAL EXPENDITURE							
Planned Major Works & Improvements	7,120	8,793	7,506	9,006	9,658	14,323	56,406
Work to promote decarbonisation	100	500	513	525	538	552	2,728
Affordable Homes	3,500	800				-	4,300
HRA GRAND TOTAL	**10,720**	**10,093**	**8,019**	**9,531**	**10,196**	**14,875**	**63,434**

TOTAL	**39,732**	**46,410**	**27,954**	**17,713**	**15,415**	**18,295**	**165,519**

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SLOUGH BOROUGH COUNCIL

REPORT TO:	Overview & Scrutiny Committee
DATE:	23 February 2023
SUBJECT:	Treasury Management Strategy 2023/24
CHIEF OFFICER:	Steven Mair, Executive Director Finance and Commercial (s151)
CONTACT OFFICER:	Peter Worth, Finance Lead Technical Advisor Miriam Adams, Finance Manager - Treasury
WARD(S):	All
EXEMPT:	NO
APPENDICES:	Treasury Management Strategy 2023/24 to 2027/28

1 Summary and Recommendations

1.1 This report sets out the Council's treasury management strategy for 2023/24 to 2027/28 covering:

- borrowing and the debt reduction strategy;
- prudential indicators;
- the Minimum Revenue Provision (MRP) policy; and
- the investment strategy which includes loans to third parties.

The Overview & Scrutiny Committee is requested to scrutinise this report and make any comments to Cabinet.

1.2 The Cabinet is being asked to recommend to Council the following:

a. Approve the Treasury Management Strategy (TMS) for 2023/24 to 2027/28 including:

i. Minimum Revenue Provision Policy Statement for 2023/24 (Appendix 1)
ii. Annual Investment Strategy for 2023/24 (Appendix 2)
iii. Approved Counterparty List (Appendix 3)
iv. Approved Countries for Investments (Appendix 4)
v. the Prudential Indicators for the period 2023/24 to 2025/26 (Section 4 of the TMS)

Reason: To promote effective financial management relating to the Authority's borrowing and investment powers contained in the Local Government Act 2003, associated regulations and guidance.

Commissioner Review

This report is an important part of the Council's financial strategy and its financial recovery. The Commissioners are content with this report.

2 Report

Introduction

2.1 The Council has powers to borrow and invest money under Part 1 of the Local Government Act 2003. In applying these powers, the Council is required to have regard to statutory guidance issued by the Secretary of State and Codes of Practice issued by the CIPFA. The Council is obliged to follow these documents, unless there is good reason not to. The Statutory Guidance requires the Council to:

- agree a treasury strategy for borrowing
- prepare an annual investment strategy
- an interim report and annual treasury management review.

Background

2.2 As reported in the TMS in March 2022, the Council's borrowing had reached £760m at 31 March 2021, which was the third highest per head of population amongst all unitary authorities. In particular around 50% of this was short-term temporary borrowing from other local authorities exposing the Council to financial risk from increasing interest rates. In addition, the 2022/23 TMS highlighted that the combined cost of debt charges (MRP and interest) was likely to be about 32% of the Council's net revenue budget, which was neither affordable nor financially sustainable.

2.3 The 2022/23 TMS highlighted that the Council had had to apply to the Secretary of State for permission to capitalise £307m of revenue expenditure to 31 March 2023.

2.4 In the past 12 months:

- the Finance Team have completely redrafted the 2018/19 statement of accounts sufficient for the external audit to be undertaken.
- the Council has embarked on an Asset Disposal Strategy which has generated £173m of capital receipts to date and is forecast to yield £216m to 31 March 2023 and a further £200m in 2023/24;

2.5 The combination of the two has meant that the Council:

- has a much improved view of the liabilities facing the Council which has resulted in a £40m reduction in the Capitalisation Direction request for the period to 31 March 2023 to £267m; and
- Officers have been able to finance a significant part of the Capital Financing Requirement for the current and previous years and significantly reduce MRP for 2023/24 and future years.

2.6 CIPFA published two new codes of practice in December 2021, which directly impact treasury management, namely, the revised Treasury Management Code of

Practice (TM Code) and the Prudential Code for Capital Finance in local authorities. Both Codes have statutory force. The key changes from previous editions are around permitted reasons to borrow, knowledge and skills and the management of non-treasury investments. Both Codes took immediate effect, although local authorities could defer implementing the revised reporting requirements to 2023/24. The Council adopted the revised reporting requirements with effect from 2022/23.

2.7 The treasury management operation should help the Council to ensure that its cash flow is adequately planned, with cash being available when it is needed. A second function of treasury management is to fund capital plans. These capital plans provide a guide to the borrowing need of the Council to allow a longer term approach to cash flow planning. During 2022/23 a detailed cashflow forecasting model was implemented which provides improved management of the Council's cash balances which is helping to maximise the use of the additional cash flowing through from asset sales pending repayment of temporary borrowing.

2.8 An effective Treasury Management Strategy and service is critical to the Council, as the balance of debt and investment operations should ensure liquidity and the ability to make spending commitments as they fall due.

2.9 CIPFA defines treasury management as:

"The management of the local authority's borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

2.10 The Council is required to receive and approve, as a minimum, three main reports each year, which incorporate a variety of policies, estimates and actuals.

1. **Treasury Management Strategy Statement Report** – (this report) The first, and most important report is forward looking and covers:

   - the capital plans, (including prudential indicators)
   - a minimum revenue provision (MRP) policy, (how residual capital expenditure is charged to revenue over time)
   - the treasury management strategy, (how the investments and borrowings are to be organised), including treasury indicators; and
   - an investment strategy, (the parameters on how investments are to be managed)

2. **Mid-Year Review Report** – This is primarily a progress report presented to Cabinet in December/January and updates Members on the progress of the Capital Programme, reporting on Prudential Indicators to give assurance that the treasury management function is operating within the Treasury Limits and Prudential Indicators set out in the TMSS. The 2022/23 Treasury Management Mid-Year Report was reported to Cabinet on 21 November 2022.

3. **Treasury Management Outturn Report** – This is a backward looking review, typically presented to Cabinet in June/July and provides details of a selection of actual prudential and treasury indicators and actual treasury

operations compared to the estimates within the TMSS and Mid-Year Reports.

2.11 **Capital Strategy** – In addition to the three main treasury management reports, the CIPFA 2021 Prudential and Treasury Management Codes require all local authorities to prepare a capital strategy report which provides the following:

- a high-level long-term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services
- an overview of how the associated risk is managed
- the implications for future financial sustainability

2.12 The aim of the Capital Strategy is to ensure that all elected members on the full Council fully understand the overall long-term policy objectives and resulting capital strategy requirements, governance procedures and risk appetite. The Capital Strategy is included in the TMS at Section 1.

Changes to the capital finance regulations

2.13 The Government consulted on changes to the Local Authorities (Capital Finance and Accounting)(England) Regulations 2003 over the period November 2021 to February 2022. The two proposed changes were to:

- emphasise that MRP has to be set aside on all unfunded capital expenditure, because some authorities were not charging MRP on assets which were acquired to provide a capital receipt in the future, which included investment property and capital loans; and

- confirm to local authorities that it was unlawful to use capital receipts in lieu of making a MRP charge.

2.14 Neither of the above proposals would impact on the Council, because the revised MRP policy adopted last year ensures that MRP is charged on all unfunded capital expenditure and the recalculation of MRP undertaken last year corrected earlier practices to use capital receipts in lieu of making a MRP charge.

2.15 Introduction of the changes to the 2003 Regulations was expected to be from April 2023 onwards, but it seems likely that it may be deferred to April 2024.

3. Implications of the Recommendation

3.1 <u>Financial implications</u>

3.1.1 This report details the Council's strategies for treasury management and investment activity. The proposed changes to the Council's strategies are designed to bring the Council back onto a financially sustainable footing, principally by reducing debt, but also by disposing of assets.

3.2 <u>Legal implications</u>

3.2.1 The Local Government Act 2003 sets out the framework for local authority capital finance. This confers a broad power to borrow, subject to affordable borrowing limits. This framework is supplemented by the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003, as amended, and by codes of practice and guidance. These collectively require the Council to set out its treasury strategy for borrowing and to prepare an Annual Investment Strategy, setting out the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments.

3.2.2 Approval of the budget and policy framework is reserved to full Council. In accordance with Part 4.3 of the Council's Constitution, by the end of February Cabinet shall consider the resources available to finance capital projects for the next five years together with the Prudential Indicators and approve the capital expenditure programme for the next five years. By 11 March, Cabinet shall recommend to full Council the capital programme, borrowing limits and the Prudential Indicators for the following five years.

3.3 Risk management implications

3.3.1 The key risks are:

- asset sales either do not generate the expected receipts or are delayed. The mitigation is using external consultants to ensure best consideration is achieved through a managed asset disposal plan and by accelerating the asset disposal plan so far as possible;

- interest rates rise thus increasing borrowing costs. The temporary borrowing portfolio is at risk of interest rate rises. This can be mitigated by locking into PWLB borrowing and by repaying temporary borrowing as such loans mature.

3.4 Environmental implications

3.4.1 There are no specific implications.

3.5 Equality implications

3.5.1 There are no specific implications.

3.6 Procurement implications

3.6.1 There are no specific implications.

3.7 Workforce implications

3.7.1 There are no specific implications.

3.8 Property implications

3.8.1 In order to reduce the overall level of borrowing and finance the capitalisation direction, the Council has an asset disposal programme to generate capital receipts.

4. Background Papers

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Treasury Management Strategy Statement

Minimum Revenue Provision Policy Statement and Annual Investment Strategy

2023/24 to 2027/28

Including commercial activities / non-treasury investments

Treasury Management Strategy executive summary

Introduction

1. All local authorities are required by law to approve a treasury management strategy (TMS), investment strategy and minimum revenue policy before the year to which they apply as part of the budget setting process. The TMS combines all three.

Key changes to the previous Treasury Management Strategy

2. There are no major changes to the Treasury Management Strategy (TMS) since 2022/23. In line with the Council's recovery plan, there has been a rigorous review of the capital programme and the funding of the programme. The capital programme is now fully funded from capital grants, capital receipts, developer contributions and the major repairs reserve, meaning that there is no new external borrowing required to support the programme, This is the first time that the Council has been in the position for some years and supports the Council in its aim to live within its means.

3. As reported in the 2022/23 TMS, the investment property portfolio is not generating a positive return for the Council, and these properties have been prioritised for disposal under the Council's Asset Disposal Strategy. To date six investment properties have been disposed of together with three sites originally acquired by the Council for re-development. Capital receipts generated to date total £173m and are expected to achieve £216m by 31 March 2023.

4. During 2022/23 the Council's 6 dormant companies have been dissolved and work continues on improving the governance of the remaining four companies, including the need for investments and loan facilities.

5. Steps to reduce the Council's debt areprogressing with the approval and implementation of the Asset Disposal Strategy. Temporary borrowing has been reduced by £154m to date from £337m at 31 March 2022 and is forecast to reduce by a further £50m to £133m by 31 March 2023 and be fully repaid by September 2023. This will significantly reduce the Council's exposure to interest rate risk and borrowing costs overall.

INTRODUCTION

6. The Council is required to set a balanced annual revenue budget. The timing and nature of income and expenditure within the budget needs to be understood and managed so that cash is available when it is required (**Liquidity**). This is a key function of the Treasury Management operation.

7. The second key function is the funding of the Council's capital plans, which is the key driver for the borrowing needs of the Council. This may involve arranging new or replacement loans of the planned use of cash balances.

8. The Treasury Management Strategy (TMS) for 2023/24 – 2027/28 sets out the Council's approach to ensuring cashflows are adequately planned to ensure that the Council's capital programme and corporate investment plans are adequately funded, with cash being available when it is needed to discharge the Council's legal obligations and deliver Council services. Surplus monies are invested in low risk counterparties (**Security**), providing access to funds when required (**Liquidity**) before considering optimising investment return (**Yield**).

Background

9. The Council's Treasury Management Strategy has been set in line with:

- the Local Government Act 2003;
- the Local Authorities (Capital Finance and Accounting)(England) Regulations 2003, as amended;
- Statutory Guidance on Minimum Revenue Provision issued by MHCLG (now DLUHC) 2018;
- Statutory Guidance on Local Government Investments issued by MHCLG (now DLUHC) 2018;
- the Prudential Code issued by CIPFA 2021;
- the Treasury Management Code of Practice issued by CIPFA 2021.

10. The strategy also has regard to:

- the Markets in Financial Instruments Directive II (MiFID II);
- international Financial Reporting Standard (IFRS) 9 Financial Instruments; and
- the UK Money Markets Code issued by the Bank of England April 2021.

Treasury Management Policy Statement

11. In setting the Treasury Management Strategy, the Treasury Management Code recommends that an organisation's Treasury Management Strategy adopts the following to define the policies and objectives of its treasury management activities:

(a) The Council defines its treasury management activities as the management of the authority's borrowing, investments, and cash flows including its banking, money market and capital market transactions, the effective control of the risks associated with those activities and the pursuit of optimum performance consistent with those risks.

(b) The Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the Authority and any financial instruments entered into manage these risks.

(c) The Council acknowledges that effective treasury management will provide support towards achievement of its business and service objectives. It is therefore committed to the principles of achieving best value for money in treasury management, and to employing suitable, comprehensive performance measurement techniques within the context of effective risk management.

12. In implementing the Treasury Management Code, Appendix 5 to this TMS sets out how the Council follows the key requirements of the Code.

13. The TMS covers five main areas summarised below:

Section 1 Capital spending

- Capital strategy
- Commercial activity – referred to investments for service commercial purposes under the CIPFA Treasury Management Code
- Capital Finance Requirement (CFR)
- Affordability
- Minimum Revenue Provision (MRP) policy statement

Section 2 Borrowing

- Overall borrowing strategy
- Post-PWLB interest rate increase borrowing strategy
- Alternative Borrowing Options
- Limits on external borrowing
- Maturity structure of borrowing
- Policy on borrowing in advance of need
- Debt rescheduling

Section 3 Managing cash balances

- The current cash position and cash flow forecast
- Prospects for investment returns
- Pension pre-funding payment
- Council policy on investing and managing risk
- Balancing short and long term investments

Section 4 Summary of Prudential Indicators

Section 5 Legal Implications

14. The Annual Investment Strategy (AIS) at Appendix 2 provides more detail on how the Council's surplus cash is to be invested in 2022/23 and future years. In particular, the approved schedules of specified and non-specified investments have been revised to comply with DLUHC Guidance and the Council's actual investment activities.

SECTION 1 - CAPITAL STRATEGY

Capital spending plans

15. The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans.

16. Table 1 summarises the Council's capital expenditure plans, both in terms of those projects agreed previously, and those forming part of the current budget cycle. The table sets out the Council's current expectations for financing the capital expenditure.

17. In line with the Council's financial recovery plan, the capital programme has been re-focussed to concentrate on schemes which are funded from capital grants, capital receipts, developer contributions and the major repairs reserve. Consequently, the revised capital programme does not require any new external borrowing.

Table 1 Capital spending and funding plans (Prudential Indicator 1)

2021/22 Actual £m		2022/23 Forecast £m	2023/24 Estimate £m	2024/25 Estimate £m	2025/26 Estimate £m	2026/27 Estimate £m	2027/28 Estimate £m	Total £m
	Expenditure							
38	General Fund	29	36	20	8	5	4	102
13	HRA	11	10	8	10	10	14	63
51		**40**	**46**	**28**	**18**	**15**	**18**	**165**
	Funding							
	General Fund							
(13)	Government Grant	(26)	(31)	(16)	(5)	(3)	(2)	(83)
0	Capital Receipts	(3)	(4)	(4)	(3)	(2)	(2)	(18)
(1)	Developer contributions (s.106)	0	(1)	0	0	0	0	(1)
0	Revenue contributions	0	0	0	0	0	0	0
(16)	Capitalisation Direction	0	0	0	0	0	0	0
	HRA							
0	Government Grant	0	0	0	0	0	0	0
(2)	Capital Receipts	(5)	(2)	(3)	(1)	0	(1)	(12)
(11)	Major Repairs Reserve	(6)	(8)	(5)	(9)	(10)	(13)	(51)
0	Revenue contributions	0	0	0	0	0	0	0
0	Developer contributions (s.106)	0	0	0	0	0	0	0
(43)		**(40)**	**(46)**	**(28)**	**(18)**	**(15)**	**(18)**	**(165)**
8	**Net financing need for the year**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
210	Capitalisation Direction	57	32	23	17	12	6	357
218	**Total Financing Need for the Year**	**57**	**32**	**23**	**17**	**12**	**6**	**357**

18. A major change last year was the inclusion of an additional line in Table 1 above to reflect the capitalisation direction being sought from the Department of Levelling Up, Housing and Communities (DLUHC). The purpose of the capitalisation direction is to allow the Council to classify revenue expenditure as capital expenditure – this is referred to as revenue expenditure funded from capital under statute (REFCUS). This allows the Council to then spread the cost of this expenditure over a number of years or finance from capital receipts.

19. As a result of improved financial information from closure of the accounts, the total Capitalisation Direction has been revised downward from a potential worst case of £782m to the current £357m.

20. As set out the Debt Recovery Strategy approved by Cabinet 20 September 2021, capital receipts generated from asset sales are being used:

- ➢ to finance any expenditure capitalised under the provisional Capitalisation Direction granted by the Government; and
- ➢ to repay existing external debt and reduce the Capital Financing Requirement (CFR) and thus reduce the Minimum Revenue Provision (MRP).

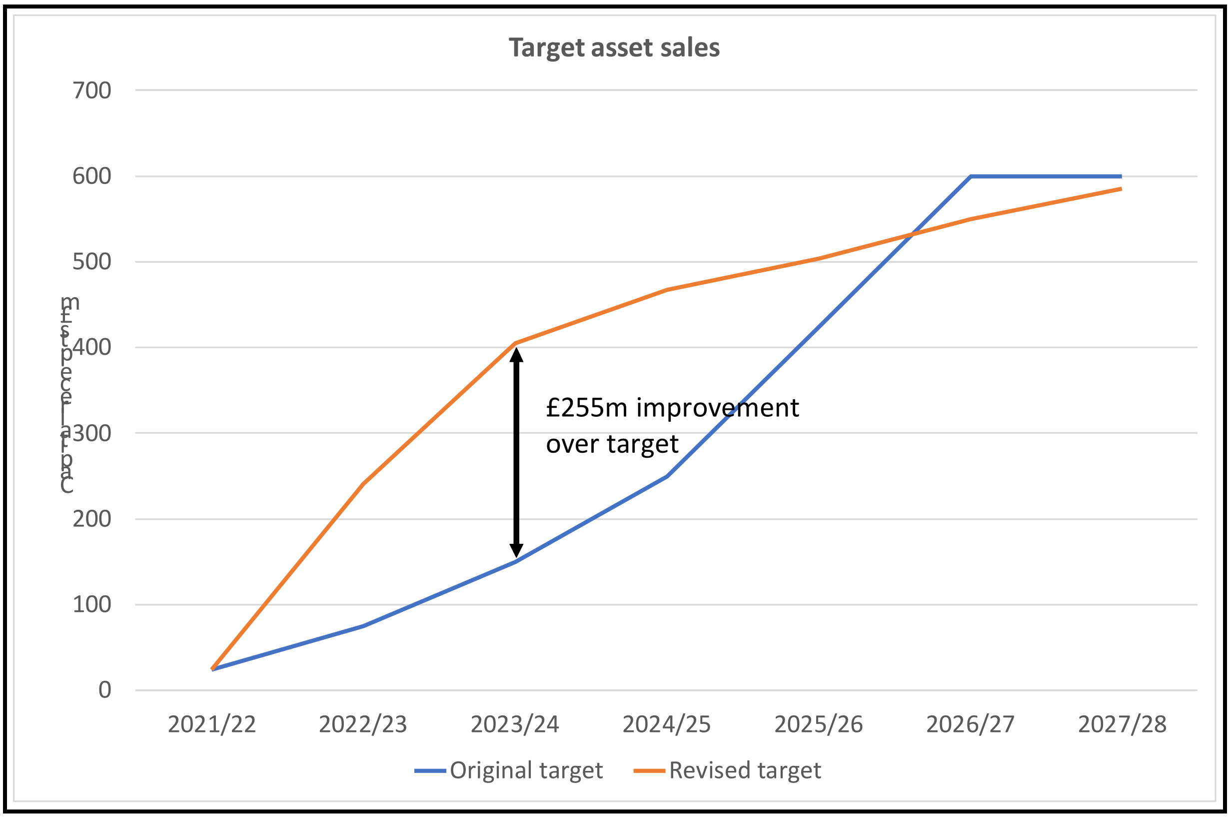
21. In addition, because the capital receipts have significantly exceeded forecasts for both 2022/23 and 2023/24, the Council has the potential to pay off the pension fund deficit – see paras 95 to 105 below.

22. As reported previously, the risks are that:

- ➢ slippage in the Asset Disposal programme could result in the need to set aside more MRP in the short-term pending receipts being realised;
- ➢ interest rates start to rise, thus increasing interest charges. This could be mitigated by fixing temporary borrowing through the PWLB to reduce the volatility from temporary borrowing rates.

23. In the event, the Asset Disposal programme has generated capital receipts significantly in excess of the target reported in the 2022/23 TMS – see Chart 1 below.

Chart 1 Target – potential asset sales



24. Increases in interest rates on temporary borrowing have increased interest charges for the Council during 2022/23 doubling interest on such borrowing to c. £3m. However, this has been mitigated by repaying temporary borrowing as loans have matured. Interest on temporary borrowing is expected to reduce to c. £1.7m in 2023/24 as the temporary loans are repaid in the period to September 2023.

Governance

25. All projects included in the capital programme have to have a full business case which is subject to review by finance, legal, CLT and by the Commissioners before being submitted for approval by Cabinet. The primary aim of this process is to ensure that any capital expenditure

incurred is fully justified in the light of the need to reduce overall borrowing but also maintain service delivery. Consequently, there is a greater emphasis on schemes which are funded from capital grants or developer contributions, unless there is a health and safety need for the expenditure.

Commercial activity

26. As well as investing in assets owned by the Council and used in the delivery of services, the Council can also invest, where appropriate, in:

- investment property for return;
- loans to third parties;
- shareholdings, and loans to limited companies and joint ventures.

27. Such investments are treated as capital expenditure for treasury management and prudential borrowing purposes even though they do not create physical assets in the Council's accounts. Appropriate budgets in respect of these activities are agreed as part of the Council's budget setting and ongoing monitoring processes and considered as part of the Annual Investment Strategy.

28. Currently the Council is invested in the following activities which fall within the category of commercial activity under the CIPFA Prudential Code:

- a substantial investment property portfolio currently valued at £208m, including £106m of assets acquired as part of the previous policy of acquiring an investment portfolio;
- loans to third parties totalling £69m - see Table 14 and paragraphs 106 to 112 below;
- investment in a number of Council companies summarised in Table 3 below.

29. The Council started investing in investment property in 2016/17 following Cabinet approval on 14 September 2015. From the outset, the objectives were blurred in that it was partly focussed on acquiring property for investment return and partly for acquiring property for regeneration. There were no targets set for returns or other performance measures.

30. CIPFA's guidance Prudential Property Investment issued 2019 advises that the following key issues should be taken into account when considering directly investing in property:

Key issue	Assessment	Actions taken
Transparency and democratic accountability -proposals should be compliant with the investment strategy;	The investment strategies have lacked targets for proposals to be measured against	Draft performance benchmarks set out in Table 2 below
Contribution – the contribution that investments make toward service delivery should be disclosed;	Gross rental income of £5.7m was disclosed in the 2021/22 Investment Strategy but not the contribution net of costs including operating and capital financing costs	Gross rental income for 2022/23 is £6.7m. Capital financing charges are £8.6m. The value of investment property fell by £2.8m. This is a net loss of £5.2m on a portfolio costing £108m
Performance indicators should be published to allow Members and the public assess the authority's risk exposure	The only indicator published in the 2021/22 Investment Strategy was gross yield of 5.78%, but takes no account of changes in market value of the investment property.	Performance set out in Table 2 below

Key issue	Assessment	Actions taken
Security – there should be a process in place for assessing risk of loss before entering into a transaction, including any security obtained	No demonstrable process in place	Due diligence process to include credit rating and company searches of all new tenants
Liquidity – the investment strategy should set out the procedures for accessing funds invested in property when needed	No exit strategy	The Council has approved an asset disposal strategy to realise capital receipts to reduce borrowing costs.
Proportionality – procedures for assessing the maximum amount that the revenue budget could reasonably support in terms of rent shortfalls	No assessment of the risk of loss to the revenue budget	At £6.7m rental income from investment property is 6% of the net revenue budget before the capitalisation direction.
Capacity, skills and culture – capacity of Members and officers to manage an investment property portfolio	No evidence that the capacity, skills and knowledge of Members and officers to manage an investment portfolio had been considered or the evidence to support such an assessment	Member training to be provided

31. Income generated from the investment property portfolio in 2022/23 is £6.2m per annum or 5.7% based on the cost of the assets. However, this is a gross return and does not take account of the fact that the assets have all been acquired through borrowing, so are fully leveraged, and have suffered a 5% fall in value. Because the investment properties were acquired by borrowing, any returns would need to cover the full costs of capital finance (i.e. interest and MRP) plus operating costs (i.e. maintenance, insurance, rent concessions etc) before they generated a positive rate of return. This would mean generating a return of at least 5.5%.

32. The Statutory Guidance on Local Government Investments issued by the DCLG in 2018 requires local authorities to develop quantitative indicators to allow Councillors and the public to assess a local authority's total risk exposure as a result of its investment decisions. Set out in Table 2 below is a range of key performance indicators recommended in the Guidance.

Table 2 Performance indicators

Indicator	Benchmark	Performance
Commercial income to net service expenditure		5.79%
Investment cover ratio	more than 3	0.07
Loan to value ratio	less than 80%	101.25%
Benchmark returns	5.00%	-1.61%

33. Because the investment portfolio has been entirely acquired using borrowing:

- investment cover ratio measures the extent to which investment income net of expenses cover interest expense. Good practice is that this should be in excess of 3 and that 2 is the minimum acceptable amount. The Council's investment cover ratio is below the minimum acceptable amount

- the loan to value ratio is more than the value of the assets. This is because the Council solely used borrowing to finance the acquisitions and values have fallen since acquisition. Consequently, the Council is at risk of realising losses of £9m from disposing of the investment portfolio at current values

- the rate of return on investment on the investment property portfolio is a negative 4.14%. Although the Council did not set a target, local authority pension funds with direct property investments typically have benchmark targets of around 5%.

34. Paragraph 51 of the Prudential Code 2021 states that to comply with the Code an authority must not borrow to invest primarily for financial return. Paragraph 53 of the Code goes onto say that authorities should not automatically exit such investments but seek to rebalance their portfolios.

35. As demonstrated in Table 2 above, against all the recommended performance indicators, the Council's investment property portfolio is performing significantly below the benchmark rate of return. Based on the above performance, notwithstanding that there is a potential unrealised loss of £9m, the investment property portfolio is a cost to the Council rather than generating a return. Consequently, disposal of the investment property portfolio has been prioritised in the asset disposal programme. Disposal of the first six investment properties has realised a net loss of £1.9m but this is more than offset by the savings in debt charges.

36. The Council's investment in companies is summarised in Table 3 below. The Council has board representation on all companies.

Table 3 Investment in Council companies

Company name	Ownership	Nominal value £	Net worth 31/3/2022 £000s
Subsidiaries			
James Elliman Homes **	100%	1	(630)
Ground Rent Estates 5 Ltd **	100%	455,001	21
Development Initiative for Slough Housing Co Ltd	100%*	1	0
Slough Children First Ltd **	100%*	1	0
Joint Venture			
Slough Urban Renewal LLP ***	50%	100	9,478
Total		**455,104**	**8,869**

* companies limited by guarantee rather than share capital. The Council controls this company via voting rights
** Net worth based on 2020/21 accounts as 2021/22 accounts not yet published
*** net worth shown is the Council's 50% share

37. During 2022/23 the Council dissolved the following dormant companies as part of the Finance Action Plan

Table 4 Dormant companies dissolved in 2022/23

	Date of dissolution
Subsidiaries	
Slough Asset Management Ltd	05/07/2022
Herschel Homes Ltd	10/05/2022
DISH RP FP Ltd	06/09/2022
DISH CLS Ltd	07/06/2022
Slough Direct Services Ltd	07/06/2022
Associate	
DISH RP Ltd.	10/05/2022

38. The Council is not dependent on income generated from the companies, as they are generally not making a substantial return primarily for delivering service policy objectives for the Council. The investment in SUR was to deliver a return arising from profit distributions from site developments and has delivered a return in previous years. However, the performance of the companies represent a substantial financial risk to the Council:

- James Elliman Homes – the company is breaking even and although it has property assets of £55m, it has £51.7m of borrowing from the Council all secured on property owned the company, and has significantly higher levels of rent arrears from its tenants, than compared with the HRA;

- GRE5 – the loan agreement was executed in August 2022 providing a £10m loan facility. Since the loan was advanced costs for remediating Nova House have escalated and the loan will need to be increased to £15m. Currently the loan is being repaid by GRE5 as claims are made to Homes England under the Grant Funding Agreement. However there remains some uncertainty over the extent to which the loan advances will be fully recoverable from the company. Therefore, there may be a need to impair the loan by up to £5m;

- Slough Urban Renewal – the company has accumulated substantial costs, which would ordinarily be recoverable from future asset sales. However, given that the Council is looking to sever its involvement with SUR, then the Council will have to bear its half of the accumulated costs – estimated to be £0.450m.

Capital Financing Requirement (CFR)

39. The CFR measures the extent to which capital expenditure has not yet been financed from either revenue or capital resources. It is essentially a measure of the Council's indebtedness and so its underlying borrowing need. Any capital expenditure which has not immediately been paid for through a revenue or capital resource, will increase the CFR.

40. In addition to traditional capital expenditure on tangible assets, such as buildings, the CFR includes PFI schemes and finance leases. Whilst these increase the CFR, and therefore the Council's borrowing requirement, these contracts include an element of the charge to repay the financing provided by the PFI provider or the lessor. Consequently, the Council is not required to separately borrow for these schemes. At 31 March 2022, £34.4m of the CFR was in respect of PFI schemes and finance leases.

41. The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the indebtedness in line with each asset's life, and so charges the economic consumption of capital assets as they are used.

42. Table 5 below shows that the CFR will decrease over the medium term. A major contributor to the size of the General Fund CFR is the £362m Capitalisation Direction (see Table 1 above) which is necessary to avoid the Council's General Fund being in deficit for the period 2021/22 to 2027/28. The CFR peaked at £893m in 2021/22 and is forecast reduce significantly as capital receipts generated from the Asset Disposal programme are applied to fund previous years' capital expenditure.

43. The size of the CFR is a major driver in the amount required to be charged to council tax as MRP. Because the Asset Disposal programme has generated accelerated capital receipts the CFR is forecast to reduce significantly compared with the 2022/23 TMS forecast. Consequently, MRP charges are forecast to reduce significantly.

Table 5 Capital Financing Requirement forecast (Prudential Indicator 2)

2021/22 Actual £m		2022/23 Forecast £m	2023/24 Estimate £m	2024/25 Estimate £m	2025/26 Estimate £m	2026/27 Estimate £m	2027/28 Estimate £m
	CFR as at 31 March						
713	General Fund	536	394	347	337	327	319
184	HRA	184	184	184	184	184	164
897		**720**	**578**	**531**	**521**	**511**	**483**
	Annual change						
	General Fund	(177)	(142)	(47)	(10)	(10)	(8)
	HRA	0	0	0	0	0	(20)
0		**(177)**	**(142)**	**(47)**	**(10)**	**(10)**	**(28)**
	Reason for change						
	Net financing	0	0	0	0	0	0
	Capitalisation Direction	57	32	23	17	12	6
	Less repayment of debt	(216)	(164)	(63)	(20)	(16)	(28)
	Less MRP	(18)	(10)	(7)	(7)	(6)	(6)
0	**Net financing**	**(177)**	**(142)**	**(47)**	**(10)**	**(10)**	**(28)**

44. It should be noted that the 2021/22 figure of £897m for the CFR is provisional pending completion of the statement of accounts.

45. Table 6 below confirms that the Council's gross debt is not forecast to exceed the total of the CFR in the preceding year (i.e. 2022/23) plus the estimates of any additional CFR for current year and the following financial years (i.e. 2023/24 and succeeding years).

Table 6 Borrowing compared to the CFR (Prudential Indicator 3)

2021/22 Actual £m		2022/23 Forecast £m	2023/24 Estimate £m	2024/25 Estimate £m	2025/26 Estimate £m	2026/27 Estimate £m	2027/28 Estimate £m
749	Gross Projected Debt	604	435	372	323	314	280
897	Capital Financing Requirement	720	578	531	521	511	483
148	**Under/(over) borrowing**	**116**	**143**	**159**	**198**	**197**	**203**

46. The impact of the Capitalisation Direction has been to restore the headroom between external borrowing and the CFR. Normally this would indicate that the Council has funded capital expenditure from internal borrowing. In Slough's case it reflects that the Council has had to capitalise £357m of revenue expenditure, which is being financed from capital receipts.

Affordability

47. The objective of the affordability indicator is to ensure that the level of investment in capital assets proposed remains within sustainable limits and, in particular, highlight the impact of capital financing costs (i.e. MRP and interest) on the Council's "bottom line". The estimates of financing costs include current commitments and the proposals in the Council's budget report. Table 7 below sets out the expected ratio of capital financing costs to income for both General Fund and HRA activities:

Table 7 Ratio of capital financing costs to income (Prudential Indicator 4)

2021/22 Actual %		2022/23 Forecast %	2023/24 Estimate %	2024/25 Estimate %	2025/26 Estimate %	2026/27 Estimate %	2027/28 Estimate %
12.89%	General Fund	21.47%	15.92%	11.84%	8.69%	7.90%	7.61%
38.54%	HRA	36.56%	34.75%	32.16%	31.70%	30.72%	29.76%

48. The increase in the ratio of capital financing charges to income between 2021/22 and 2022/23 above reflects the first year that the amortisation of the Capitalisation Direction to effect which added £7m to MRP in 2022/23. However because of the accelerated capital receipts from the Asset Disposal programme, the ratio of capital financing costs to income has dropped from 27.87% forecast for 2022/23 last year down to 21.47%. Whilst this is still high compared with other authorities and represents a significant charge against the revenue budget, the impact of the accelerated capital receipts is forecast to bring the ratio down to levels comparable with other unitary authorities of between 5-7% over the medium-term. The HRA ratio remains in line with other housing authorities at 25-33% reflecting the nature of self-financing within the HRA.

49. Similarly expressed as a percentage of the net revenue budget capital financing charges (excluding interest receivable) which were originally forecast to exceed 30% of net revenue budget for the period 2022/23 to 2024/25 are forecast to significantly reduce as shown in Table 8 below. This brings the debt charges down to a level which is affordable for the Council.

50. The forecasts in Tables 7 and 8 are heavily dependent on capital receipts being generated from the asset disposal strategy. If receipts are not generated in the quantum forecast or to time or are diverted to other projects, then the reduction in the burden of debt charges on the Council budget will be undone.

Table 8 Ratio of capital financing charges to net revenue budget

2021/22 Actual %		2022/23 Forecast %	2023/24 Estimate %	2024/25 Estimate %	2025/26 Estimate %	2026/27 Estimate %	2027/28 Estimate %
17.98%		25.95%	19.70%	14.87%	11.59%	10.12%	9.89%

51. The capital financing charges arising from the HRA capital programme increase in line with the forecast increase income, hence capital charges as a proportion of the HRA net revenue stream remain fairly steady. Table 7 shows a decrease of 8% between the outturn for 2021/22 and the five year estimate to 2027/28. This is because the increase in depreciation charges (which fund the Major Repairs Reserve) are expected to track the overall increase in rental income and because the HRA capital programme has been reduced to concentrate resources on the existing stock. As the HRA is statutorily ring-fenced there are no consequences for the General Fund arising from the HRA capital programme.

Minimum Revenue Provision Policy Statement

52. Regulation 27 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 ('the 2003 Regulations') requires local authorities to 'charge to a revenue account a

minimum revenue provision (MRP) for that year'. The minimum revenue provision is an annual amount set aside from the General Fund to meet the cost of capital expenditure that has not been financed from available resources, namely: grants, developer contributions (e.g. s.106 and community infrastructure levy) revenue contributions, earmarked reserves or capital receipts.

53. MRP is sometimes referred to as the mechanism for setting aside monies to repay external borrowing. In fact, the requirement for MRP set aside applies even if the capital expenditure is being financed from the Council's own cash resources and no new external borrowing or other credit arrangement has been entered into.

54. Regulation 28 of the 2003 Regulations requires full Council to approve a Minimum Revenue Provision (MRP) Statement setting out the policy for making MRP and the amount of MRP to be calculated which the Council considers to be prudent. This statement is designed to meet that requirement.

55. In setting a prudent level of MRP local authorities must "have regard" to guidance issued from time to time by the Secretary of State for Housing, Communities and Local Government. The latest version of this guidance (version four) was issued by Ministry of Housing, Communities and Local Government (MHCLG) in February 2018.

56. In setting a level which the Council considers to be prudent, the Guidance states that the broad aim is to ensure that debt is repaid over a period reasonably commensurate with that over which the capital expenditure provides benefits to the Council.

57. Therefore, the implication is that MRP bears a relationship to the overall level of borrowing of the Council. In other words if borrowing increases, the MRP should increase.

58. The Guidance sets out four "possible" options for calculating MRP, as set out below,

Option	Calculation method	Applies to
1: Regulatory method	Formulae set out in 2003 Regulations (later revoked)	Expenditure incurred before 1 April 2008
2: CFR method	4% of Capital Financing Requirement	Expenditure incurred before 1 April 2008
3: Asset life method	Amortises MRP over the expected life of the asset	Expenditure incurred after 1 April 2008
4: Depreciation method	Charge MRP on the same basis as depreciation	Expenditure incurred after 1 April 2008

59. Two main variants of Option 3 are set out in the Guidance: (i) the equal instalment method and (ii) the annuity method. The annuity method weights the MRP charge towards the later part of the asset's expected useful life and is increasingly becoming the most common MRP option for local authorities.

60. The Guidance also includes specific recommendations for setting MRP in respect of finance lease, investment properties and revenue expenditure which is statutorily defined as capital expenditure under the 2003 Regulations (also referred to as revenue expenditure funded from capital under statute or REFCUS). Examples of REFCUS include:

Example	MRP amortisation period
Revenue expenditure capitalised under Direction from the Secretary of State	20 years
Loans or grants to third parties for capital purposes	Life of assets being financed by loan

Purchase of shares in limited companies	20 years

61. Other approaches are not ruled out however they must meet the statutory duty to make prudent MRP provision each financial year.

62. As reported in the 2022/23 TMS, the previous MRP Policy did not comply with Statutory Guidance on MRP nor had the policy actually been applied in practice leading to a material undercharge of MRP in previous years. Correction of the undercharge remains a key element of the Capitalisation Direction.

63. Paragraph 19 of the Statutory Guidance on MRP permits the MRP policy to be amended during the year provided this is presented to full Council for approval. In view of the non-compliance issues highlighted in the 2022/23 TMS, the MRP policy was amended last year to take effect from 1 April 2021. No changes are proposed to the MRP policy for the forthcoming year, which is set out at Appendix 1.

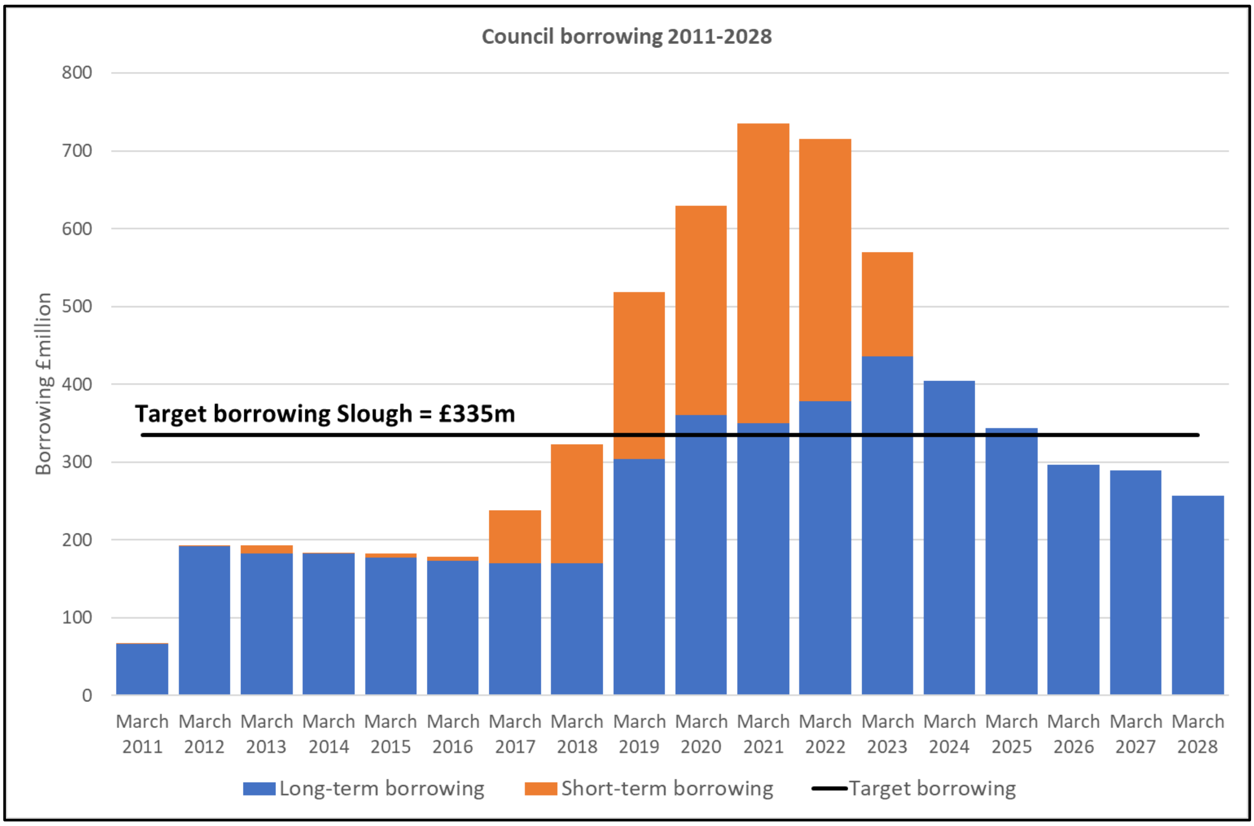
SECTION 2 - BORROWING

Overall borrowing strategy

64. One of the main functions of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer term cash flow planning, to ensure that the Council can meet its capital spending obligations. This management of longer term cash may involve arranging long or short-term loans, or using longer-term cash flow surpluses. On occasion, when it is prudent and economic, any debt previously drawn may be restructured to meet Council risk or cost objectives.

65. The Council's main objective when borrowing money is to strike an appropriate balance between securing low interest costs and achieving cost certainty over the period for which funds are required. For the period 2016/17 to 2020/21 the Council's borrowing strategy was to use temporary borrowing from other local authorities to fund the capital programme as shown in Chart 2 below.

Chart 2 Total borrowing 2011 -2028



66. As previously reported whilst this approach served the Council well in keeping interest costs down compared with fixing borrowing through the PWLB, this exposed the Council to interest rate risk and the risk associated with replacing temporary borrowing as loans matured. Following the s.114 notice the number of local authorities willing to lend to the Council has reduced significantly.

67. In response to the s.114 notice and the Finance Action Plan, the 2022/23 TMS introduced a debt reduction strategy with the aim of reducing the Council's borrowing down to a target level of £335m which is a sustainable level of borrowing for an authority the size of Slough. As can be seen from Chart 2, the level of borrowing is forecast to reduce by £145m to £570m by 31

March 2023 and £404m by 31 March 2024. Thus bringing the Council's borrowing down to a sustainable and affordable level.

68. Currently inflation is driving interest rate rises. Inflation in Q4 of 2022 was at 10.9% - the highest rate for 30 years. The Bank of England is forecasting inflation to reduce to 5.2% by Q4 2023 and reduce to 1.4% by Q4 2024.

69. In response to the rise in inflation, the Bank of England Monetary Policy Committee (MPC) increased base rate from 2.25% to 3.0% on 11 November 2022, then 3.5% on 28 December 2022 and to 4.0% on 2 February 2023. The MPC forecast bank rate will peak at 5.2% in Q4 2023 and start to reduce in 2024 to 4.7% by Q4.

70. Given the above it remains key to the Council's financial recovery plan to reduce interest rate exposure from temporary borrowing and to continue to reduce borrowing overall.

Post-PWLB Interest Rate Change Borrowing Strategy

71. On 5 November 2020, the Public Works Loan Board (PWLB) reversed its decision to increase the cost of borrowing for local authorities for general fund purposes by 1%, bringing the rates offered in line with those for housing revenue account purposes. All new loans are therefore now subject to the relevant gilt yields +0.8% (certainty rate).

72. The Council's treasury management strategy permits borrowing from various sources, but it has not been previously anticipated that any alternatives to PWLB would need to be utilised, given the current low cost of PWLB funding.

73. The key advantage of PWLB is the speed and ease of transaction processing and the low fee and administration cost associated with the loans. Alternative types of funding could result in lengthy due diligence, consultancy costs, legal advice and fees and will be far more costly administratively.

Alternative Borrowing Options

74. There are a range of alternatives to borrowing from the PWLB, namely:

- commercial loans from banks
- pension fund institutional investors
- issuing a bond privately; or
- borrowing via the Municipal Bonds Agency.

75. However, given that the Council is having to seek a substantial capitalisation direction from central government in order to balance the budget lawfully, the Council is not an attractive proposition for other lenders. Therefore, these options are not available to the Council and the primary source of borrowing will remain the PWLB for fixed term borrowing (should the need arise to fix borrowing) and other local authorities for temporary borrowing.

76. Immediate liquidity needs can be satisfied by borrowing from other local authorities in the short term, consistent with the Council's current approved treasury management strategy.

Debt Reduction Strategy

77. In view of the unsustainably high level of borrowing highlighted in Chart 2 above, the strategy remains to use capital receipts from the asset disposal programme to repay borrowing. As explained above the debt reduction strategy started last year is beginning to bear fruit with a £145m reduction in overall borrowing by 31 March 2023 and a further reduction to £404m in the following year. This will bring the overall borrowing down to sustainable level and in line with the target of £335m for the Council.

Limits on external borrowing

78. The Prudential Code requires the Council to set two limits on its total external debt, as set out in Table 9 below. The Authorised Limit has been increased in line with the CFR.

Table 9 Overall borrowing limits (Prudential Indicators 5a and 5b)

2021/22 Actual £m		2022/23 Forecast £m	2023/24 Estimate £m	2024/25 Estimate £m	2025/26 Estimate £m	2026/27 Estimate £m	2027/28 Estimate £m
904	Authorised Limit:	793	638	587	574	562	530
794	Operational boundary	757	609	560	548	536	506

79. The limits are:

- **Authorised Limit for External Debt (Prudential Indicator 5a)** – This is the limit prescribed by section 3(1) of the Local Government Act 2003 representing the maximum level of borrowing which the Council may incur. It reflects the level of external debt which, while not desired, could be afforded in the short term, but may not be sustainable in the longer term. This has been set at the level of the CFR forecast in Table 5 plus 5%

- **Operational Boundary (Prudential Indicator 5b)** – This is the limit which external debt is not normally expected to exceed. The boundary has been set at the level of the CFR plus other financial liabilities (see Table 5 above).

80. The Director of Finance reports that the Council complied with these prudential indicators in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in this report.

Maturity structure of borrowing (Prudential Indicator 7)

81. Managing the maturity profile of debt is essential for reducing the Council's exposure to large fixed rate sums falling due for refinancing within a short period, and thus potentially exposing the Council to additional cost. Table 10 below sets out current upper and lower limits for debt. The principal repayment profile for current council borrowing remains within these limits.

Table 10 Debt maturity profile limits (Prudential Indicator 7)

Maturity structure of fixed rate borrowing	Upper Limit %	Lower Limit %	Forecast maturity of fixed rate borrowing at 31 March 2023 £m	%	Compliance with set limits?
Under 12 months	70%	0%	134	23%	Yes
1 to 2 years	50%	0%	79	14%	Yes
3 to 5 years	35%	0%	65	11%	Yes
6 to 10 years	25%	0%	40	7%	Yes
10 to 20 years	50%	0%	155	27%	Yes
20 to 30 years			64	11%	
30 to 40 years			0	0%	
40 to 50 years			33	6%	
Total			**570**	**100%**	

82. The indicator is designed to control the Council's exposure to refinancing risks. The indicator covers the risk of replacement loans being unavailable, rather than interest rate risk. The Council has no Lender Option Borrower Option loans (LOBOs) with option dates as potential repayment dates. The Council converted its Barclays bank LOBO into a fixed rate loan in 2016, and this does not contain any option dates either.

83. Table 11 below sets out the upper limits for interest rate exposures. The Council has no variable interest rate loans in its portfolio; all loans are fixed interest rate loans. The Council is impacted by increasing interest rates at the point of re-financing. However this risk is being mitigated by repaying all temporary borrowing using capital receipts from asset sales.

Table 11 Interest rate exposures

Interest rate exposure indicator	2022/23 Forecast	2022/23 Limit	Complied?
Limits on fixed interest rates based on net debt	100%	100%	Yes
Limits on variable interest rates based on net debt	0%	60%	Yes

84. In the event that there is a much sharper rise in long and short term rates than currently forecast, then the balance of the loan portfolio will be revisited with a view to taking on further longer term fixed rate borrowing in anticipation of future rate rises.

Policy on borrowing in advance of need

85. The Council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds.

86. Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism. There are no plans to borrow in advance of need while the Council reduces its overall borrowing over the next 5-6 years.

Debt rescheduling

87. As short term borrowing rates will be considerably cheaper than longer term fixed interest rates, there may be opportunities to generate savings by switching from long term debt to short term debt. However, these savings will need to be considered in the light of the current treasury position and the cost of debt repayment (premiums incurred).

88. The reasons for any rescheduling to take place will include:

- generating cash savings and/or discounted cash flow savings;
- helping to fulfil the treasury strategy; and
- enhancing the balance of the portfolio by amending the maturity profile and/or the balance of volatility.

89. Should an opportunity for debt rescheduling arise, it will be reported to the Audit and Governance Committee and full Council at the earliest meeting following its action.

SECTION 3 – MANAGING CASH BALANCES

The current cash position and cash flow forecast

90. Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months).

91. As at 31 December 2022 core cash and short-term investments totalled £155.6m. This is a temporary position arising from receiving capital receipts in advance of temporary loans maturing. These balances are being invested on a temporary basis with the Debt Management Office (£102.5m), money market funds (£44.2m) and a 3 month loan to another local authority.

Prospects for investment rates

92. Investment returns for short-term money have kept level with movements in base rate. As a result the Council is earning an average of 3.1% on balances with the Debt Management Office (DMO) and 2.7% with money market funds. Cash generated from the asset sales has been invested in the DMO over durations to match the maturity of temporary loans. This will yield nearly £1m in 2022/23.

93. As part of the response to the pandemic and lockdown, the Bank of England and the Government provided financial markets and businesses with plentiful access to credit, either directly or through commercial banks. In addition, the Government provided large sums of grants to local authorities to help deal with the Covid-19 crisis; which caused some local authorities to have sudden large increases in cash balances searching for an investment home. The Government has started to recoup unused Covid grants, and consequently the amount of "spare" money on the local authority market has reduced significantly.

94. The suggested budgeted investment earnings rates for returns on investments placed for periods up to about three months during each financial year are set out in Table 12 below (the long-term forecast is for periods over 10 years in the future):

Table 12 Forecast investment returns

Average earnings in each year	
2022/23	2.00%
2023/24	3.00%
2024/25	3.00%
2025/26	2.50%
2026/27	2.50%
2027/28	2.00%
Long-term later years	2.00%

Pension pre-funding payment

95. Prepaying pension fund contributions to the pension fund has been seen to provide a better rate of return than typical short-term investment returns for many local authorities for the past 15 years. The Council prepaid primary and secondary contributions to Berkshire Pension Fund for 2022/23 which achieved a return of 2.6%. This was significantly better than investment in the money market for 12 months which was generating less.

96. In 2023/24, because the Council will have fully repaid all temporary borrowing by September and the Council is forecasting to generate an additional £200m of capital receipts in 2023/24, it is proposed that the Council enter into an agreement with Berkshire Pension Fund to use capital receipts remaining after repaying temporary borrowing to be used to pay off the Council's pension fund deficit.

97. The actuary has provided a provisional rates and adjustment certificate following the March 2022 triennial funding valuation, which envisages the Council paying:

- Primary contributions for current service at 17.2% of pensionable pay for the period 2023/24 to 2025/26; and

- Secondary contributions in respect of the funding deficit of £51.1m at 31 March 2022 at c. £5.5m for the next 12 years.

98. By using capital receipts to fund a one-off payment to the pension fund of £51.1m in 2023/24, the Council would eliminate the need to pay secondary contributions to the pension fund on the basis of the 2022 valuation. This would save the revenue budget an average of £5.5m per annum for the next 12 years.

99. Normally employers pension contributions are a revenue charge. Making use of the flexible use of capital receipts powers would permit the Council to treat the one-off contribution as revenue expenditure funded from capital under statute and fund the payment from capital receipts.

100. DLUHC issued a revised Flexible Use of Capital Receipts for Transformation Projects Direction on 1 August 2022. Para 3 of the Direction permits local authorities to:

treat as capital expenditure, expenditure which:

i. is incurred by the Authorities that is designed **to generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs and/or transform service delivery in a way that reduces costs or demand for services in future years for any of the public sector delivery partners**; and

ii. is properly incurred by the Authorities for the financial years that begin on 1 April 2022, 1 April 2023 and 1 April 2024.

iii. is not incurred with respect to redundancy payments, except where such redundancy costs are necessarily incurred and limited to the amounts available as statutory redundancy payments.

101. Taking the three points in turn:

Criterion	Analysis	Met?
Is the expenditure designed to: (a) **generate ongoing revenue savings in the delivery of public services and/or** (b) **transform service delivery to reduce costs and/or** (c) **transform service delivery in a way that reduces costs or demand for services in future years for any of the public sector delivery partners**	By paying off the pension fund deficit in one lump sum, there would be an ongoing saving to the Council of £5.5m per annum for the next 12 years and would save the Council having to pay interest on the deficit of £14.48m.	Yes
Would the expenditure be properly incurred for the financial years that begin on 1 April 2022, 1 April 2023 and 1 April 2024	The expenditure would be a one-off payment in the year beginning 1 April 2023	Yes
The expenditure is not incurred with respect to redundancy payments?	The expenditure would be solely concerned with paying off the pension fund deficit	Yes

102. Therefore the above analysis indicates that the expenditure would meet the criteria for classification as transformation expenditure.

103. Para 4 and 5 of the Direction sets out further stipulations regarding capital receipts, which requires the “transformation expenditure “ shall only:

- be met from capital receipts as defined by section 9 of the Local Government Act 2003 and the regulations made thereunder received in the years to which the Direction applies (ie. for the financial years beginning 1 April 2016 to 1 April 2024, inclusive; and
- that the capital receipts must be generated from disposals outside the group structure.

104. The capital receipts are being generated from disposals in the years commencing 1 April 2022 and 1 April 2023, so meet the first stipulation. The Council is not selling to any parties within its group structure. Indeed the Council is in the process of winding up companies within its group structure. Therefore, this meets the second stipulation.

105. The purpose of this section is to authorise the Director of Finance to enter into agreement with Berkshire Pension Fund to make a one-off payment to Berkshire Pension Fund to pay off the pension fund deficit, subject to there being sufficient capital receipts available after repaying all temporary borrowing and obtaining independent investment advice to mitigate any investment risk associated with the transaction.

Council policy on investing and managing risk

106. The aim is to manage risk and reduce the impact of any adverse movement in interest rates on the one hand but, at the same time, not setting the limits to be so restrictive that they impair opportunities to reduce costs or improve performance.

Balancing short and long-term investments

107. Greater returns are usually obtainable by investing for longer periods. While most cash balances are required in order to manage the ups and downs of cash flow where cash sums can be identified that could be invested for longer periods, the value to be obtained from longer term investments will be carefully assessed.

108. The Council has long-term investments in the form of loans to third parties set out in Table 13 below. The loans to third parties generate an interest stream to the Council of £1.9m with an effective rate of 3.39%.

Table 13 Loans to third parties

Interest receivable 2021/22 £000s	Debtor	Balance at 31/3/2023 £000s	Interest receivable 2022/23 £000s	Rate %
1,551	James Elliman Homes	51,700	1,551	3%
420	SUR LLP - senior debt [1]	0	144	5%
0	SUR LLP - loan notes [2]	2,885	0	5%
N/A	GRE 5 Ltd [3]	9,613	578	6%
28	Slough Children First Ltd	5,000	71	1.41%
1	St Bernards School [4]	repaid	2	2.49%
2,000		**69,198**	**2,346**	**3.39%**

Notes:

1 The senior debt loan was fully repaid in December 2022. Loan advances had totalled £10m

2 The interest on the loan notes has been impaired as it is unlikely that the remaining sales of apartments at the Old Library Square Residential scheme will generate sufficient income to do anything more than repay the loan notes.

3 The loan advance of £10m to GRE5 was executed in August 2022.

4 St Bernards School prematurely repaid the £130,000 loan in October 2022,

109. Since the loan was executed in August 2022, the costs for remediating Nova House have escalated and the loan will need to be increased to £15m. Currently the loan is being repaid from claims against Homes England. However there remains some uncertainty over the extent to which the loan advances will be fully recoverable from the company. Therefore, there may be a need to impair the loan by up to £5m.

110. The loans to James Elliman Homes Ltd, and Slough Children First Ltd have all been advanced at below commercial rates (known as soft loans).

111. All the loans are all for capital purposes, the Council incurs a Minimum Revenue Provision charge as these have all been financed from borrowing. The combination of MRP and interest mean that the Council is losing money on these loans. The only loans generating a net return are the senior debt loan to SUR and the loan to GRE 5 Ltd.

112. Given the Council's financial position, any future loans to third parties should no longer be provided as soft loans. Instead the interest rate charged should cover all the Council's capital financing costs (i.e. interest, MRP over the life of the loan plus 1% for risk).

113. Last year the TMS increased the investment limit to £90m to provide headroom for further advances, subject to due diligence on the prospective debtor. Increasing the loan to GRE 5 Ltd by £5m would still leave headroom beneath the £90m limit of £15m. Consequently, there is no proposal to adjust this limit – see table 14 below.

Table 14 Investment limits (Prudential Indicator 6)

	2022/23 Forecast £m	2023/24 Estimate £m	2024/25 Estimate £m	2025/26 Estimate £m
Actual principal invested beyond 364 days	69	74	71	71
Upper limit for principal sums invested for more than 364 days	90	90	90	90
Complied?	Yes	Yes	Yes	Yes

SECTION 4 - SUMMARY OF PRUDENTIAL INDICATORS (PIs)

114. The purpose of prudential indicators (PIs) is to provide a reference point or "dashboard" so that senior officers and Members can:

- ➢ easily identify whether approved treasury management policies are being applied correctly in practice and,
- ➢ take corrective action as required.

115. As the Council's S151 officer, the Director of Finance has a responsibility to ensure that appropriate PIs are set and monitored and that any breaches are reported to Members.

116. The Director of Finance has confirmed that the PIs set out below are all expected to be complied with in 2022/23 and he does not envisage at this stage that there will be any difficulty in achieving compliance with the proposed indicators for 2023/24-2025/26.

PI Ref	Para ref	Prudential Indicator	2021/22 Actual £m	2022/23 Forecast £m	2023/24 Proposed £m	2024/25 Proposed £m	2025/26 Proposed £m
1	17	Capital expenditure	51	40	46	28	18
2	43	Capital financing requirement	897	720	578	531	521
3	45	Net debt vs. CFR - under/(over) borrowed	148	116	143	159	198
4	47	Ratio of financing costs to revenue stream					
		General Fund	12.89%	21.47%	15.92%	11.84%	8.69%
		HRA	38.54%	36.56%	34.75%	32.16%	31.70%
5a	78	Authorised limit for external debt	904	793	638	587	574
5b	78	Operational debt boundary	794	757	609	560	548
6	113	Limit on surplus funds held for more than 364 days (i.e. non-specified investments)	90	90	90	90	90
7	81	Maturity structure of borrowing					
		Upper limit under 12 months	23%	70%	70%	70%	70%
		Upper limit 10 years or more	44%	50%	50%	50%	50%

SECTION 5 - LEGAL IMPLICATIONS

117. The Local Government Act 2003 provides that a local authority has the power both to borrow and invest money for any purpose relevant to its functions and for the prudent management of its financial affairs. The Act requires the Council to determine and to keep under review how much money it can afford to borrow. The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003, as amended, provide that, in complying with this duty, the Council must have regard to the Prudential Code for Capital Finance in Local Authorities published by CIPFA. The Council is also required to have regard to the CIPFA Treasury Management Code of Practice.

118. The CIPFA Treasury Management Code of Practice 2021 and the Secretary of State's Investment Code both require the Section 151 officer (Director of Finance) to present an Annual Treasury Management Strategy Statement, which includes an Annual Investment Strategy, for the forthcoming year for approval by the Full Council before the beginning of each financial year.

119. The CIPFA Prudential Code for Capital Finance in Local Authorities sets out various indicators that are to be used to support capital expenditure plans and treasury management decisions. The prudential and treasury indicators have to be set by the Full Council when the budget is set and are monitored during the year. The prudential indicators are included in section 4 of this report.

120. The Council is also required to approve a Treasury Management Policy Statement setting out the overarching framework for treasury management services within the Council. This statement is set out at paragraph 11 of this report and Appendix 5 sets out how the Council complies.

10. APPENDICES

1 Minimum Revenue Provision (MRP) Policy

2 Annual Investment Strategy

3 Approved Counterparty List

4 Approved Countries for Investments

5 CIPFA Treasury Management Code requirements including:

   a. Treasury Management Scheme of Delegation

   b. Treasury Management role of s.151 officer

BACKGROUND PAPERS

1. Treasury Management Strategy Statement 2022/23 (approved by Council 10 March 2022)
2. Capital Strategy and Capital Programme: 2022/23 to 2026/27 (approved by Council 10 March 2022)

APPENDIX 1

Minimum Revenue Provision (MRP) policy statement

1. Having regard to current Guidance on MRP issued by MHCLG and the “options” outlined in that Guidance, the Council is recommended to approve the following MRP Statement to take effect from 1 April 2021:

    - For all supported borrowing, MRP will be calculated using Option 1, ie 4% of the closing CFR from the previous year;
    - all capital expenditure incurred since 2007/08 financed from unsupported borrowing, MRP will be based on expected useful asset lives (Option 3 – asset life), calculated using the annuity method;
    - asset lives will be arrived at after discussion with valuers, but on a basis consistent with depreciation policies set out in the Council’s annual Statement of Accounts, and will be kept under regular review;
    - MRP for finance leases and service concession contracts shall be charged over the primary period of the lease, in line with the Guidance,
    - for expenditure capitalised by virtue of a capitalisation direction under section 16(2)(b) of the Local Government Act 2003 or Regulation 25(1) of the 2003 regulations, the ‘asset’ life should equate to the value specified in the statutory Guidance.

2. In applying ‘Option 3’:

    - MRP should normally begin in the financial year following the one in which the expenditure was incurred. However, in accordance with the Statutory Guidance, commencement of MRP may be deferred until the financial year following the one in which the asset becomes operational;
    - the estimated useful lives of assets used to calculate MRP should not exceed a maximum of 50 years except as otherwise permitted by the Guidance (and supported by valuer’s advice);
    - if no life can reasonably be attributed to an asset, such as freehold land, the estimated useful life should be taken to be a maximum of 50 years.

APPENDIX 2

ANNUAL INVESTMENT STRATEGY

Investment policy

1. The Council's investment policy has regard to the following:

   - MHCLG' Guidance on Local Government investments (the "Guidance)
   - CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2021 ("the Code")
   - CIPFA Treasury Management Guidance Notes 2021

2. The Council's investment priorities will be security first, portfolio liquidity second and then yield, (return). The above guidance from MHCLG and CIPFA places a high priority on the management of risk. This Council has adopted a prudent approach to managing risk and defines its risk appetite by the following means:

   i. Minimum acceptable **credit criteria** are applied in order to generate a list of highly creditworthy counterparties. This also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the short term and long-term ratings.

   ii. **Other information**: ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To achieve this consideration the Council will engage with its advisors to maintain a monitor on market pricing such as "credit default swaps" and overlay that information on top of the credit ratings where applicable.

   iii. **Other information sources** used will include the financial press, share price and other such information pertaining to the financial sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.

   iv. This authority has defined the list of **types of investment instruments** that the treasury management team are authorised to use. There are two lists in appendix 5.4 under the categories of 'specified' and 'non-specified' investments.

      - **Specified investments** are those with a high level of credit quality and subject to a maturity limit at the start of the investment of up to one year.

      - **Non-specified investments** are any financial investments that are not loans and do not meet the criteria to be treated as specified investments. These tend to be lower credit quality than specified investments and carry a higher degree of credit risk.

   v. Investments will only be placed with counterparties from countries with a specified minimum **sovereign rating**.

   vi. This authority has engaged **external consultants**, (see paragraph 4-7 Appendix 5), to provide expert advice on how to optimise an appropriate balance of security, liquidity and yield, given the risk appetite of this authority in the context of the expected level of cash balances and need for liquidity throughout the year.

   vii. All investments will be denominated in **sterling**.

viii. As a result of the change in accounting standards for 2020/21 under IFRS 9, this authority will consider the implications of investment instruments which could result in an adverse movement in the value of the amount invested and resultant charges at the end of the year to the General Fund.

3. However, this authority will also pursue **value for money** in treasury management and will monitor the yield from investment income against appropriate benchmarks for investment performance. Regular monitoring of investment performance will be carried out during the year.

Creditworthiness Policy

4. The primary principle governing the Council's investment criteria is the security of its investments, although the yield or return on the investment is also a key consideration.

5. After this main principle, the Council will ensure that:

- it maintains a policy covering both the categories of investment types it will invest in, criteria for choosing investment counterparties with adequate security and monitoring their security. This is set out in the specified and non-specified investment sections below; and

- it has sufficient liquidity in its investments. For this purpose, it will set out procedures for determining the maximum periods for which funds may prudently be committed. These procedures also apply to the Council's prudential indicators covering the maximum principal sums invested.

6. The Director of Finance will maintain a counterparty list in compliance with the following criteria and will revise the criteria and submit them to Council for approval as necessary. These criteria are separate to those which determine which types of investment instrument are either specified or non-specified as they provide an overall pool of counterparties considered high quality which the Council may use, rather than defining what types of investment instruments are to be used.

7. Credit rating information is supplied by the Council's treasury advisors, Arlingclose Ltd. Any counterparty failing to meet the criteria would be omitted from the counterparty (dealing) list. Any rating changes, rating watches (notification of a likely change), rating outlooks (notification of the longer-term bias outside the central rating view) are provided to officers almost immediately after they occur and this information is considered before dealing.

8. The Council takes into account the following relevant matters when proposing counterparties:

- the financial position and jurisdiction of the institution;
- the market pricing of credit default swaps for the institution;
- any implicit or explicit Government support for the institution;
- Standard & Poor's, Moody's and Fitch's short and long term credit ratings;
- sovereign ratings to select counterparties from only the most creditworthy countries; and
- core Tier 1 capital ratios.

9. Changes to the credit rating will be monitored and, in the event, that a counterparty is downgraded and does not meet the minimum criteria specified in Appendix 1, the following action will be taken immediately:

- no new investments will be made;
- existing investments will be recalled if there are no penalties; and
- full consideration will be given to recall or sale of existing investments which would be liable to penalty clause.

Specified and Non-specified investments

10. The MHCLG Guidance on Local Government Investments made under section 15(1) of the Local Government Act 2003, places restrictions on local authorities around the use of specified and non-specified investments.

11. A specified investment is defined as an investment which satisfies all of the conditions below:

- the investment and any associated cash flows are denominated in sterling;
- the investment has a maximum maturity of one year;
- the investment is not defined as capital expenditure; and
- the investment is made with a body or in an investment scheme of high credit quality; or with the UK Government, a UK Local Authority or parish/community council.

12. Non-specified investments are those with less high credit quality, may be for periods in excess of one year, and/or are more complex instruments which require greater consideration by members and officers before being authorised for use. In addition to the long-term investments listed in the table at the end of Appendix 1, the following non-specified investments that the Council may make include:

- **Green Energy Bonds** - Investments in solar farms are a form of Green Energy Bonds that provide a secure enhanced yield. The investments are structured as unrated bonds and secured on the assets and contracts of solar and wind farms. Before proceeding with any such investment, internal and external due diligence will be undertaken in advance of investments covering the financial, planning and legal aspects.

- **Social Housing Bonds** – Various fund managers facilitate the raising of financing housing associations via bond issues. The investment is therefore asset backed and provides enhanced returns. Officers will need to undertake due diligence on each potential investment in order to understand the risks and likelihood of default. This is a type of vehicle a number of local authorities are involved which not only helps to meet a local authority's statutory duty to house the homeless, but also provides a return in excess of short-term investment rates.

- **Loans** - The Council will allow loans (as a form of investment) to be made to organisations delivering services for the Council where this will lead to the enhancement of services to the Council's Stakeholders. The Council will undertake due diligence checks to confirm the borrower's creditworthiness before any sums are advanced and will obtain appropriate levels of security or third party guarantees for loans advanced. The Council would expect a return commensurate with the type, risk and duration of the loan. A limit of £60 million for this type of investment is proposed with a duration commensurate with the life of the asset and Council's cash flow requirements. All loans will need to be in line with the Council's Scheme of Delegation and Key Decision thresholds levels.

- **Shareholdings in limited companies and joint ventures** – The Council currently invests in two forms of company:

  i. Trading vehicles which the Council has set up to undertake particular functions. These are not held primarily as investments but to fulfil Council service objectives. Examples include Slough Children First Ltd and James Elliman Homes Ltd. Any new proposals will be subject to due diligence as part of the initial business case. As these are not to be held primarily as investment vehicles, then there is an expectation that they will break even.

  ii. Trading vehicles held for a commercial purpose where the Council is obliged to undertake transactions via a company vehicle. An example is the joint venture Slough Urban Renewal for undertaking regeneration of various sites across the Council.

13. For any such investments, specific proposals will be considered by the Director of Finance after taking into account of the following:

- cash flow requirements
- investment period
- expected return
- the general outlook for short to medium term interest rates
- creditworthiness of the proposed investment counterparty
- other investment risks.

14. The nominal value of non-specified investments will be capped at £90m (see Table 14 above).

Country of Domicile

15. Due care will be taken to consider the exposure of the Council's total investment portfolio to non-specified investments, countries, groups and sectors.

16. The Council has determined that it will only use approved counterparties from countries with a minimum sovereign credit rating of AA- from Fitch except the UK. The list of countries that qualify using this credit criteria as at the date of this report are shown in Appendix 4. This list will be kept under review and any proposed changes to the policy reported to the next meeting.

Schedule of investments

17. The criteria for providing a pool of high quality short, medium and long-term, cash-based investment counterparties along with the time and monetary limits for institutions on the Council's counterparty list are set out in Appendix 3.

18. Officers will monitor the impact of the UK's exit from the European Union on the names within the Council's counterparty list.

Other considerations

19. Sector limits will be monitored regularly for appropriate ness, to help mitigate concentration risk. This is the risk of having a significant proportion of the Council's investments in one sector of the market and that market failing.

20. To ensure sufficient liquidity, detailed cashflow forecasts will be kept by the Treasury team to provide as accurate a picture as possible of the movement and timing of income and expenditure and the resulting daily cash balances.

21. When considering placing investments or temporary borrowing, officers will refer to the cashflow forecast to determine the best duration for the transaction.

22. Under the Markets in Financial Derivatives II Directive (MiFID II), the Council would be classed as a retail investor with an option to opt-up to professional status. The Council opted up to professional status in 2017.

APPENDIX 3
Approved counterparty list

There are no changes to the approved counterparty list and the Council is currently complying with the current limits

	Minimum credit criteria	Max % of total investments/ £ limit per institution	Max. maturity period	Actual at 31/1/2023 £m	Complied?
Specified Investments					
DMADF – UK Government	N/A	100%	6 months*	81.5	Yes
Money market funds: CNAV and VNVAV	AAA	100%	Daily Liquidity	48.3	Yes
Local authorities	N/A	100%/£20m	10 years	5.0	Yes
Lloyds Bank plc (the Council's bankers)	A+	£20m £5m	Overnight deposits ** Up to 12 months	6.6	Yes
Term deposits with banks and rated building societies	A+		Up to 3 years	4.0	Yes
Current and Ex - Government Supported banks	A+	50%	Up to 1 year	0	N/A
Non-specified investments					
UK Government supported banks and Ex- Government supported banks	n/a	£70m or 50% of total investments	3 yrs.	0	N/A
Pooled Vehicles: Enhanced Money Market Funds: UK Government and Government Guaranteed securities Pooled Property Funds Short – Term Investment – grade sterling denominated instruments	N/A	£25m	4yrs	0	N/A

* DMO – is the maximum period offered by the Debt Management Office of H.M.Treasury

** Over £20 million with the explicit agreement of the Director of Finance

APPENDIX 4

APPROVED COUNTRIES FOR INVESTMENTS

1. This list is based on those countries which have sovereign ratings of AA- or higher, (we show the lowest rating from Fitch, Moody's and S&P) and also, (except - at the time of writing - for Hong Kong, Norway and Luxembourg), have banks operating in sterling markets which have credit ratings of green or above in the Link credit worthiness service.

Lowest available rating	Approved Country
AAA	Australia Denmark Germany Luxembourg Netherlands Norway Singapore Sweden Switzerland USA
AA+	Canada Finland
AA	Abu Dhabi (UAE) France
AA-	Belgium Hong Kong Qatar United Kingdom

APPENDIX 5
CIPFA TREASURY MANAGEMENT CODE

1. The Council has formally adopted CIPFA's Code of Practice on Treasury Management 2021 and complies with the requirements of the Code as detailed in this Appendix. There are no changes to the requirements formally adopted in the 2017 update with regard to reporting which are summarised below:

   - Maintaining a Treasury Management Policy Statement setting out the policies and objectives of the Council's treasury management activities.

   - Maintaining a statement of Treasury Management Practices that sets out the manner in which the Council will seek to achieve these policies and objectives.

   - Presenting the Full Council with an annual TMSS statement, including an annual investment strategy and Minimum Revenue Provision policy for the year ahead (this report) a half year review report and an annual report (stewardship report) covering compliance during the previous year.

   - A statement of delegation for treasury management functions and for the execution and administration of statement treasury management decisions. (see below)

   - Delegation of the role of scrutiny of treasury management activities and reports to a specific named body. At Slough Borough Council this role is undertaken by the Audit and Governance Committee

Knowledge and Skills

2. The Council uses the knowledge and skills of its officers when considering treasury investment and borrowing decisions and where necessary it also relies on the expert knowledge of specialist external advisors.

3. Finance staff are professionally qualified to advise the Council on all areas of finance. Included within the team is an officer with specialist knowledge of treasury management. All finance staff undertake Continuous Professional Development and maintain knowledge and skills through regular technical updates from appropriate bodies and attending specialist courses. Staff follow the Treasury Management Practices approved by the Director of Finance.

4. Training for Members on treasury management matters does not appear to have occurred in the past year. A programme of training is being developed and will be open to all Members to assist in their understanding of the treasury management strategy.

Treasury management consultants

5. The Council uses Arlingclose Ltd as its external treasury management advisors.

6. The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance

is not placed upon the services of our external service providers. All decisions will be undertaken with regards to all available information, including, but not solely, our treasury advisers.

7. It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented and subjected to regular review.

8. The scope of investments within the Council's operations now includes both conventional treasury investments, (the placing of residual cash from the Council's functions), and more commercial type investments, such as investment properties. The commercial type investments require specialist advisers, and the Council uses Arlingclose Ltd in relation to this activity.

Treasury Management Delegations and Responsibilities

9. The respective roles of the Council, Audit and Corporate Governance Committee and Section 151 officer are summarised below. Further details are set out in the Treasury Management Practices.

(i) Full Council

- Approval of annual strategy, mid-year review and Annual Report

(ii) Audit and Corporate Governance Committee

- Review of the treasury management function as part of the Committee's overall review of the Council's corporate governance and risk management arrangements

(iii) Executive Director – Finance and Commercial

- approval of/amendments to the organisation's adopted clauses, treasury management policy statement and treasury management practices;
- budget consideration and approval;
- approval of the division of responsibilities;
- receiving and reviewing regular monitoring reports and acting on recommendations;
- approving the selection of external service providers and agreeing terms of appointment.

THE TREASURY MANAGEMENT ROLE OF THE SECTION 151 OFFICER

The S151 (responsible) officer

- recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance;
- submitting regular treasury management policy reports;
- submitting budgets and budget variations;
- receiving and reviewing management information reports;
- reviewing the performance of the treasury management function;
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function;
- ensuring the adequacy of internal audit, and liaising with external audit;
- recommending the appointment of external service providers.

Slough Borough Council

Report To:	Overview & Scrutiny Committee
Date:	23rd February 2023
Subject:	Housing Revenue Account Business Plan 2023/24 and 30-Year Housing Investment Plan
Chief Officer:	Patrick Hayes Executive Director, Housing and Property
Contact Officer:	Steve Muldoon Deputy Director – Financial Management
Ward(s):	All
Exempt:	NO

Appendices:

A – HRA 5-year revenue budget
B – HRA 30-year revenue budget
C – HRA 5-year capital programme
D – HRA 30-year capital programme
E – HRA draft reserves & balances

1. Summary and Recommendations

1.1 This report sets out the proposed 30-year Business Plan for the Housing Revenue Account (HRA) and considers both the Revenue and Capital position. The Revenue Business plan over a 5-year period projects gross income of £224.654m and gross expenditure of £208.741m. The HRA Capital Programme provides for a total capital investment of £52.714m over the next 5 years and a total of £639.849m over the 30-year period.

1.2 The Business Plan demonstrates that Slough Borough Council is able to fund the proposals subject to the assumptions within the plan, and that the HRA remains sustainable and viable over the 30-year period.

Recommendations:

The Overview & Scrutiny Committee is requested to scrutinise this report and make any comments to Cabinet on the following recommendations:

1.3 Cabinet is recommended to:

- Approve the HRA revenue budget for 2023-24 (Table 1 & Appendix A)
- Note the HRA 5-year revenue budgets for 2023-24 to 2027-28 (Table 1 & Appendix A)

- Note the HRA 30-year revenue budgets for 2023-24 to 2052-53 (Appendix B)

- Approve the HRA 5-year Capital Programme for a total £52.714m (Table 3 & Appendix C)

- Note the 30-year Capital Programme for 2023-24 to 2052-53 (Appendix D)

- Note the draft HRA reserves and balances for the 5-year Business Plan (Appendix E)

Reason

1.4 Section 76 of the Local Government and Housing Act 1989 requires Local Authorities with a Housing Revenue Account (HRA) to set a budget for the account, which is based on best assumptions, that avoids a deficit and keeps the HRA under review.

1.5 The budget has developed from a review of the baseline budget, current expenditure on Housing Service and capital investment to maintain and improve the Housing Stock.

Commissioner Review

The Commissioners are content with this report.

2. Introduction

2.1 The HRA business plan is the Council's strategy for spending and borrowing to maintain its stock, operate services for its tenants and leaseholders, and design and build new council homes. As with any other business plan, it must show that the Council has clear proposals for achieving its objectives and that these are financially viable in the short, medium and long term. Having an HRA Business Plan that is approved by full Council, based on reasoned assumptions and an underlying financial model, forms the basis of good governance and sound financial management. It demonstrates that we are spending residents' rent and service charges effectively and achieving value for money and managing debt and reserves to maintain a viable HRA in the long run.

2.2 This business plan recognises the realities of the financial pressures faced by local authorities across the United Kingdom especially the local situation in Slough Borough Council. A prudent and pragmatic approach has been adopted and the HRA capital programme has been reduced to reflect an organisation that is prepared to live within its means, balance its budgets and deliver best value for taxpayers and service users.

2.3 The need to ensure that Slough Borough Council (SBC) stays on a financially sustainable footing has meant significant reductions in the capital programme. The proposed five-year HRA capital programme budget is £52.714m in comparison to the 2018/19 – 2022/23 five-year HRA capital programme budget which was £123.4m.

2.4 The business plan projections reflect the income and expenditure required to manage the landlord function and, at the same time, work towards the Council's objectives to maintain and improve stock condition.

3. HRA Background

3.1 The HRA specifically accounts for revenue expenditure and income relating to the Council's own housing stock and is ring fenced from the Council's General Fund as required by the Local Government and Housing Act 1989, which specifies the items that can be charged and credited to it. The account must include all costs and income relating to the Council's landlord role (except in respect of leased accommodation, for households owed a homeless duty, and in respect of accommodation provided other than under Housing Act powers). The Council has a legal duty to budget to ensure the account remains solvent and to review the account throughout the year.

3.2 The HRA self-financing system for Council Housing was implemented in April 2012. Under HRA self-financing, the Council's HRA continues to be a ring-fenced account (income and expenditure) for Council dwellings. HRA self-financing is intended to allow local authority landlords to manage and maintain their own stock from the rental income they generate.

3.3 The introduction of HRA self-financing was supposed to herald a more certain future for local authorities giving them more responsibility and to give them greater flexibility over their accounts. It was intended that authorities would also use self-financing as the opportunity to determine priorities with a more strategic longer-term view rather than on a year-to-year basis. This new approach as well as giving more responsibility to authorities also ensured that there was more risk for them. Spend and income for both capital and revenue had to be projected for in future years, treasury management and repayment of debt had to be accounted for, and the viability of the HRA had to be ensured.

3.4 In October 2018, the government announced that the HRA borrowing cap would be lifted, revoking the previous determinations that specified local authorities' limits on indebtedness. This has provided councils with new borrowing powers to increase their housing supply, with a focus on mixed-tenure development including homes for social rent, affordable rent and shared equity products.

3.5 Maintaining a residential property portfolio of 6,035 tenanted homes and 1,535 leasehold homes is a major financial commitment. Furthermore, the primary source of funding to meet this commitment is rent paid by tenants and the Council is strictly limited as to the extent it can raise these rents. It is therefore of utmost importance that the Council is clear as to how it intends to balance income and expenditure over time to ensure the property portfolio receives the level of investment it requires and borrowing stays within the necessary prudential limits.

3.6 As well as investing in our housing stock to ensure all residents' homes are safe, warm and dry, the Council will also wish to improve its housing stock and invest in significantly reducing its carbon footprint over the life of the Plan. Further improvements and regeneration projects are also likely to require funding during this period.

3.7 Each year the Council must review, update and approve the Plan in line with best practice. A re-profiling of capital expenditure proposals and updates on how the Council plans to finance the capital programme including use of surplus capital receipts, grants and HRA borrowing, will also be carried out annually.

4. National and local priorities that impact the HRA Business Plan

4.1 From April 2020 local authority rents have been regulated by the Regulator of Social Housing, alongside housing associations and other registered providers. Annual rent increases must comply with government rents policy for Social Housing 2019. The standard rent increases are currently limited to an increase of up to CPI plus 1% from April 2020 to 2024/25 (based upon CPI at the preceding September), with properties below target rent levels moved directly to target rent only when they become void. The recent announcement in the 2022 Autumn Statement affects the last two years of the current standard.

4.2 In light of the exceptional economic situation, the Government has since made directives / pronouncements in order to protect social housing tenants from very large nominal-terms rent increases that would otherwise have been permitted in 2023/24 due to higher-than-expected levels of inflation. The Chancellor in his 2022 autumn statement announced that for 2023/24, registered providers may increase rents by up to 7% or by up to CPI plus 1 percentage point, whichever is lower. This restriction applies to both social rent and affordable rent homes. By limiting the increase in rents, this will on average save tenants in rented accommodations circa. £200, as rent could have risen to 11.1% under current rules.

4.3 The maximum 7% cap on rent increase in 2023/24 as opposed to the CPI plus 1% (11.1%) increase that would have been applicable translates to a potential loss of income of £1.386m to SBC. The impact of this loss of potential income over 30 years amount to £41.6m which could have been deployed for future reserves or debt repayments.

4.4 The Welfare Reform Act 2012 introduced radical changes to the welfare system, which included a reduction of housing benefits for social tenants if their accommodation is considered larger than required. It also introduced a new universal credit system to be implemented over time, where benefit payments would be made directly to the tenant, rather than the landlord. This change increases the risk of non-collection, which could lead to a rise in rent arrears.

4.5 The Fire Safety (England) Regulations 2022 (the Regulations) have been introduced as an important step towards implementing the recommendations of the Grenfell Tower Inquiry Phase 1 report. The Regulations are being introduced under Article 24 of the Fire Safety Order and will come into force on 23 January 2023. These regulations will make it a requirement in law for responsible persons of high-rise blocks of flats to provide information to Fire and Rescue Services to assist them to plan and, if needed, provide an effective operational response. These legislations will have significant impact on the responsibilities of the Council as a landlord in the future as SBC own one high-rise block.

4.6 Decarbonisation: Whilst through the stock condition information available, it has been possible to indicate some expenditure and budget provision of some £5.6m over the next ten years relating to some ad hoc decarbonisation works it should be noted that this will almost certainly be insufficient to meet the full decarbonisation requirements associated with the Councils housing stock. It is essential a more detailed specialist survey is completed to evaluate the likely whole house approach required for some properties to deliver the full decarbonisation objectives. This additional specialist survey needs to be commissioned during 2023/24 and the findings used to inform the detailed investment needs over the next 10 years. This funding requirement is not at this time included in the investment costs as currently presented within the 30-year plan. Further the detailed appraisal of decarbonisation costs might also be mitigated to a degree by way of the Council bidding for the government supported decarbonisation funding, but without the necessary technical appraisal indicated above the bid cannot be made at this time. Finally, it may be appropriate to consider replacing gas boilers with electric heating systems at this time given the cost impacts on tenants, especially at a time of a cost of living crisis and should only be approved after a full and detailed appraisal of the benefits of completing these works in association with other insulation improvements is completed.

4.7 Damp and Mould: Officers have already been working with Osbournes (Repairs & Maintenance Contractor) to review the approach to dealing with Damp and Mould incidents occurring in the Councils stock. Whilst some progress has been made understanding fully the needs associated with rectifying such issues, it is essential further proactive work is concluded as a priority. This will include the full development of a risk-based inspection process for those cases notified as needing a rapid response to damp and mould, along with a planned approach for those particular property architypes which might be identified as requiring a planned maintenance approach. The initial costs and assumptions around a budget provision subject to an early technically based approach to these issues still needs development but it is proposed that an initial 10% figure of stock impacted by various degrees of damp and mould would be reasonable as a basis for estimates. This represents some 700 units. Again, costs associated with technical risk assessed surveys, rapid response delivery arrangements, and rectifying non-complex repairs and improvements to dwellings will be in the order of £800 per unit. This gives an initial budget requirement of £560,000 for 2023/24. It is however important to note that this figure could rise following the more detailed assessment and audit of the stock, and the final operational adjustments required to respond to the challenge. The necessary report will be submitted to the March Cabinet meeting. Any additional 2023/24 costs will be identified within that report but remain unknown at this stage. The revised approach to damp and mould is already subject to government and Regulatory intervention and it is imperative the Council responds fully to these issues or it may be at risk of penalties being applied.

4.8 The Government stated that new funding may be withheld from any housing provider that is failing in their obligations to tenants. Providers in breach of the Social Housing Regulator's consumer standards may not be able to draw funds from the Affordable Homes Programme (AHP) until improvements are made.

5. Local Context: Doing right by Slough

5.1 Slough has the youngest average age (33) of any large town or city in the UK. It is also one of the most ethnically diverse places in the UK and has attracted people from across the world for over a century shaping it into a major trading area. The town remains very well connected, situated 25 miles west of central London with major transport routes and the UK main international airport in proximity.

5.2 Its location has helped create an £8 billion economy, with around 7,500 businesses, the highest concentration of UK headquarters of global companies outside of London and the second largest concentration of data centres in the world. Slough's top three specialised employment areas are warehousing and logistics (4.1 times greater than the national average), utilities and waste, and ICT media and creative services.

5.3 However, Slough's business and connectedness has not brought prosperity to all its residents. While it has the second highest average workplace earnings after London, deprivation is high across much of the borough. In April 2021, 23% of the working aged population in Slough were claiming government-based benefits. The recent pandemic affected Slough particularly badly with increases in claims for unemployment-related benefits and with an average rate of 89 in 1,000 persons aged 16-64 claiming unemployment support. There is a recognised need to increase the skills of local residents – particularly with NVQ3 qualifications and above – so that Slough's communities can be competitive and secure productive jobs.

5.4 Despite comparatively low levels of skills, Slough has a range of excellent primary and secondary schools. In 2019 57% of pupils achieved GCSE grade 5 or above in English and Maths, better than the national average of 43%, putting Slough consistently in the top 10 best performers in the country. But at A-level further progress remains important. 12.3% achieved grades AAB or higher, below the national average of 14.1% and the Council needs to understand the difference in outcomes between 16 and 18, and work with schools and partners to find ways to address this gap.

5.5 Geographically small, by comparison to other unitary council areas, Slough is a collection of formerly distinct villages and neighbourhoods, which still retain their distinct identity and characteristics today as clearly defined residential suburbs. House prices are relatively high, with affordability challenges contributing to high levels of deprivation, and in some parts of the borough the quality of housing is poor. There are high numbers of individuals requiring temporary housing, and the management of the housing stock including Slough's repairs service is not as responsive as it should be to its tenants.

5.6 With deprivation and challenging housing conditions often comes poor health and this is particularly true in Slough. Life expectancy is significantly below the national average and women on average can expect to live the last 24 years of their life in poor health (compared to 20 years on average in England), while men can expect to live the last 18 years of life in poor health (compared to 16 years in England). Key health and wellbeing challenges for the borough include ensuring a healthy start to life, improving childhood obesity, oral health, smoking, physical inactivity, diabetes, TB, alcohol and substance misuse, mental health issues and early deaths from cardiovascular disease.

5.7 Slough faces significant safety challenges in some areas with crime levels high when compared to other parts of the Thames Valley. There are specific concerns around violent crime including domestic violence which is high.

5.8 While Slough has a small footprint and is tightly bound, it does have a significant number of public green spaces and leisure facilities which have been invested in and improved. These, along with facilities in neighbouring areas, do provide opportunities for the local population to be active. While the quality of much of the public realm in Slough is good, there are some areas where more needs to be done to elevate the image of the town. There are also pockets where air quality is poor, and Slough's carbon footprint is relatively high and recycling rates low.

6. HRA Base Business Plan – Key General Assumptions

6.1 Housing Stock: Currently Slough Borough Council owns and manages over 7,633 properties (inclusive of social rented properties, leasehold, affordable homes, and commercial properties) across the borough though the HRA social and affordable rented properties is 6,035. While the overall number of homes in the borough has increased since the inception of self-financing in 2012, the number of council homes has fallen over the same period due to right to buy and other disposals. No new acquisition or new build assumption is made in this business plan though the council may partner with other social providers interested in building new social and affordable homes in the borough.

6.2 Housing Demand: Demand for council homes remains high with demand outstripping supply. If the council is unable to provide the kind of homes that people want to live in, or can afford to live in, there is a risk that the void rates will increase, undermining both the financial viability of the HRA and the stability of local communities.

6.3 Rental income: Rent is the biggest income driver within the business plan and so future projections have a significant impact on the business plan.

6.4 The Rent Standard is primarily the mechanism by which local authorities are compelled to increase or decrease their rents. Rent increases are currently limited to an increase of up to CPI plus 1% from April 2022 for a further 3 years (based upon CPI at the preceding September) but due to the current CPI being unusually high, the Chancellor in his 2022 autumn statement announced a 7% rent cap for social landlords.

6.5 The general inflation at September rate is 10.1% and 12.6% RPI, but the HRA Business Plan includes inflationary assumptions in line with the government rent cap of 7%, and the council's current assumption of 11.1% in relation to major works and 4% pay increase.

7. Business Planning Assumptions

Key Area	Assumption
General Inflation (CPI)	CPI = 10.1% 23/24, 5% 24/25, then 2%
Social Rent	7% in 2023/24, 5% in year 2024/25 and 2% going forward. Re-let 5% at Formula Rent
Rent increase - Other non-dwelling income	Capped at 7% for 2023/24
Right to Buy (RTB) Sale	40 RTB sales assumed in 2022-23, 50 for 2023-24 and 2024-25 respectively and 25 afterwards annually
Right to Buy Receipts	Projected receipts are based on pooling returns and 2022/23 sales (receipts).
Debt Management	Maturing debt refinanced throughout Plan. No additional borrowing is envisaged as no new housing development is expected
HRA Minimum Working Balances	HRA minimum working balance of £4m is assumed which represent circa. 10% of annual gross rent
Repairs and Maintenance Major works	Expenditure is adjusted in line with 11.1% in 23/24 and 5% afterwards and flexed in line with stock movements.
Supervision and Management	Employees cost element of £4.4m inflated by 4% in 2023/24 subsequent years. Other S&M costs of £5.4m inflated by 12.6%
Energy Costs	Energy costs inflated by £0.9m in 2023/24 and profiled to reduce to normal level within the next three financial years.
Bad Debt	Bad debt provision set at £1.5m which represents circa. 4% of Dwelling Rents
Service Charges	Service Charge income is assumed to be 7% in 2023/24
Voids	Rent loss from voids assumed to be 1.5% on Council dwellings
HRA Stock Movement	Baseline numbers are adjusted for projected RTB sales and new affordable housing supply. HRA rented stock level currently 6035 (social 5885, affordable homes 150), 1535 leasehold properties, 61 commercial properties and 3 non rentable properties.

Key Area	Assumption
Capital charges	Based upon the HRA share of the Council's debt as at 1 April 2023. No additional borrowing envisaged over the life of the business plan.

8. Table 1: 5 Year Summary HRA Income and Expenditure Account

	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**

8.1 The average rent for 2023/24 is reported at £117.80, with annual rent of £36.907m (net of income lost through void). Table 2 below provides a summary of current average rent levels from occupied properties and the proposed increase capped at 7%.

Table 2: Social Housing Average Rent

Number of properties	Bedrooms	Current Average Rent 22/23	Average Rent 23-24 Estimate	Proposed Average Rent v Current
245	0	82.07	87.81	5.75
2100	1	94.33	100.93	6.60
1558	2	113.68	121.63	7.96
1803	3	125.36	134.13	8.78
145	4	137.39	147.00	9.62
31	5	156.53	167.49	10.96
3	>5	152.71	163.40	10.69
5885	**OVERALL**	**109.93**	**117.80**	**8.62**

8.2 A rent increase of 7% is estimated to result in an additional £2.3m of income when compared to 2022/23. This increase will augment some of the impact of increases in utility costs and repairs and maintenance costs. Service charges are excluded from the rent amount shown within the table as these are recharged to tenants and leaseholder based on actual costs incurred in providing the specific services.

8.3 The proposed 2023/24 average service charge is £14.80 per week equating to £2.67m per annum. This amount is partly inflated by the 7% rent cap proposed by the government except for expenditure such as insurance charges and water charges.

8.4 Non-Dwelling income is estimated at £1.835m in 2023/24 and consists mainly of income from garage rents, shops, ground rent.

8.5 The Housing Revenue Account receives interest on general or earmarked revenue balances, funds set-aside in the major repairs reserve (MRR) or the revenue debt repayment reserve and any unapplied capital balances or unspent grants. The projected interest income in the HRA business plan for 2023/24 and onward is £0.015m.

8.6 Repairs and Maintenance (R&M) budget funds the cost of repairing and maintaining the HRA housing stock and associated assets. R&M expenditure is projected at £13.38m in 2023/24 and is estimated to increase annually. The budget has been uplifted by a contingency of £1.0m while the financial impact of the latest government announcement on damp and mould and other interventions are assessed. R&M costs are mostly variable in nature.

8.7 Supervision and Management costs include allowances for pay inflation uplifts in the business plan. An assumed 4% inflation in 2023/24 for salary costs and 12.6% for other costs, amounted to an additional £0.826m budget requirement compared to previous year. Supervision and management costs are assumed to be 90% fixed and so 10% of the average cost per unit is assumed to be saved when the housing stock decreases due to either Right to Buy sales, demolitions, or other disposals

8.8 Due to the current economic situation, Covid19, continued roll out of universal credit and the potential impact on council tenant ability to pay their rents, the business plan has increased the bad debt provision from £1.338m budgeted in 2022/23 to £1.500m for 23/24 and 24/25.

8.9 In light of the huge increase in energy costs, the budget line for ‘Rent, rates, taxes and other charges’ have been increased by circa. £0.9M. The surge in energy prices have been profiled to reduce back to normal level over the next three financial years

8.10 As at 1 April 2022, the Housing Revenue Account had external borrowing of £138.016m in different maturity loans with the Public Works Loans Board (PWLB), internal and other market, with assumed rate of 3.35% depending upon the term of the loan. The Business Plan assumed 3.35% average interest rate on borrowing equating to £4.620m payable in 2023/24 and subsequent years until 2028/29 when it drops to £4.004m as the HRA borrowing is all fixed term borrowing from the PWLB. The interest repayment estimate is only for outstanding debt. The cost of local authority borrowing from PWLB has increased significantly following recent financial uncertainty and any future investment decisions are carefully considered because this will affect the HRA reserves. HRA is currently not expecting to borrow additional money, hence will not incur any additional higher interest cost.

8.11 The interest payable amount of £5.359m in 2027/28 instead of £4.620m is due to the potential £0.739m that may be charged to the HRA income and expenditure account being interest for unused Right to Buy retention (1-4-1) receipts. SBC are exploring options to ensure the 1-4-1 receipts are utilised via partnership with other Residential Social Landlords thereby avoiding the need to refund the 1-4-1 receipts along with the interest back to the government.

8.12 The Business Plan assumes the need to refinance the debts as and when the debts become repayable.

9. Major improvement and maintenance of HRA housing stock

9.1 Housing stocks owned by the council must meet the Decent Homes Standard. Landlords must continue to maintain homes to at least this standard. The stock condition information from the surveys and the stock grading modelling provides the basis for the capital programme, which also includes expenditure on aids and adaptations, energy efficiency, the refurbishment of apartment blocks and our estate improvement approach, bringing increased investment into the external environment. The Council agrees voluntarily to carry out minor aids and adaptations to improve quality of lives and to enable residents to live longer in their homes.

9.2 The Council’s major work and planned maintenance schemes are on a rolling programme of works to improve the condition of existing stock. The planned works programme included in the business plan are: renewal of 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.

9.3 The proposed annual capital programme (RMI) costs for the next five years is £52.714m and is shown in table 3.

Table 3: Five Year 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**

9.4 The HRA major work expenditure is adjusted in line with the council's assumption of 11.1% in 2023/24 and 5% onward. The Plan allows for £639.849m for maintaining and improving existing HRA stock over the next 30 years. (See Appendix 4).

9.5 Based on the estimates over the 30-Year Plan, the HRA will continue to finance existing debts, together with the ongoing supervision and management, repairs and maintenance costs and maintaining adequate reserves.

10. Future Development Programme

10.1 The Tower and Ashbourne House tower blocks and Quantock Close Affordable Homes are two redevelopment schemes previously proposed. The original proposal was for 193 housing units to be built on the Tower and Ashbourne site and for 8 housing units to be built on the Quantock Close site. Tower House was demolished in September 2020 while Ashbourne House is to have vacant possession in the next few weeks and is to be demolished thereafter.

10.2 SBC has no intention of directly embarking on a programme of development of new homes but will take on the role of creating an enabling environment for developers to build in Slough.

10.3 In light of the financial situation faced by Slough Borough Council, the Affordable Homes programme will not be going ahead. The Affordable Homes budget for 2023/24 of £0.8m shown in table 3 above represents estimated demolition/decommissioning costs of Ashbourne House.

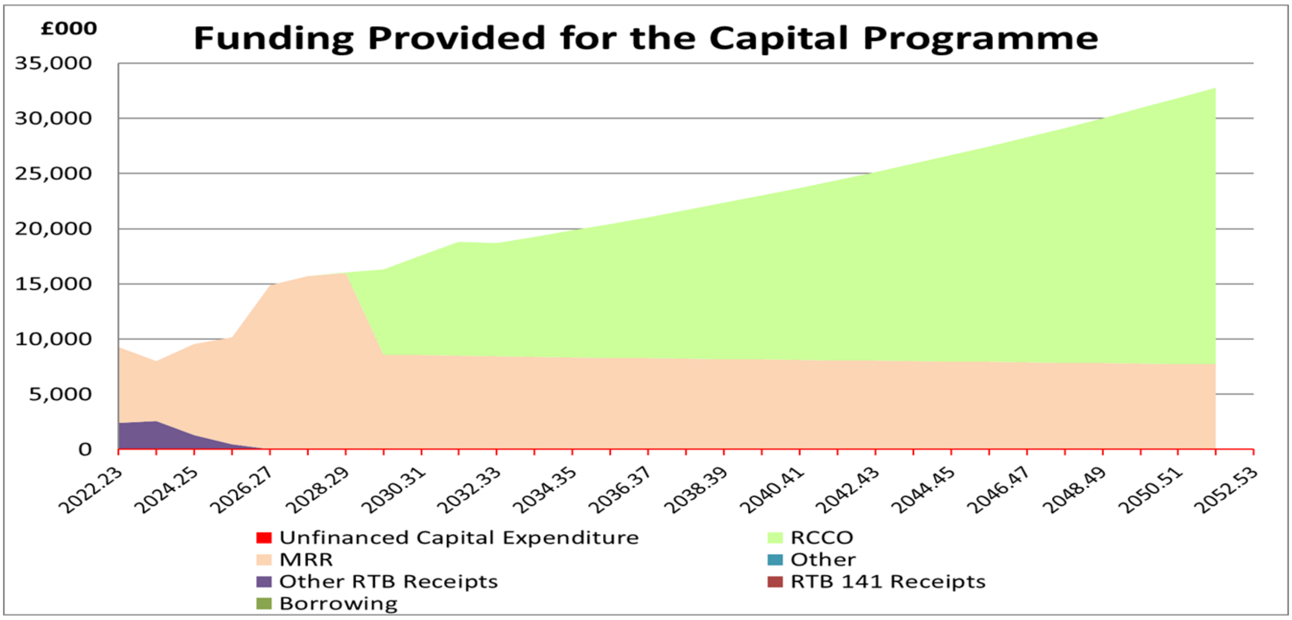
11. Capital Programme Funding

11.1 The financing of the capital programme is primarily from Major Repair Reserves (MRR), and RTB receipts after allowing for the element that can only be used to finance replacement homes. These resources can be supplemented by additional borrowing where required. The capital expenditure projections are based on combination of assumed inflation rate and stock condition. Table 4 shows the 22/23 programme outturn forecast and the capital programme from 2023/24 to 2027/28.

Table 4: Five Year Capital Programme and Funding

	2022.23 Projected Outturn £000	2023.24 £000	2024.25 £000	2025.26 £000	2026.27 £000	2027.28 £000	Total £000
CAPITAL EXPENDITURE							
Planned Major Works & Improvements	7,120	8,793	7,506	9,006	9,658	14,323	49,286
Works to promote decarbonisation	100	500	513	525	538	552	2,628
Development Schemes	-	-	-	-	-	-	-
Affordable Homes	700	800	-	-	-	-	800
Total Expenditure	7,920	10,093	8,019	9,531	10,196	14,875	52,714
FINANCING							
External Borrowing	-	-	-	-	-	-	-
RtB Receipts	1,831	2,422	2,563	1,325	482	-	6,793
Retained Receipts	700	-	-	-	-	-	-
Other Capital Receipts	-	-	-	-	-	-	-
Grant and other contributions	-	-	-	-	-	-	-
Major Repairs Reserve	5,389	7,670	5,455	8,207	9,714	14,875	45,921
Revenue Contribution	-	-	-	-	-	-	-
Total Financing	7,920	10,092	8,018	9,532	10,196	14,875	52,714

Graph 1 – Capital Programme Funding

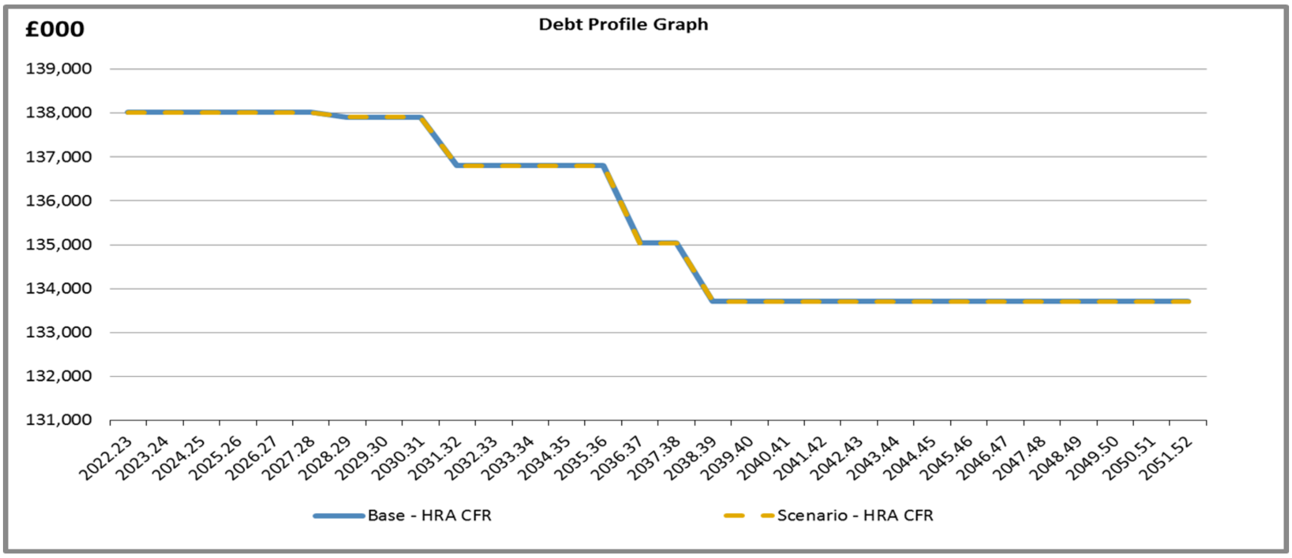


12. HRA Debt / Borrowing

12.1 At the introduction of HRA self-financing in 2012, SBC had to make payments to DCLG of £135.841m on 28th March 2012. This was funded by SBC taking out £125.841m of PWLB loans of various maturities and £10m of internal borrowing.

12.2 The HRA debt brought forward in April 2022 was £138m, at the interest rate of 3.35% depending upon the terms of the loan. This debt is serviced via the HRA and does not affect the General Fund. The HRA debt is assumed to decrease during the 30 years, as no additional borrowing is to be obtained as there is currently no plan to directly build new homes. HRA has sufficient resources to fund the ongoing capital programme without the need for further borrowings. The Business Plan assumes the need to refinance the debts as and when the debts become repayable. The graph below shows the HRA debt position over the 30-year business plan period.

Graph 2: Debt Profile



13. Sensitivity Analysis

13.1 The HRA Business Plan has been prepared based on currently available information. Despite this, it is particularly sensitive to changes in the Government's rent policy, fluctuations in interest rates, and increases to management and repairs costs. The sensitivity analysis looks at the potential impact on the HRA of alternative rates for inflation and interest, annual rent increases, management costs, repairs and the capital programme. To mitigate the risks associated with this, modelling of key sensitivities is undertaken to provide context on the impact. As the present time, the HRA has loans which are on fixed rates which do not expire for several years, hence any changes in the interest rates will not have a material impact on the I&E in the immediate future and so has not been modelled for sensitivity purposes.

13.2 The level of future rent increases has profound implications for the long-term viability of the HRA. The Government's policy is that rents should increase by 7% in 2023/24. It is unknown if another increase will be imposed by Government for 2024/25 onwards or if the rent increase will revert to the rent standard of CPI plus 1%.

Table 5: Sensitivity Analysis

Sensitivity	2023.24	2024.25	2025.26	2026.27	2027.28
	£000	£000	£000	£000	£000
Inflation					
1% reduction in inflation rate will result in a reduction in the estimated HRA accumulated Balance	221	256	287	331	373
Rents					
1% reduction in the Government's capped rent increase will result in a reduction in rental income	369	397	400	412	423

14. Analysis of key risks

14.1 The business plan is based on a set of assumptions, and there will always be an element of risk of changes in cashflow projections in the revenue and capital accounts, if any of the assumption fail to materialise. The risks that have been identified in the development of the HRA Business Plan are set out in table 6 below along with the mitigation.

Table 6: Risk Profile

Risk Area	Description	Mitigation Action
Uncertainty around Government's regulated rent policy	The 7% rent cap for 23/24 which is below the inflation rate may impact the Council's ability to fund its repairs and maintenance programme as it is primarily funded from rental income.	Impact of any proposed changes to national rent policy is incorporated into financial planning as early as possible with scenario impact quantified
Right to Buy receipts	Changes to the right to buy rules result in an increase in the level of sales, with the associated commitment to deliver replacement units or pay over receipts with interest. This impacts the resources available to finance the capital investment programme.	Retained resources are monitored to ensure delivery of required units or return of resource at earliest opportunity. Sensitivities modelled so potential impacts are understood. Delivery timeframe extended to 5 years, with ability to invest up to 40% of receipt into the replacement dwelling
Welfare and Benefit Reforms.	Reforms to welfare and benefits such as universal credit can affect the HRA Business Plan, has a potential to cause increases in rents and service charge arrears sometimes resulting in increased bad debt levels.	Establishing delivery partnership agreement that supports the most vulnerable. Performance closely monitored to allow further positive action if required. Continuing to review strategy for maximising rent

Risk Area	Description	Mitigation Action
		collection that reflects Universal Credit implications for transition and full service. Continuing raising awareness with residents about Universal Credit, including what it means for them.
Cost of Living impacts on tenants and leaseholders	With those on lower salaries suffering disproportionately in the current cost of living crisis, some tenants may fall into arrears as they struggle to pay higher rates of rent and service charge. This will impact on the Council's collection rates.	It may therefore be necessary to agree repayment plans for tenants and also increase the provision for bad debts.
Poor collection of rent	Rent income is under-achieved due to a major incident in the housing stock	Identify and address key issues in the housing stock to minimise likelihood of widespread of non-collection. It may therefore be necessary to agree repayment plans for tenants and also increase the provision for bad debts. Increased resources identified for income management. Performance closely monitored to allow further positive action if required.
Inflation	Inflation will always be the most obvious risk to the business plan. Inflation increase for income and expenditure should be some mitigation in itself. The highly increased inflation on the repairs element and elsewhere result in a deficit position.	A level of inflation on capital and revenue budget have been provided for in the business plan. However, market uncertainties may mean that this is insufficient.
Decarbonisation of Housing Stock	Government's commitment to target net zero carbon emission by 2050 and the resulting implication of the decarbonisation of SBC's social housing stock. The cost of achieving decarbonisation is likely to be huge. An unquantified estimate to achieve decarbonisation per property is speculated to be around £15K. With SBC stock	Detailed specialist survey is to be completed to evaluate the likely whole house approach required for some properties to deliver the full decarbonisation objectives.

Risk Area	Description	Mitigation Action
	numbers (circa. 6,000), that could amount to £90m.	
Damp and Mould	There is now the requirement for RSLs with more than a thousand homes to provide evidence to the Social Housing Regulator of their approach to dealing with damp and mould issues. The penalty of noncompliance or poor performance may mean new funding being withheld from such RSLs.	Officers are currently working with Osbourne (Repairs and Maintenance Contractor) to review the approach to dealing with damp and mould incidents occurring in the Councils stock.
New legislation and regulations	New legislation and regulations are likely to impact this business plan. Implications of new legislation / regulation or changes to existing are not identified. Changes in national housing or rent policy impact the ability to support the housing debt or deliver against planned investment programmes	Effective, formal, regular review processes are in place for the HRA to ensure that implications are identified, quantified, and highlighted. Impact of any proposed changes to national rent policy is incorporated into financial planning as early as possible with scenario impact quantified

15. Implications of the Recommendation

15.1 Financial implications

15.1.1 The financial implications are contained throughout this report

15.2 Legal implications (Mandatory)

15.2.1 Under section 74 of the Local Government and Housing Act 1989 the Council, as a Local Housing Authority, must maintain a Housing Revenue Account (HRA) which includes sums falling to be credited or debited in accordance with the category of properties listed within s74(1), which consists primarily of Council housing stock. HRA must include any capital expenditure on housing stock which a Local Authority has decided to charge to revenue. Save in accordance with a direction of the Secretary of State, sums may not be transferred between HRA or General Fund, therefore, HRA is ring-fenced and cannot be used to subsidise a budget deficit within General Fund, neither can General Fund be used to subsidise a budget deficit in HRA. Section 76 of 1989 Act requires Local Authorities to formulate and implement proposals to secure HRA for each financial year does not show a debit balance. If a debit occurs, this must be carried forward to next financial year.

15.3 Risk management implications (Mandatory)

15.3.1 See section 14 above.

15.4 Environmental implications (Mandatory)

15.4.1 See sections 4.6 and 4.7 above.

15.5 Equalities implications (Mandatory)

15.5.1 Pursuant to the Equality Act 2010, the Council, in the exercise of its functions, has to have 'due regard' to (i) eliminating discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act; (ii) advancing equality of opportunity between those with a relevant protected characteristic and those without; and (iii) fostering good relations between those with a relevant protected characteristic and those without. The relevant protected characteristics are age, race, disability, gender reassignment, pregnancy and maternity, religion or belief, sex and sexual orientation. The duty also covers marriage and civil partnership, but to a limited extent.

15.5.2 The HRA business plan is an operational document on the delivery of the landlord function by the council. Individual regeneration/improvement schemes will be subject to an Equalities Impact Assessment to ensure any arising issues are addressed. Major aids and adaptations are included as essential work within the capital programme.

15.6 Procurement implications (Discretionary)

15.6.1 None.

15.7 Workforce implications (Discretionary)

15.7.1 None.

15.8 Property implications (Discretionary)

15.8.1 None.

16. Background Papers

- Housing Rents and Charges Report, January 2023 Cabinet

Appendices

Appendix A - HRA Revenue 5-Year Business Plan

	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**

Appendix B - HRA Revenue 30-Year Business Plan

	2023.24 £000	2024.25 £000	2025.26 £000	2026.27 £000	2027.28 £000	2028.29 £000	2029.30 £000	2030.31 £000	2031.32 £000	2032.33 £000
INCOME AND EXPENDITURE ACCOUNT										
Income										
Dwelling Rents	36,907	39,689	39,997	41,158	42,346	43,559	44,800	46,955	47,367	48,693
Non Dwelling Rents	1,835	1,945	2,004	2,064	2,126	2,190	2,255	2,323	2,393	2,464
Charges for services and facilities (net of voids)	2,670	2,830	2,915	3,002	3,092	3,185	3,281	3,379	3,480	3,585
Total Income	**41,412**	**44,464**	**44,915**	**46,224**	**47,564**	**48,934**	**50,336**	**52,657**	**53,240**	**54,742**
Expenditure										
Repairs and maintenance	(13,377)	(14,180)	(14,605)	(14,410)	(14,843)	(15,288)	(15,055)	(15,506)	(15,972)	(16,451)
Supervision and management	(10,688)	(11,274)	(11,557)	(11,829)	(12,149)	(12,457)	(12,773)	(13,097)	(13,430)	(13,771)
Rents, rates, taxes and other charges	(1,582)	(1,334)	(1,027)	(747)	(770)	(793)	(816)	(841)	(866)	(892)
(Increase)/decrease in provision for bad debts	(1,500)	(1,500)	(1,545)	(1,591)	(1,639)	(1,688)	(1,739)	(1,791)	(1,845)	(1,900)
Depreciation and impairment of fixed assets	(8,859)	(8,785)	(8,711)	(8,674)	(8,637)	(8,600)	(8,563)	(8,526)	(8,489)	(8,453)
Total Expenditure	**(36,007)**	**(37,073)**	**(37,445)**	**(37,252)**	**(38,037)**	**(38,826)**	**(38,947)**	**(39,762)**	**(40,602)**	**(41,467)**
Net Cost of HRA Services	5,405	7,391	7,470	8,972	9,526	10,108	11,390	12,895	12,637	13,276
Interest payable incl amortisation	(4,620)	(4,620)	(4,620)	(4,620)	(5,359)	(6,157)	(6,312)	(4,598)	(4,575)	(4,486)
HRA Share of Pension Costs	0	0	0	0	0	0	0	0	0	0
HRA investment income	15	15	15	15	15	15	15	15	15	15
Surplus / (deficit) for the year	**800**	**2,787**	**2,865**	**4,368**	**4,182**	**3,966**	**5,092**	**8,312**	**8,077**	**8,804**

	2033.34 £000	2034.35 £000	2035.36 £000	2036.37 £000	2037.38 £000	2038.39 £000	2039.40 £000	2040.41 £000	2041.42 £000	2042.43 £000
INCOME AND EXPENDITURE ACCOUNT										
Income										
Dwelling Rents	50,050	51,438	53,874	54,309	55,795	57,315	58,869	60,460	63,281	63,753
Non Dwelling Rents	2,538	2,614	2,693	2,774	2,857	2,943	3,031	3,122	3,215	3,312
Charges for services and facilities (net of voids)	3,692	3,803	3,917	4,035	4,156	4,280	4,409	4,541	4,677	4,818
Total Income	**56,281**	**57,855**	**60,484**	**61,118**	**62,808**	**64,538**	**66,309**	**68,123**	**71,174**	**71,882**
Expenditure										
Repairs and maintenance	(16,944)	(17,453)	(17,976)	(18,515)	(19,071)	(19,643)	(20,232)	(20,839)	(21,464)	(22,108)
Supervision and management	(14,122)	(14,482)	(14,851)	(15,231)	(15,620)	(16,019)	(16,429)	(16,850)	(17,282)	(17,727)
Rents, rates, taxes and other charges	(919)	(947)	(975)	(1,004)	(1,034)	(1,065)	(1,097)	(1,130)	(1,164)	(1,199)
(Increase)/decrease in provision for bad debts	(1,957)	(2,016)	(2,076)	(2,139)	(2,203)	(2,269)	(2,337)	(2,407)	(2,479)	(2,554)
Depreciation and impairment of fixed assets	(8,416)	(8,379)	(8,342)	(8,305)	(8,268)	(8,231)	(8,194)	(8,157)	(8,120)	(8,083)
Total Expenditure	**(42,358)**	**(43,275)**	**(44,220)**	**(45,194)**	**(46,196)**	**(47,227)**	**(48,289)**	**(49,384)**	**(50,510)**	**(51,671)**
Net Cost of HRA Services	13,923	14,580	16,264	15,924	16,612	17,310	18,019	18,739	20,664	20,212
Interest payable incl amortisation	(4,486)	(4,486)	(4,486)	(4,448)	(4,368)	(4,355)	(4,267)	(4,297)	(4,250)	(4,181)
HRA Share of Pension Costs	0	0	0	0	0	0	0	0	0	0
HRA investment income	15	15	15	15	15	15	15	15	15	15
Surplus / (deficit) for the year	**9,451**	**10,109**	**11,793**	**11,491**	**12,259**	**12,970**	**13,768**	**14,457**	**16,429**	**16,045**

	2043.44 £000	2044.45 £000	2045.46 £000	2046.47 £000	2047.48 £000	2048.49 £000	2049.50 £000	2050.51 £000	2051.52 £000	2052.53 £000
INCOME AND EXPENDITURE ACCOUNT										
Income										
Dwelling Rents	65,457	67,200	68,985	70,811	74,077	74,592	76,549	78,552	80,602	84,291
Non Dwelling Rents	3,411	3,514	3,619	3,728	3,839	3,955	4,073	4,195	4,321	4,451
Charges for services and facilities (net of voids)	4,962	5,111	5,264	5,422	5,585	5,752	5,925	6,103	6,286	6,474
Total Income	**73,830**	**75,825**	**77,868**	**79,961**	**83,501**	**84,299**	**86,547**	**88,850**	**91,209**	**95,216**
Expenditure										
Repairs and maintenance	(22,772)	(23,455)	(24,158)	(24,883)	(25,630)	(26,399)	(27,190)	(28,006)	(28,846)	(29,712)
Supervision and management	(18,181)	(18,649)	(19,129)	(19,622)	(20,128)	(20,648)	(21,181)	(21,727)	(22,291)	(22,867)
Rents, rates, taxes and other charges	(1,235)	(1,272)	(1,310)	(1,350)	(1,390)	(1,432)	(1,475)	(1,519)	(1,564)	(1,611)
(Increase)/decrease in provision for bad debts	(2,630)	(2,709)	(2,790)	(2,874)	(2,960)	(3,049)	(3,141)	(3,235)	(3,332)	(3,432)
Depreciation and impairment of fixed assets	(8,046)	(8,009)	(7,972)	(7,935)	(7,898)	(7,861)	(7,824)	(7,788)	(7,751)	(7,714)
Total Expenditure	**(52,864)**	**(54,094)**	**(55,361)**	**(56,664)**	**(58,006)**	**(59,389)**	**(60,811)**	**(62,275)**	**(63,784)**	**(65,336)**
Net Cost of HRA Services	20,966	21,731	22,508	23,296	25,495	24,910	25,736	26,575	27,425	29,880
Interest payable incl amortisation	(4,215)	(4,249)	(4,285)	(4,322)	(4,359)	(4,399)	(4,440)	(4,483)	(4,527)	(4,708)
HRA Share of Pension Costs	0	0	0	0	0	0	0	0	0	0
HRA investment income	15	15	15	15	15	15	15	15	15	15
Surplus / (deficit) for the year	**16,766**	**17,497**	**18,238**	**18,990**	**21,151**	**20,526**	**21,311**	**22,107**	**22,913**	**25,187**

Appendix C – 5-Year Capital Programme and Funding Streams

	2022.23 Projected Outturn £000	2023.24 £000	2024.25 £000	2025.26 £000	2026.27 £000	2027.28 £000	Total £000
CAPITAL EXPENDITURE							
Planned Major Works & Improvements	7,120	8,793	7,506	9,006	9,658	14,323	49,286
Works to promote decarbonisation	100	500	513	525	538	552	2,628
Development Schemes	-	-	-	-	-	-	-
Affordable Homes	700	800	-	-	-	-	800
Total Expenditure	7,920	10,093	8,019	9,531	10,196	14,875	52,714
FINANCING							
External Borrowing	-	-	-	-	-	-	-
RtB Receipts	1,831	2,422	2,563	1,325	482	-	6,793
Retained Receipts	700	-	-	-	-	-	-
Other Capital Receipts	-	-	-	-	-	-	-
Grant and other contributions	-	-	-	-	-	-	-
Major Repairs Reserve	5,389	7,670	5,455	8,207	9,714	14,875	45,921
Revenue Contribution	-	-	-	-	-	-	-
Total Financing	7,920	10,092	8,018	9,532	10,196	14,875	52,714

Appendix D – 30-Year Major Repairs and Improvements Financing

	Expenditure				Financing						
Year	Major Works & Imps	Works to promote decarbonisation	Other	Total Expenditure	Borrowing	RTB 141 Receipts	Other RTB Receipts	Other	MRR	RCCO	Total Financing
	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000
2023.24	8,793	500	800	10,093	0	0	2,422	0	7,670	0	10,093
2024.25	7,506	513	0	8,019	0	0	2,563	0	5,455	0	8,019
2025.26	9,006	525	0	9,531	0	0	1,325	0	8,207	0	9,531
2026.27	9,658	538	0	10,196	0	0	482	0	9,714	0	10,196
2027.28	14,323	552	0	14,875	0	0	0	0	14,875	0	14,875
2028.29	15,123	566	0	15,688	0	0	0	0	15,688	0	15,688
2029.30	15,440	580	0	16,020	0	0	0	0	16,006	14	16,020
2030.31	15,739	594	0	16,333	0	0	58	0	8,526	7,749	16,333
2031.32	16,996	609	0	17,605	0	0	47	0	8,489	9,069	17,605
2032.33	18,163	624	0	18,788	0	0	36	0	8,453	10,300	18,788
2033.34	18,708	0	0	18,708	0	0	24	0	8,416	10,268	18,708
2034.35	19,270	0	0	19,270	0	0	12	0	8,379	10,879	19,270
2035.36	19,848	0	0	19,848	0	0	0	0	8,342	11,506	19,848
2036.37	20,443	0	0	20,443	0	0	0	0	8,305	12,138	20,443
2037.38	21,056	0	0	21,056	0	0	0	0	8,268	12,789	21,056
2038.39	21,688	0	0	21,688	0	0	0	0	8,231	13,457	21,688
2039.40	22,339	0	0	22,339	0	0	0	0	8,194	14,145	22,339
2040.41	23,009	0	0	23,009	0	0	0	0	8,157	14,852	23,009
2041.42	23,699	0	0	23,699	0	0	0	0	8,120	15,579	23,699
2042.43	24,410	0	0	24,410	0	0	0	0	8,083	16,327	24,410
2043.44	25,142	0	0	25,142	0	0	0	0	8,046	17,096	25,142
2044.45	25,897	0	0	25,897	0	0	0	0	8,009	17,888	25,897
2045.46	26,674	0	0	26,674	0	0	0	0	7,972	18,701	26,674
2046.47	27,474	0	0	27,474	0	0	0	0	7,935	19,539	27,474
2047.48	28,298	0	0	28,298	0	0	0	0	7,898	20,400	28,298
2048.49	29,147	0	0	29,147	0	0	0	0	7,861	21,286	29,147
2049.50	30,021	0	0	30,021	0	0	0	0	7,824	22,197	30,021
2050.51	30,922	0	0	30,922	0	0	0	0	7,788	23,134	30,922
2051.52	31,850	0	0	31,850	0	0	0	0	7,751	24,099	31,850
2052.53	32,805	0	0	32,805	0	0	0	0	7,714	25,092	32,805
	633,447	**5,602**		**639,849**	**0**	**0**	**6,970**	**0**	**264,377**	**368,502**	**639,849**

Appendix E – 5-Year HRA Reserve Projection

Year	2023.24 £000	2024.25 £000	2025.26 £000	2026.27 £000	2027.28 £000
Surplus / (deficit) for the year	800	3,417	3,167	4,348	4,182
HRA Balance Brought Forward	21,344	22,144	25,561	28,728	33,075
HRA Balance Carried Forward	**22,144**	**25,561**	**28,728**	**33,075**	**37,257**

The estimated opening balance on the HRA reserve at the start of the 2022/23 financial year was £18.67m. HRA's target level of reserves of £4m from 2023/24, is proposed to be retained, recognising the need to safeguard the Council against the risk and uncertainty in the current financial and operational environment for housing. The estimated HRA balances are subject to audit and may change as the Council accounts are being prepared/audited for the last four years.

Appendix F – 5-Year Major Repairs Reserve (MRR) Projection

Year	2023/24	2024/25	2025/26	2026/27	2027/28
	£,000	**£,000**	**£,000**	**£,000**	**£,000**
Opening Balance	15,986	17,175	20,504	21,009	19,969
Capital expenditure to be financed by MRR	(7,670)	(5,455)	(8,207)	(9,714)	(14,875)
Annual depreciation transferred to MRR	8,859	8,785	8,711	8,674	8,637
Closing Balance	**17,175**	**20,504**	**21,009**	**19,969**	**13,732**

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SLOUGH BOROUGH COUNCIL

REPORT TO:	Overview & Scrutiny Committee
DATE:	23rd February 2023
SUBJECT:	Update on Dedicated Schools Grant Management Plan
CHIEF OFFICER:	Steven Mair, Executive Director of Finance and Commercial (s 151) Sue Butcher, Executive Director People Children, Chief Executive Slough Children's Service Trust Ltd
CONTACT OFFICER:	Liton Rahman, Deputy Director Corporate and Strategic Finance
WARD(S):	All
EXEMPT:	No
APPENDICES:	None

1 Summary and Recommendations

1.1 Local authorities are facing increased demand for places for pupils requiring specialist education provision, which has risen in Slough by 86% since 2015. As well as the significant increase in numbers, the complexity of pupils' needs is also increasing.

1.2 The Council's Dedicated Schools Grant (DSG) deficit has been growing since 2015/16, mainly due to the pressures for additional funding in the HNB and a lack of management action up to May 2021. The overall deficit has grown from £4.9m in 2015/16 to £25.5m as at 31 March 2022. The DSG has a forecast deficit at the end of 2021/22 of £29.1m, which is a £3.6m increase since 31st March 2022 due to the overspend on the High Needs Block.

1.3 All local authorities with DSG deficits are required to prepare and implement a deficit management plan, although the Department for Education (DfE) recognises that in some cases it may take several years for the situation to improve.

1.4 Whilst the authority did prepare and present a management plan to Schools Forum in January 2021, this was prepared prior to the finalisation of the 20/21 outturn position which was estimated to be £4m at the time and was used as a basis for projecting forward and therefore resulted in the year-end positions being underestimated. Also, the plan only included the projected unmitigated position without any focus on mitigating actions that would reduce the deficit position.

1.5 The Council had made no positive progress on addressing this growing deficit until May 2021 when the lack of progress was identified, and action began on preparing a revised management plan that was more reliable and included mitigations.

1.6 The outturn position in 2020/21 was an overspend of £7.2m and it was anticipated that an overspend of £7.2m would occur in 2021/22. However, as a direct result of the actions outlined within this report the overspend was reduced to £4.9m, a reduction of £2.3m when compared to last year's position. Attention is drawn to paragraph 4.9 in coming to this forecast and the risks that this may change.

1.7 The Council has been participating in the DfE's Safety Valve programme and has been engaging with the DfE on a bi-monthly basis and in doing so the DfE has been offering challenge and support to the process of recovery. The meetings have been focused on providing an effective service and achieving financial sustainability rather than simply reducing expenditure. Feedback from the meetings have been positive, the DfE have been very complimentary and pleased with the progress made by the Council. In particular, the commissioning work and the financial modelling. They have commented positively on the pro-active and comprehensive nature of the Council's responses to queries all of which is taking the DSG issue forward.

1.8 The Council submitted its initial proposal to the DfE on 13th January 2023 with a feedback session held on 23rd January 2023. The feedback session was very positive, and the Council submitted a final proposal on the 3rd February 2023.

1.9 If the proposals are agreed to by the Secretary of State, they will form the basis of a published agreement. The agreement will require the Council to implement reforms to the agreed timetable, alongside maintaining an agreed savings profile. It will also set out additional funding which the department will release to support the reduction of the cumulative deficit.

1.10 This report updates the Cabinet on the High Needs Budget position and the progress to date of the DSG Management Plan 2022/23 to 2026/27.

Commissioners comments

The commissioners welcome this comprehensive report which sets out the actions taken as part of the Safety Valve programme, and look forward to hearing the outcome of the final proposal submitted to the Department for Education on 3rd February 2023.

Recommendations

The Overview & Scrutiny Committee is requested to scrutinise this report and make any comments to Cabinet.

1.11 The Cabinet is being asked to note the following:

- the forecast position for DSG spend in 2022/23 to 2026/27
- the overarching issues that have resulted in the DSG deficit and the actions taken to date to address these

- the Council has been taking part in the ‘safety valve’ intervention programme with the DfE and has submitted its final proposal for addressing the deficit on the High Needs Block.

Reasons

1.12 Those who receive services via the Local Authority’s DSG (High Needs Block) are the most vulnerable children and young people (aged 0-25) with special educational needs and disabilities. An effective Management Plan for DSG High Needs Block spending is required to address the current overspend and ensure that services are sustainable and can continue to meet the needs of children, young people and their families in Slough.

1.13 This priority has to be achieved within a balanced budget and this has not been the case in the past with increasing deficits and no management action to address them.

2. Background

2.1. School Funding is received through the DSG, and is split into four blocks, each with its own formula to calculate the funding to be distributed to each local authority, and with specific regulations on what each block of funding can be spent on:

- **Schools Block (SB)** – funds primary and secondary schools through the school’s funding formula, and growth funding for new and growing schools/bulge classes.
- **Central Schools Services Block (CSSB)** – funds services provided by the local authority centrally for all schools and academies, such as the admissions service.
- **Early Years Block (EYB)** – funds the free entitlement for 2-, 3-, & 4-year-olds in all early year’s settings in the private, voluntary and independent (PVI) sector as well as maintained nursery schools, and nursery classes in mainstream schools.
- **High Needs Block (HNB)** – funds places in special schools, resource units and alternative provision, and top up funding for pupils with Education, Health & Care Plans (EHCPs) in all settings including non-maintained special schools, independent special schools, and further education colleges.

2.2. The Council’s DSG deficit has been growing since 2015/16, mainly due to the pressures for additional funding in the HNB and the lack of management action. The overall deficit has grown from £4.9m in 2015/16 to £20.6m as at 31 March 2021, and could potentially grow to £43m by 2024/25 if no mitigating actions are taken.

2.3. All local authorities with DSG deficits are required to prepare and implement a deficit management plan, although the DfE recognises that in some cases it may take several years for the situation to improve.

2.4. Slough’s revised deficit management plan was shared with the DfE in July 2021 (see para 4.1.6 below). Actions to manage demand for HNB funding and address the DSG deficit are included in this plan. The key areas of risk, actions taken to date and mitigations are identified in the sections that follow.

2.5. The Council has been invited to take part in the ‘safety valve’ intervention programme with the DfE with the aim of agreeing a package of reform to our high needs system that will bring the DSG deficit under control. Officers are currently in the process of updating the existing management plan and package of proposals in readiness for the review with the DfE which is expected to commence in April/May 2022.

2.6. If the proposals are agreed to by the Secretary of State, they will form the basis of a published agreement. The agreement will require the Council to implement reforms to the agreed timetable, alongside maintaining an agreed savings profile. It will also set out additional funding which the department will release to support the reduction of the cumulative deficit.

2.7. The following governance structure has been and is being implemented to ensure there is oversight of the delivery of the DSG Action Plan:

2.7.1. DSG Finance Group: meets weekly and is chaired by the Section 151 Finance Officer and provides assurance that actions to deliver the DSG plan is on track and provides financial reports to track impact. These actions are set out below in section 3

2.7.2. SEND Transformation Board; will meet monthly and is jointly chaired by Section 151 Officer and the Executive Director People Children. Membership also includes chair of school forum, Frimley Clinical Commissioning Group, Slough Children Trust Ltd, parent voice and Adult Social Care. This Board will provide challenge and oversight of the DSG Management Plan and links to improving SEND outcomes

2.8. This report is provided to Members to share detailed information about the financial pressures faced by the Council and local schools in providing services to children with additional needs including Special Educational Needs and Disabilities (SEND) through its nationally allocated High Needs Block (HNB) funding.

2.9. The report sets out strategic aims and strategies to address these pressures. High Needs funding is one of the four funding blocks within the DSG for the Council. The Council has authority regarding funding decisions about the DSG allocations including allocation of funding from the high needs block, although it is required to consult the local Schools’ Forum (a school stakeholders’ body) who also hold some regulatory powers for specific circumstances.

3. Overarching Issues

3.1. The Council is facing unprecedented financial challenges across the whole spectrum of its budgets culminating in the issuance of a s114 notice in July 2021. The problem at that stage was estimated at £174m. This increased to a potential Capitalisation Direction (CD) of £782m with annual revenue savings needed of £20m for 7 years.

3.2. In addition, the Council’s DSG deficit has been growing since 2015/16, mainly due to the pressures in the HNB and the lack of management action. The overall deficit has grown from £4.9m in 2015/16 to £25.5m as at 31 March 2022. It was forecast to increase every year thereafter, rising to £41m by 2026/27. Due to work to address this in the last 18 months this is now forecasting to stop overspending in year by 2025/26 and outturn in that year at £27.7m, reducing to £27.0m by 2026/27, a reduction of £14.4m, 34%

Table 1 – DSG Deficit

£m	15/16	16/17	17/18	18/19	19/20	20/21	21/22
B/F	5.7	4.9	2.4	5.4	7.5	13.4	20.6
In-year	-0.8	-2.5	3.0	2.1	5.9	7.2	4.9
C/F	**4.9**	**2.4**	**5.4**	**7.5**	**13.4**	**20.6**	**25.5**

3.3. In 2020, the Government introduced a statutory override for a period of three years (up to end of March 2023) that meant that local authorities' DSG deficits could be separated from their wider accounts. The Government has agreed to extend the DSG statutory override by a further three years. In the case of Slough, the DSG is forecast to reach a cumulative deficit of over £27m by March 2023 and so having a separation of this from the council's own reserves is critical.

3.4. Key long-term areas of pressure in relation to Slough's HNB spending have been:

- increasing cost of top-up funding for Education Health and Care Plans (EHCPs) – this has increased in both mainstream and special schools. This is not in line with national trends and is being reviewed as part of this DSG Management Plan. Actions taken to date have seen the average cost of a newly issued plan decrease by 17% over 2 years.
- placements in Independent Non-Maintained Special School (INMSS) – the increase in Slough has been lower than in other unitary authorities; however, this is a focus for review as each individual placement can incur significant costs. To date our numbers, continue to be lower than our statistical neighbours and are reducing.
- Post-16 and Post 19 Placements – these have been increasing in line with national trends. This is a focus for the DSG Management Plan as the Council needs more effective commissioning to ensure value for money and sufficient capacity within the Slough area. There is now a Post-14 team in place to focus on this project, and commissioning practices have been significantly strengthened.
- Alternative Education Provision Commissioning of Placements – Slough is a statistical outlier in this, commissioning similar numbers of places to much larger authorities. This has had a significant impact on higher needs block spending and commissioning and delivery of these places is a focus of the DSG Management Plan. A project is in place and significant cost reductions are projected over 3 years, with year one already implemented.
- management of existing contracts and commissioning of services to support children and young people with additional needs – review of contracts and commissioning arrangements in Slough will include individual tuition and therapies

3.5. It is also important to acknowledge that Slough has had to address a culture within the SEND team where there was:

- poor decision-making
- lack of leadership, ownership and drive
- lack of governance and accountability
- lack of effective commissioning processes and contract management, with a reliance on spot-purchasing
- lines of financial accountability lacking clarity
- poor use of finance and data systems
- lack of clarity around placements and their cost
- insufficient focus on budget reconciliation

4. Management Plan

4.1. All local authorities with DSG deficits are now required to prepare and implement a deficit management plan, although the DfE recognises that in some cases it may take several years for the situation to improve.

4.2. The issues outlined above are being addressed through improved governance, review of process and roles, increased scrutiny and accountability, and a focus on best value and transparent decision-making.

4.3. Since May 2021, officers have been working extremely hard on developing a management plan and a package of cost reduction strategies that addresses these issues and achieves a balanced in-year position within the next four years.

4.4. The cost reduction strategies are already starting to achieve reductions in expenditure, they are discussed in further detail below. The outturn position in 2020/21 was an overspend of £7.2m and it was anticipated that an overspend of £7.2m would occur in 2021/22. However, as a direct result of the actions outlined within this report an overspend of £4.9m was achieved in 2021/22, a reduction of £2.3m, 32%, when compared to last year's position.

4.5. Slough's revised deficit management plan achieves a balanced in-year position for High Needs by 2025/26, which is year 3 of the plan with an estimated mitigated deficit of £27m by 2026/27 compared to a deficit of £41.4m if no mitigating actions are taken.

Table 2 – Projected in-year DSG Deficit

£m	20/21	21/22	22/23	23/24	24/25	25/26	26/27
Unmitigated	7.2	7.2	3.6	3.0	3.3	3.1	2.8
Mitigated	7.2	4.9	2.2	0.4	0.1	(0.4)	(0.7)
Reduction	**0.0**	**(2.3)**	**(1.4)**	**(2.6)**	**(3.2)**	**(3.5)**	**(3.5)**

Table 3 – Projected cumulative DSG Deficit

£m	20/21	21/22	22/23	23/24	24/25	25/26	26/27
Unmitigated	20.6	27.8	29.1	32.1	35.4	38.5	41.4
Mitigated	20.6	25.5	27.6	28.1	28.1	27.7	27.0

Reduction	**0.0**	**(2.3)**	**(1.5)**	**(4.0)**	**(7.3)**	**(10.8)**	**(14.4)**

4.6. The Council has been participating in the DfE's Safety Valve programme and has been engaging with the DfE on a bi-monthly basis and in doing so the DfE has been offering challenge and support to the process of recovery. The meetings have been focused on providing an effective service and achieving financial sustainability rather than simply reducing expenditure. Feedback from the meetings have been positive, the DfE have been very complimentary and pleased with the progress made by the Council. In particular, the commissioning work and the financial modelling. They have commented positively on the pro-active and comprehensive nature of the Council's responses to queries all of which is taking the DSG issue forward.

4.7. The Council submitted its initial proposal to the DfE on 13th January 2023 with a feedback session held on 23rd January 2023. The feedback session was very positive, and the Council submitted a final proposal on the 3rd February 2023.

4.8. If the proposals are agreed to by the Secretary of State, they will form the basis of a published agreement in early 2023. The agreement will require the Council to implement reforms to the agreed timetable, alongside maintaining an agreed savings profile. It will also set out additional funding which the department will release to support the reduction of the cumulative deficit.

4.9. As is well documented in other reports on this agenda there are considerable financial risks with significant historic matters being identified as the Council closes off its accounts from 2018/19 to 2021/22. The above estimates have been based on the management plan submitted to the DfE adjusted for historic issues identified to date and changes to income projections based on recent announcements with resilience built in to allow for any issues that arise from the work that is ongoing. However, the magnitude of the issues facing the Council are such that these projections may well change.

5. Cost reduction strategies

5.1 Managing demand for Education Health Care Needs Assessments (EHCNAs) and Education Health Care Plans (EHCPs)

Context

Since the introduction of the Children & Families Act 2014, local authorities (LAs) across England have seen a year-on-year increase in the number of EHCPs. In 2015, 2.8% of all pupils, both in Slough and nationally, were supported through a Statement of Special Educational Needs or EHCP. By 2021, this had increased to 3.6% nationally, 3.7% in Slough, and 4% across other unitary authorities. Whilst the increase in Slough is in line with national statistics, the growing numbers have placed an increasing demand on statutory Special Educational Needs and Disability (SEND) resources. Auditing of SEND Panel decisions pre-April 2021 has demonstrated that processes in Slough from 2014 to 2021 have lacked the rigour necessary to ensure that assessments and the issuing of plans takes place only when appropriate under the SEND Code of Practice (2015). This included a tendency to make decisions regarding changes of placement, banding and type without ensuring accountability and robust evidence.

In 2019, a new matrix system for banding EHCP top-up funding was introduced in Slough. Analysis has shown that in the first 18 months this has resulted in a 14% increase in the cost of top-up funding to mainstream schools. Contributory factors include:

- a failure to undertake a comprehensive financial modelling of the new matrix system to consider the cost impact and sustainability within the existing financial envelope.
- a lack of consideration of existing models in other South-East authorities and statistical neighbours.
- banding levels that are spread too far apart, such that the increase from one increment to the next is frequently between £5,000 and £10,000. This limits options when considering a need to fund additional provision which could be delivered more cost-effectively than stepping to the next available banding level.
- no 'like-for-like' banding levels identified for assimilating existing EHCPs that were previously banded under the old system, leading to a tendency for plans to increase in cost without any evidence that provision funded by the top-up needs to increase.
- panel decisions on banding reflecting a culture of low expectation of schools' ordinarily available provision and SEND capacity.
- the matrix descriptors require reviewing to better take into account the age/stage of the CYP and other provision funded separately from top-up funding (such as Speech & Language Therapy and Berkshire Sensory Consortium packages)

<u>Action taken to date</u>

<u>The following actions have been taken forward:</u>

- a new Chair of SEND Panel (permanent member of staff) since April 2021 has ensured robust adherence to terms of reference and SEND Code of Practice (2015) ensuring transparency of decision-making and all decisions have been appropriately recorded and tracked.
- the membership of SEND Panel has widened to include regular contributions from head teachers and other agencies such as Adult Social Care and regular Health attendance.
- the SEND Commissioner (permanent post) attends the Panel weekly since May 2021 and this has enabled rigour and consistency in our approach to commissioning across cases and particularly with complex cases.
- the Triage process introduced in June 2021 has added a layer of quality assurance which ensures that all cases presented include the relevant and available evidence for the SEND Panel to make their decisions.
- proposals shared with Schools Forum in November 2021 to mitigate immediate risk of banding inflation at phase transfer. These proposals ensured that, where a CYP's needs were being met under the previous banding system, this banding would be maintained at phase transfer, rather than moving to the closest matrix banding, which would typically have incurred an increase of at least £1000 per

EHCP. These were applied to all EHCPs amended as part of the September 2022 phase transfer process (from February 2022 onwards).

- the following assumptions have been applied to phase transfers from 2021-22, where appropriate to the need of the individual CYP:
  - most pupils leaving PVIs will transfer to mainstream primaries
  - most pupils leaving mainstream primaries will transfer to mainstream secondaries with same level of funding
  - most pupils with a primary RB place will transfer to mainstream secondary or mainstream secondary RB provision
  - most pupils in primary SEN units will transfer to maintained/academy special school
  - most pupils leaving mainstream secondaries will transfer to a local mainstream college placement
  - most pupils leaving special school will transfer to a higher cost college placement (i.e., not an ISP)

Impact to date

There has been considerable positive impact from the above actions:

- analysis of new assessments in the first 6 months of 2022-23, compared to the same period the previous year, shows that these have increased by 2.9% year-on-year in Slough. This is consistent with our overall prediction for a 3% rise in plans this year. Compared to our neighbours in SE19, this is a below average increase.
- the average cost of a newly issued plan has decreased from £11,086 in July-Sept 2020 to £8,478 in July-Sept 2022; this exceeds the savings figures set out in CR4 of the Management Plan.
- the proportion of newly issued plans designated mainstream as type has increased from 81% to 92% over the same period.

Ensuring Sustainability of Changes and Future Plans

The processes at the SEND Panel need to remain fully embedded to ensure ongoing rigour and transparency. Focus needs to remain on quality and outcomes for Children and Young (CYP) with SEND, while also having regard for the financial envelope. More detailed proposals on updating the banding matrix will go to Schools Forum in March 2023. This will ensure that:

- the existing models used by statistical neighbours and other South-East authorities are fully considered and benchmarked against Slough.
- descriptors are reviewed to ensure that decisions regarding banding accurately reflects the provision that the LA must fund through top-up in line with each EHCP.
- banding levels are set at appropriate increments to ensure a graduated response to need. At present, analysis indicates that, in the first 6 months of financial year 2022-23, the average banding increase for a plan where there has been a change

of CYP's need has been £4,947 (28 instances during the period analysed). This is likely to reflect the £5,000 increments that the matrix has from band 6 onwards, which will be addressed in the new proposals.

- any EHCPs assimilated from previous system can be funded at a level which reflects provision required without arbitrary inflation due to a lack of 'like-for-like' banding increment.
- proposals are fully modelled both operationally and financially to ensure that needs are met while keeping regard to sustainability and the existing financial envelope.

5.2 Independent Non-Maintained Special School (INMSS)

Context

The Independent Non-Maintained Special School Providers and Independent Providers are used as provision for a small number of CYP who have, due to the complexity of their needs, not been successful within Maintained Provision or their needs are not able to be met within Maintained Settings. The number of these placements has historically been quite low in Slough but since 2018/19 these placements have increased, and their use has not necessarily been monitored or audited to ensure that they are meeting need and providing value for money. A small number of these placements can have a significant financial implication as a placement costing £50,000 per annum for secondary phase will cost potentially over £350,00 for the time the CYP is in the school. Particular issues are:

- projections in the DSG Management Plan indicate that, unmitigated, numbers in this sector will increase to 77 by 2025.
- the costs of these placements are growing, and it is important to ensure that CYP are only placed in these provisions if all local Maintained Provisions clearly cannot meet need and all other options have been exhausted.
- when auditing SEND Panel minutes, some of the decisions made lack transparency, other decisions have been made outside of the Panel so clear rationale is not always available as to why and how the decision was reached.
- it is apparent that for these placements the Commissioning arrangements have lacked rigour, and Contracts and Individual Placement Agreements have not always been in place with charges varying from young person to young person and agreements about uplifts or changes in prices being arbitrary.

Action taken to date

The following actions have been taken forward:

- panel processes are ensuring that only CYP whose needs cannot be met at local Maintained Provisions are being placed in INMSS.
- consultation processes are being strengthened and INMSS schools are only being consulted with where appropriate
- commissioning is being better informed and quality, appropriateness and value for money are the key considerations

- all children and young people attending Independent Non-Maintained Providers have been identified and at Annual Review all these cases are being audited to ensure this is the most appropriate placement to meet need.
- at key transitions consideration is given to whether these placements are still the most appropriate placement for the child or young person.
- all INMSS Providers have/are being met by the Group Manager for Inclusion and SEND Commissioner to review the cost of placements and to renegotiate costings if appropriate.
- Officers have compared the data against bench marking exercise which have occurred with other South East authorities, and we now know joint commissioning opportunities are likely to be limited across the South East as schools who are used frequently by other authorities are not ones Slough use. However, we are meeting with other east Berkshire authorities to potentially develop more locally effective commissioning and the potential of a Framework for INMSS is being explored.
- additional commissioned capacity is being developed within one of our maintained special schools to ensure that the needs of more complex, difficult to place CYP's can potentially be met.
- analysis of data for Phase Transfers in 2021 and 2022, with trends and key savings/pressures identified

<u>Impact to date</u>

There has been considerable positive impact from the above actions:

- the current number of CYP in these placements is reducing and there are fewer children in these provisions than we were projecting. For this year it was 67 and at the time of writing we have 59.

<u>Ensuring Sustainability of Changes and Future Plans</u>

It is important to reiterate that without continued scrutiny thorough SEND Panel process and rigour of decision making these numbers could very easily increase so Panel Processes are being further developed and there is now Health (SLT) and Social Care representation:

- the ongoing work with East Berkshire needs to develop to ensure more effective joint commissioning to better meet the "east berks' area" needs and to thus have more cost-effective placements and better joined up working and decision making. The local commissioning working is focussing on high-cost providers and how we can more effectively commission places and manage the market.
- the role of SEND Commissioning needs to continue to be developed and refined to ensure we can secure agreement with Providers around costings and uplifts, also to ensure effective Contract management and ensuring Quality Indicators are met.
- benchmarking data from the Southeast demonstrates that our numbers are below those of our similar local authorities and we need to continue to ensure wherever possible not to use the INMSS sector for non-complex children

- when parents express a preference officers need to work with parents around the graduated response and most appropriate local setting to meet need. Highlighting Ofsted Outcomes of some local INMSS and Section 41 status so parents have a full understanding all the information to make an informed choice.

5.3 Post-16

Context

The Children and Families Act 2014 extended the age range for when an Education, Health and Care Plan can be secured. This has meant that where previously plans were ceased between the ages of 16-19 now Young People can continue to have a Plan if they have an unmet educational outcome. Slough like other Local Authorities has seen an increase in the numbers of Young People with EHCP's and this growth continues. With the increasing numbers the costs have also increased, and this is putting increasing pressure on the High Needs Block.

The data for this group of young people has been interrogated and it has become clear that there has been a lack of focus on Preparation for Adulthood. The Statutory Year 9 Reviews where the focus on transition planning occurs with other agencies have not always been carried out effectively. It has also highlighted that young people's plans have not always been ceased when their education has been completed meaning that the LA is still responsible for a Plan when the young person is not accessing provision and in some cases is over 25.

Since the introduction of EHCPs for 19-25 year-olds the service is now maintaining approximately 335 Post-16 EHCPs and if left unmitigated this number is projected to increase to over 450 by 2025. The Post-19 cohort have mainly accessed costly Independent Provisions and what has become clear through file audits is that many of the Young People are repeating the same entry level courses and there is no progression in their educational outcomes. For many of these young people, a lack of transition planning has meant delays in them moving to the next stage in their life and thus an increased cost of educational provision which has impacted on the High Needs Block over spend.

The all-age special school in Slough takes children from Early Years through to Post-16. Historically it has offered places to all young people in Year 14 (age 19) who have been in Year 13.

According to the DfE High Needs Funding 2021 to 22 Operational Guide (sections 226-227, p53-54), *there is an exception by which 19-year-olds with an EHCP can be funded in a school (rather than an FE institution, independent learning provider or special post-16 institution); this applies to 19-year-olds who are completing a secondary education course started before they were 18 years old.*

The practice to date has not been an exception and significant numbers have been attending a special school when they should be moving onto FE Provision.

Action taken to date

The following actions have been taken forward:

- data has been audited and all Post-16 Placements identified with costs.
- any EHCPs which may need to cease have reviews and actions underway to send cease to maintain letters.
- decisions at SEND Panel are ensuring that Young People's placements are agreed after taking into consideration the young person's aspirations but also ensuring quality of placements and value for money.
- decisions to continue to fund young people for the same courses in different institutions are being challenged and only agreed if it can be demonstrated that a key outcome is still to be achieved.
- individual placement costings are being scrutinised and where necessary being challenged.
- all placements now have a contract and an Individual Partnership Agreement (IPA) in place.
- all Year 14 placements are being scrutinised to ensure that there is an exceptional reason for why they need to stay in a school placement. Transition Plans at Years 9, 11 and 13 are being put in place to ensure that the assumption of Year 14 places in school are no longer the norm.
- all colleges have been met with to discuss both the Local Authorities and their Statutory duties toward Young People with EHCPs. These meetings are also allowing discussions around the importance of progression in courses and the need to have clear Transition Plans on leaving college.
- more effective commissioning arrangements are being discussed with other South-East LAs.
- more effective commissioning arrangements are being discussed with colleges and options to Commission bespoke courses for Slough children and young people are being investigated and costed
- work underway with SEND Officers and Enhance EHCP Plan writers to ensure consistent quality of Post 16 Plans particularly around the clarity of provision in Section F. To ensure that our range of college providers are able to deliver with confidence and all costings then can specifically reflect the updated Plan.

<u>Impact to date</u>

There has been considerable positive impact from the above actions:

- Where appropriate plans have been ceased and/or lower cost local alternative placements have been identified. This has enabled predicted cost reductions for 2021-22 and 22-23 to be met in full.

<u>Ensuring Sustainability of Changes and Future Plans</u>

- a transition group is being developed which will be chaired by the AD of Adults' Service and will work with all stakeholders including young people to ensure that clear pathways are in place to enable a smooth transition into other services if appropriate.

- it is important to reiterate that without continued thorough SEND Panel processes and rigour of decision making these numbers could very easily increase exponentially.
- working with Orchard Hill college (Specialist) and BCA and Langley College (part of the Windsor Forest Group WFG) to develop Proposals around a specific Provision to meet the needs of young people with social communication difficulties who have struggled to engage with the school curriculum in KS4/5. This has been identified as a Gap in the Local Offer and for some of these youngsters they have had their needs met in PRU Provision which has not always been successful in ensuring their future inclusion in mainstream colleges.
- a more detailed proposal of how this will look will be developed after further meetings. Both colleges are keen to engage with Slough and there may be a capitol bid related to this scheme.
- further development work with the WFG to look at development of the Foundation courses and increase in placements to meet more young people's needs locally is being planned. Further development round the BCA/Langley College SEND Offer.

5.4 Additional Resource Provisions (ARPs)

Context

Slough currently has 16 ARP's, 3 in nursery schools, 8 in primary schools and 5 in secondary schools. A review has identified that, particularly in the primary phase, a number of Slough's primary ARPs are functioning as SEN Units rather than Resource Bases (the DfE define a resource base as an ARP where the CYP have access to the mainstream classroom for at least 51% of the time; the amount of time in a mainstream classroom can be significantly lower than 51% in a SEN Unit). Auditing of the CYP's attending the ARP's suggests that there are some children placed in our special schools whose needs could be better met in an ARP, while at the same time there are a number of CYP in our ARPs whose needs would be best met in a designated SEN Unit or a special school.

Slough has become reliant on its ARPs to meet the needs of a significant number of CYP with complex needs. A contributing factor has been a lack of rigour applied to the process of consultations when EHCPs are first issued, and at subsequent phase transfer points. Service Level Agreements between the LA and ARPs were found upon review not to be consistently in place and where they did exist required significant updating.

Action taken to date

The following actions have been taken forward:

- increased scrutiny of which CYP are placed in Slough ARPs, to ensure that only CYP with an ARP identified in their EHCP are filling a commissioned place.
- two primary ARPs which are currently functioning as SEN Units have consulted to ensure that this status can be reflected in their SLA with Slough to ensure that CYP are placed appropriately.

- one small primary ARP (8 commissioned places) closed in July 2022 following a consultation with stakeholders, due to difficulty in sustaining delivery to the small number of complex CYP for which it had ARP capacity. New placements where required for September 2022 where required (this was of low impact overall as the number of CYP requiring alternative placement totalled 5)
- one ARP is to reduce from 60 by a decrease in 10-20 places over the next 2-3 years. This is as result of the proportion of statutory SEND CYP in relation to mainstream Published Admission Number (PAN) is becoming unsustainable, particularly as the school's PAN is due to decrease as part of Slough's place planning strategy.
- agreement made with our all-through special school to ensure that all our commissioned places are focused on years 0 to 13. Commissioning of Nursery and Year 14 exception placements will occur separately to maximise placements for CYP aged 4 to 18 years and in line with the High Needs Block Guidance.
- increase in SEND EHCP commissioned placements for September 2022 onwards within our secondary special school.
- SLAs have been re-drafted and scrutinised with legal advisors and sent to settings for consultation feedback
- The process of consulting with ARPs both when issuing new EHCPs and for phase transfers, has been made more robust to ensure full compliance with the SEND Code of Practice (2015)

Ensuring Sustainability of Changes and Future Plans

- Regular contract monitoring meetings, to monitor new SLAs
- newly embedded processes must be maintained to ensure compliance
- contract monitoring and data monitoring need to be considered when looking at future place planning within the SEND sector. Resilience built into system to ensure that additional places can be commissioned in our ARPs and special schools to address population changes in a timely manner (see Risk and Resilience section).

5.5 Alternative Education Provision

Context

All children and young people regardless of their circumstances are entitled to a full-time education. For most this will be within a school setting however for some they will not be able to access these settings due to illness, social emotional mental health needs or because they have been excluded either temporarily or permanently.

The DfE defines alternative provision as:

- *education arranged by local authorities for pupils who, because of exclusion, illness or other reasons, would not otherwise receive suitable education.*
- *education arranged by schools for pupils on a fixed term exclusion.*
- *pupils being directed by schools to off-site provision to help improve their behaviour.*

The Local Authority has a statutory duty to provide education from the 6th day of a permanent exclusion. In Slough this provision is provided by Littledown School for primary children and by Haybrook Alternative Provision (AP) Academy for Secondary aged young people.

Historically, Slough has commissioned and funded a significant amount of non-statutory places at both Littledown and Haybrook AP Academy which have been used by schools under the label of early intervention. The funding for these places has come from the High Needs Block and has been in excess of £1.5 million. The cost for these places has been 30-50% above the £10,000 per commissioned place. Though there is some data available, it is difficult to demonstrate the outcomes of these places and the impact for such a high spend.

The Alternative Education market needs to reflect a far broader offer. Providing one/two-day provision, on and off-site provision covering a range of both vocational and community-based activities.

<u>Action taken to date</u>

The following actions have been taken forward:

- the LA has reviewed benchmarking data from different authorities all whom have differing models. Most provide the minimum statutory provision (6th day following a permanent exclusion) and some preventative places where schools either fund the majority of the place or fund top up above the £10,000 base funding. The numbers for these preventative places are significantly lower than those provided by Slough.

- unusually, Slough has not got a strong alternative education offer within a broader market, unlike some of the other authorities in the South-East, and this appears to be due mainly to the fact that the LA has fully funded full time AP places at Haybrook and Littledown so schools have not needed to look elsewhere to purchase or fund their AP Provision. The model of AP provided in Slough fails to have regard for the DfE definition of AP with the vast majority of costs being borne by the LA as opposed to Schools.

- the existing model is not sustainable and cost reductions have been put forward around a more manageable costing to reflect the LA's Statutory Responsibilities around Permanent Exclusions. Cost Reductions have been proposed over a three-year period to mitigate impact and allow the schools to develop other models of delivery with schools.

- discussions have started with both existing AP Providers. This area requires significant systemic change.

<u>Impact to date</u>

There has been considerable positive impact from the above actions:

- <u>Actions implemented to reduce commissioned numbers have achieved a cost reduction of £538k for the year 2022-23, and projected savings for the project overall are set out in Table 3 below.</u>

Ensuring Sustainability of Changes and Future Plans

AP costs in Slough are likely to remain disproportionately high compared to our statistical neighbours unless there is a strong, clear strategy which highlights Academies and Maintained Schools' statutory responsibilities toward vulnerable CYP.

The development of a stronger market for AP Providers from different sectors would allow for a better range of vocational options for children, young people and their families and would introduce an element of competition to the market for schools and the LA

Current proposals to reduce LA-commissioned places over the next 3 years will deliver the following savings:

Table 4 – Projected Cumulative Savings

£'000	22/23	23/24	24/25	25/26	26/27	Total
Saving	538	1,109	1,329	1,329	1,329	5,634

6. Risks

6.1. General Risks

- **Financial** – High Needs budget could continue to experience escalating cost pressures due to a continued increase in demand for EHCPs and top up funding and complexity of need which can only be met in the independent sector. Cost Reductions are not as high as estimated, increase demand leading to increase commissioning of places, increased costs linked to addressing increase legal challenge.
- **Service Delivery** – Challenges around sufficiency of the market. Turnover of staff impacting on workforce capacity and skill set,
- **Reputational** – Increase in Corporate complaints, dissatisfaction among stake holders, negative publicity.
- **Legal/Regulatory** - increased risks of legal challenge by way of appeal and judicial review and increased risk of complaints to the Local Government and Social Care Ombudsman.
- **Economic** – Unanticipated changes in demographics and cost of living/ inflationary pressures. Risks to jobs and workforce if cost reductions are made to quickly and too soon.

6.2. Mitigations

The following mitigations have been identified to date and are being implemented to ensure that, should the risks above arise, any impacts have been anticipated and can be managed.

6.2.1. Alternative Education Provision

There is significant stake holder scrutiny around this project (particularly head teachers.) There is a three-year Plan in place and the project is in Year 1 now; savings have already been achieved within timescale. Mitigations in place are a Project Group led by the SEND Commissioner and this group will run for the next three years. This will ensure any issues and areas of concern are addressed. New ways of working are being developed which moves the emphasis on commissioning AP Provision to the school rather than Stake Holders viewing the Local Authority as the sole Commissioner. The LA will continue to meet its Statutory duty for six-day provision for permanently children and some preventative placements allocated via a multi-agency panel.

Any unplanned significant change in demand will be addressed through our resilience planning below.

6.2.2. Post 16 Provision

The main risk within the Post 16 Sector at present is the merger of BCA College to become a part of the Windsor Forest Group. This means that Slough is now the host Authority and commissions places across the Group. There have been several meetings to ensure that Slough commission the correct number of places for the group across the local area. Further meetings are occurring with all Berks and Bucks LAs to ensure we can work together to have more effective place planning. It has been identified that ongoing work is required at phase transfer for Years' 9, 11 and 13/14 to ensure that young people's pathways are appropriate for achieving their preparation for adulthood (PfA) outcomes; mitigations include the bolstering of SEND team staff in a dedicated Post-14 team, to focus on PfA and effective phase transfer processes. Potential capital projects are also being explored to increase of range of placements and accessible pathways.

Any unplanned significant change in demand will be addressed through our resilience planning below.

6.2.3. Managing demand (EHCNAs/EHCPs)

Mitigations here are inbuilt and based on rigorous process and decision-making, which is already seeing an impact. In addition, there is potential for capital projects to support commissioning of places as population fluctuates (this is anticipated and planned for), and these are being incorporated into the current draft of the Council's Place Planning Strategy (draft to be scrutinised at next Cabinet meeting).

6.2.4. Inflation

The High Needs block mainly funds pupil placements in schools and further education establishments, and this represents 81.25% of total forecast expenditure. This expenditure is split between base funding of £10,000 per pupil and top-up funding. The base funding has been flat for the last couple of years and has not attracted any inflationary increases. Top-up funding in Slough BC represents some of the highest payments to providers than anywhere else within England. One of our key cost reductions is focused around reducing top-up funding to all providers, therefore, it would not be appropriate to add inflationary increases to funding we want to reduce. Expenditure on the remaining 18.75% of High Needs expenditure should attract inflationary increases. We are forecasting 4% inflation in 2023-24 and 2% in subsequent years.

7. Resilience

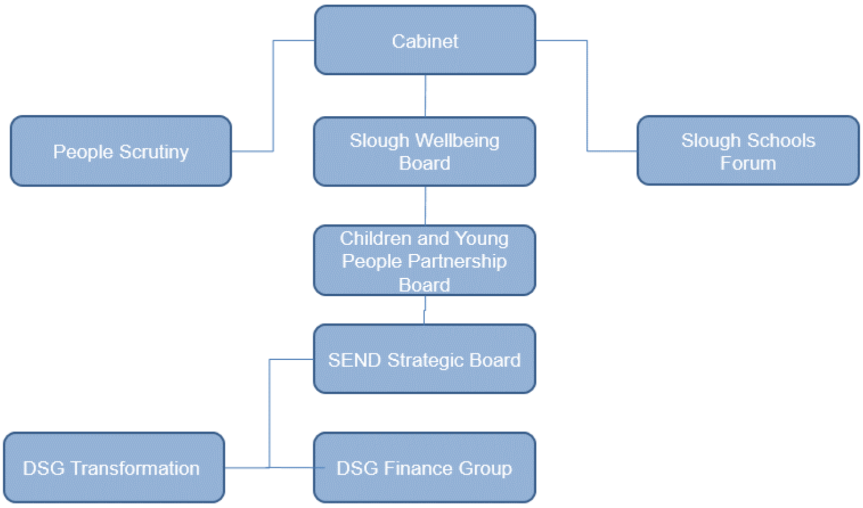
7.1. The projects to reduce costs within the current plan have been carefully considered and interrogated to ensure sustainability, minimal impact on service delivery wherever possible, and best potential outcome for value and managing costs. The pace and amount has been planned to ensure stability of the workforce and continuity for stakeholders – any acceleration would need to treated with caution, due to the risk of destabilising the plan as a whole; many of the projects involve mechanisms that interlink and interact upon one another.

7.2. To develop our resilience there is capacity within the plan for a centrally retained amount of places (up to 50), which can be allocated during the lifetime of the plan should demand increase beyond our planned projections. There are also aspects of the Council's centrally retained budget, which fund non-statutory services and posts, which can be drawn upon should there be an unplanned significant change in demand which needs to be addressed. This gives further assurance that we can meet cost reduction targets, though use of this mechanism may impact wider service delivery within the People (Children's) directorate.

7.3. All cost reduction projects within the plan have detailed, year-on-year actions and outcomes outlined; this ensures that any staff new to the organisation are clear on project progress and next steps. There are succession plans in place for key roles, including the roles of commissioning and finance as well excellent work being carried out on recording procedures, systems and processes. SEND, commissioning and finance have worked collaboratively in the formulation of this plan and will continue to do so throughout its implementation. The council has also committed addition general funding to permanent posts within the SEND team to support implementation.

8. Governance

8.1. The following governance structure has been implemented to ensure there is oversight of the delivery of the DSG Management Plan:



8.2. DSG Finance Group: meets weekly and is chaired by the Section 151 Finance Officer and provides assurance that actions to deliver the DSG plan is on track and provides financial reports to track impact.

8.3. DSG Transformation Board; meets monthly and is jointly chaired by Section 151 Officer and the Executive Director People Children. Membership also includes chair of school forum, Frimley Clinical Commissioning Group, Slough Children Trust Ltd, parent voice, Adult Social Care and Parent/Carer Forum. This Board will provide challenge and oversight of the DSG Management Plan and links to improving SEND outcomes

9. Implications of the Recommendation

9.1 Financial implications

The financial implications are discussed throughout this report.

9.2 Legal implications

4.2.1 Under the Education Act 1996, the Council has a statutory duty to ensure that sufficient schools are available for primary and secondary education. Under s.19 of the 1996 Act the Council has a duty to make arrangements for the provision of suitable education at school or otherwise than a school for those children of compulsory school age, who by reason of illness, exclusion from school or otherwise may not for any period receive suitable education unless such arrangements are made for them.

4.2.2 The Children and Families Act 2014 created a new framework for supporting CYP with special educational needs, including the introduction of Education, Health and Care Plan (EHCP) and extending the age range for special educational provision. The SEND Code of Practice (2015) contains guidance that Local Authorities have to adhere to. As part of its place planning duties the Council should ensure sufficient schools are available for children with special educational needs. The statutory framework and guidance requires local authorities to:

- consider the views of children, young people, and families.

- enable children, young people, and parents to participate in decision making.
- collaborate with partners and stakeholders in education, health and social care to provide support.
- early identification of children and young people's needs.
- inclusive practice and removing barriers to learning.
- help children and young people prepare for adulthood

4.3 Risk management implications

4.3.1 The following are identified risks to the delivery of the action plans and the cost reduction measures:

- High Needs budgets would continue to experience escalating cost pressures due to continued increase demand for EHCNAs. This would further compound an unsustainable position for the LA.
- increasing placements in independent non-maintained special schools at higher costs to the LA
- risk that demands / growth in pupils with EHCPs may increase at a higher rate than planned or forecast.
- slippage and delay in the delivery of the above actions or measures which would negatively impact on funding forecasts It is imperative that there are strong governance arrangements in place to ensure the effective delivery of the DSG Management Plan which is dependent on the actions of partners across the SEND system including education, health and care partners.

4.4 Environmental implications

Not applicable

4.5 Equality implications

4.5.1 The DSG Management plan will support the local authority to continue to meet its statutory functions and to improve and develop new and existing systems and processes. This will impact positively on children and people with SEND and their families – it is an opportunity to improve co-production with parents and young people, decision making, transparency and equity of service delivery.

4.5.2 The Management Plan will exclusively help towards improving the educational experience of children and young people with a protected characteristic as defined by the Equality Act 2010 through placing the onus on equipping local mainstream and special schools to best meet their needs,

4.5.3 An Equalities Impact Assessment will be completed for each identified cost reduction if appropriate and required.

4.6 Procurement implications

4.6.1 Officers are exploring the procurement implications for the DSG Management Plan and will be subject to Cabinet reports if necessary to ensure alignment to the councils contractual procedural rules and the Public Contract Regulations 2015 (amended).

4.6.2 Several options will be considered to ensure best value and where appropriate, competition. In accordance with the SEND code of Practice, service provision will be offered in a wide and flexible manner to meet the needs of children and young people with special education needs and disabilities, this may be direct payments to increase personal choice.
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4.7 Workforce implications

Not applicable

4.8 Property implications

Not applicable

5. Background Papers

Update on Dedicated Schools Grant Management Plan – March 2022

SLOUGH BOROUGH COUNCIL

REPORT TO:	Overview & Scrutiny Committee
DATE:	23rd February 2023
SUBJECT:	2023/24 Budget
CHIEF OFFICER:	Steven Mair, Executive Director of Finance and Commercial (s151 Officer)
CONTACT OFFICER:	Steve Muldoon, Deputy Director Financial Management Liton Rahman, Deputy Director Corporate and Strategic Finance
WARD(S):	All Wards
EXEMPT:	No
APPENDICES:	The following appendices accompany this report:

Appendix	Description
A1	2023/24 General Fund Budget Summary
A2	2023/24 Directorate Budget Summaries
A3	2023/24 Growth and Pressures
A4	2023/24 Proposed Savings by Directorate
B	2023/24 Council Tax Resolution
C	2023/24 Dedicated Schools Grant
D	Expenditure Control
E	Equalities Impact Assessments
G	Insights into Slough
H	Summary of 2023/24 Budget Scrutiny

1 Summary and Recommendations:

This report sets out the final revenue budget for 2023/24 and final Medium Term Financial Strategy (MTFS) for 2024/25 to 2028/29.

Recommendations:

The Overview & Scrutiny Committee is requested to scrutinise this report and make any comments to Cabinet.

1.1. The Cabinet is being requested to:

1.2. Recommend to full Council the following:

1. Approval of the 2023/24 budget to enable the Council Tax for 2023/24 to be set;

2. Approval of the Model Council Tax Resolution 2023/24 as set out in Appendix B;

3. Delegate authority to the Executive Director of Finance and Commercial, to place a notice in the local press of the amounts set under recommendation 2 within a period of 21 days following the Council's decision;

4. Approve the Medium-Term Financial Strategy (MTFS) as based on the estimated financial deficit in the Capitalisation Direction and to be funded by capitalisation of:

    a. £267.1m up to 2022/23
    b. £31.6m for 2023/24
    c. £58.4m for beyond 2023/24

5. Approve the overall General Fund revenue budget of £143.4m, to include:

    a. growth for pressures of £12.2m
    b. proposed savings by Directorates of £22.4m

6. Approve measures to control spending and improve the finances of the Council at Appendix D

1.3. To note the following:

7. The balanced budget position for 2023/24 requiring savings of £22.4m and the projected financial deficit between 2024/25 to 2027/28

8. The intention to increase Council Tax by 7.99% in 2023/24

9. The intention to increase Council Tax by a further 2% in 2023/24 in respect of the Adult Social Care Precept

10. The assumed funding for the protection of social care 2023/24 through the Better Care Fund

11. That due regard has been had to the s.25 report by the Executive Director of Finance and Commercial

12. The minutes from the 2023/24 Budget Scrutiny Sessions at Appendix H

13. Approve the process for access to contingency as set out in paragraphs 2.16.57 to 2.16.62

Reason:

This report is required to enable the Council to set a legally balanced budget for 2023/24 which is set out in the context of the overall capitalisation direction.

Commissioner Review

The Commissioners welcome this report and note the key elements of it including the ongoing need for a capitalisation direction, albeit at significantly lower levels than predicted this time last year, and the incorporation of significant savings.

The external environment is challenging – and therefore, there is much risk in the budget. Attention is drawn to the S25 report which outlines this environment, which must be considered by Cabinet and then Council in conjunction with this report.

It is important that members and officers understand the budget and are accountable for the delivery of it, including the savings. The budgets set are cash limited and all budget holders will therefore need to manage in-year pressures within the allocated limits. Clear transparent reporting is needed to identify issues as they arise and take corrective action

2 Report

1.1. Policy Context

1.1.1. The financial and other issues facing Slough Borough Council are of a largely unprecedented magnitude and face a Council that is one of the smallest unitary councils in England and which does not therefore have the critical mass needed to be financially sustainable without radical action.

1.1.2. Having identified its issues and set out a strategy to seek to resolve them, this is now coming to fruition with considerable progress being demonstrated in respect of the financial strategy. However, the magnitude of the issues is such that exceptional additional support is needed to ensure the financial sustainability of the Council through a capitalisation direction in each of the years 2018/19 through to 2027/28.

1.1.3. While extensively reported, the circumstances that the Council faces are set out below by way of reminder and as background.

1.1.4. The **problems arose** because the Council:

- borrowed £760m at its peak which was the 3rd largest borrowing of all unitary councils and well beyond what it could afford;

- did not make any effective budgetary provision to make the necessary principal repayments on this extreme level of debt;

- borrowed half of these monies from other Local Authorities who are all now seeking their funds back as they fall due and are not willing to lend again to Slough. Thus, exposing the Council to a major risk of increases in interest costs as rates rise and are fed through the only source of borrowing now available to the Council i.e., PWLB;

- failed to budget properly, utilising capital funds for revenue expenditure when it should not have done so by way of example;

- likewise, did not build up or maintain proper levels of reserves or provisions;

- allowed the Dedicated Schools Grant to head for a forecast over spend of £40m+ while taking no action to address this;

- failed to produce annual accounts from 2018/19; and

- did not have a capable professional financial service able to direct and support high quality financial management

1.1.5. The combination of the issues identified meant that at one stage the Council was facing a capitalisation direction (CD) of £782m which it would have had to finance, and annual revenue savings of £20m pa for two years and £14m thereafter. This was based on an estimated £474m CD to 2028/28, a further additional capitalisation of £176m to enable the Council to balance the budget post 2028/29 and the necessary additional MRP Impact on the latter of £132m. This combination of circumstances required very robust and continuous action to seek to resolve them. The Council has sought to take this necessary action so that it can as far as it can deal with its own challenges.

1.1.6. From a broader perspective staff capability and capacity was also an issue in delivering some of the wider repair work across the Council for a significant period.

1.1.7. Having identified the issues, the Council adopted the following **strategy**:

- addressing the identified problem, this began in July 2021

- selling assets to reduce borrowings and thus reduce MRP/interest costs and finance the CD – agreed September 2021

- reducing net revenue expenditure, both general fund and the dedicated schools grant – ongoing since July 2021

- producing annual accounts – ongoing since July 2021

- obtaining an audit opinion on the annual accounts – ongoing since July 2021. We received an opinion on the 2018/19 accounts in February 2023

- operating proper and rigorous budgeting and building up reserves – from July 2021

- designing and implementing a permanent structure for the Council's finance service – now complete and currently being filled through recruitment

- all to an appropriate standard and in an appropriate manner and with an understanding that this will take up to 5 years

1.1.8. The Council's **strategy is starting to come to fruition** although there is a great deal of work still to do and risks to be managed before stability can be achieved, the position throughout this paper is of course at a point in time and will undoubtedly change. The key developments have been:

- achieving asset sales of £173m to date during this financial year expected to exceed £200m by 31 March 2023 and already planning for a further £200m in 2023/24. This is greatly in excess of the budget and means that the Council will have generated sufficient capital receipts to fully fund the Capitalisation Direction and that those capital receipts can be applied to finance the Capital Financing Requirement 2-3 years earlier than originally forecast and thus significantly reduce MRP over the period 2022/23-2025/26 compared with original forecasts

- an overall reduction in the capitalisation direction from £782m to £357m

- projecting a budget which for 2022/23 is currently showing a reduction of £27m in the capitalisation direction for this year

- planning for savings of c£22.4m in 2023/24 and currently forecasting the savings requirement to be £12.9m from 2024/25 to 2028/29

- agreeing with the DfE, subject to formal approval, a DSG recovery plan that achieves an in year balanced position by 2025/26 from what was a previously forecast £7m annual increase in the overspend and should see the Council's historic deficit of £27m financed by the DfE

- producing annual accounts, two so far produced and submitted for audit, one in progress

- starting to build up reserves as indicated in the CD

- designing and having approved a new finance service structure which is currently being advertised, interviewed and appointed to.

- proposing a revised capital programme of £165m with no external borrowing

1.1.9. Across the Council with a Chief Executive and a full Executive Director tier now recruited, the pace, scope and scale of other recovery work has also started to accelerate.

1.1.10. Despite the current success of the financial strategy there remains a very long way to go and **many challenges to face**:

- while the Council is well on track to raising sufficient capital receipts to fund the capitalisation direction, the Council faces major challenges in becoming financially sustainable due to its very low taxbase which makes it very challenging to fund the services which it is statutorily required to provide. Increasing council tax above the maximum permitted without a referendum is the only way to be confident that the Council can stay on track to be financially sustainable in the long-term

- linked to the above the medium-term financial strategy is predicated on the Council achieving £12.9m revenue savings per annum. Prior to 2022/23 the Council did not have a track record of achieving this magnitude of saving. While 2022/23 is forecasting a significant underspend because the original estimates of the CD have proven to not all be needed and 2023/24 is now planned to the amount required with contingencies being prepared, sustaining a further 5 years of very significant additional revenue savings is going to be extremely challenging

- the core spending power of the Council for 2023/24, as announced as part of the provisional local government settlement, is going up by less than the average nationally, and less than inflation (7.71% v 9.17%). Adding £3.2m for the extra 5% increase to Council Tax would bring this up to 10.4%, only just about in line with inflation. However, the proposed CTSS requires half of this in the first year, adding only £1.6m net, so the impact is 9.1%.

- with the Council projecting to spend in the region of £32m more than it has funding to cover in 2023/24, this being financed in the short term by the CD, the Council's exposure to pressures such as inflation will be much greater than the average council as the ability to cover this through growth and inflation on receipts will be limited

- the Council has a need to focus on recovery and improvement whilst dramatically cutting costs, meaning those tasked with delivering improvement will also be focussing on delivering services. The pressure on senior managers to deliver on all fronts is not to be underestimated and will be far greater than for virtually every other council

- a significant element of the improvement in the CD to date has come from the benefit of selling assets and reducing MRP. This is a one-off exercise and further savings will have to come majorly from service reductions which become increasingly difficult to identify and deliver when there are core statutory requirements to deliver on Adults and Children's social care, temporary accommodation among many others

- while the asset sales programme is progressing well to date, the Council faces the risk that the market will not continue to support the sales assumptions the Council is making

1.2. Insights into Slough

1.2.1. Separate to the pressures from the Covid-19 pandemic and the issues referred to above, Slough operates in a unique environment that presents a challenge to providing services. Appendix G presents some highlights to contextualise the ongoing challenge for the Council resulting from a growing population and the population structure.

1.3. Corporate Plan Update

1.3.1. In May 2022, the council approved its new corporate plan for 2022-25 - 'Doing Right by Slough', which incorporated the recovery and improvement plan the council was required to produce in accordance with the Government's directions.

1.3.2. This new corporate plan included a new set of strategic priorities for the council, that described the outcomes to be delivered for the communities of Slough. These were determined by the Council's political priorities, as well as an interrogation of data on Slough including the Joint Strategic Needs Assessment, Index of Multiple Deprivation, service level data on people and place, survey data and engagement feedback.

1.3.3. The Plan included an updated recovery framework of seven themes to deliver the 'Right Council for Slough'

- Leadership & Culture
- Financial recovery and onward sustainability
- Business planning and performance management
- Governance
- Organisational capability, capacity and resilience
- Technological capability, capacity and resilience
- Resident engagement

1.3.4. An annual review and potential revision of a corporate plan is what would normally happen in councils not in intervention. For Slough, a refreshed plan recognises that that a year in to the government intervention the Council now knows much more about what it needs to do to cement recovery and deliver for Slough's residents. Significant progress has been made in some areas, but other issues have moved less quickly and need greater focus.

1.3.5. Doing Right By Slough was also written to engage the whole council in the recovery. The Council did no consultation and little communication with our residents and partners about the corporate plan and our recovery and the challenges and opportunities it presents for the services we deliver and the way we deliver them.

1.3.6. Since the council will need to deliver fewer services and deliver some services in different ways, it is important to engage residents and partners on its corporate priorities and how these will be measured.

1.3.7. The corporate plan will reflect the budget priorities reflected in this report, provide a framework for a new operating model – work that is under way, and show how Slough Borough Council will meet the government directions.

1.4. Finance Action Plan Update

1.4.1. The range and extent of the financial issues facing the Council have been well documented and reported to Cabinet in the last 20 months.

1.4.2. The Cabinet, auditors and commissioners expect regular reports to evidence progress made. A separate report is being presented to Cabinet and summarises the overall key issues, including:

- capitalisation direction
- progress being made on generating capital receipts
- budgets
- MRP
- the Council's borrowing levels
- accounts
- the dedicated schools grant
- the finance structure
- revenues and benefits
- Council accounting, HR and procurement system (ERP)
- commercial and procurement improvements
- internal audit actions
- company governance and actions

1.4.3. It also includes a summary of the progress made in respect of the recommendations in the various reports from external agencies during 2021/22. These recommendations provide the basis of the financial improvement agenda and assist in framing the scale of the financial challenges facing the council.

1.5. National Context

December 2022: Policy Statement

1.5.1. As with all local authorities, the Council's planning is heavily reliant on policy and decisions from Central Government such as for funding settlements and wider reforms. The withdrawal process from the European Union and the onset of the Covid-19 pandemic disrupted business-as-usual processes for the Government and so since 2019 local authorities have faced increased uncertainty, particularly on funding.

1.5.2. In December 2022, The Government published a Policy Statement outlining the principles that will be applied in the 2023/24 provisional local government finance settlement. The announcement of the settlement principles covered both 2023/24 and 2024/25. The next two years will essentially be two rollover settlements, with the overall funding envelope set In Novembers Autumn Statement. In practice, though, it looks more like firm figures for 2023/24 and principles for 2024/25. There are some issues that ministers have not yet finalised for 2024/25.

1.5.3. Any funding reforms or changes in funding distribution will not be implemented until 2025/26 at the earliest. This means a further delay to the Fair Funding Review and the business rates baseline reset. These reforms are unlikely to be implemented until 2026/27.

1.5.4. The main building blocks for the provisional settlement were announced in the Autumn Statement (AS22) in November 2022. Local authorities were given higher-than expected Band D thresholds, and there was significant additional grant funding for social care.

1.5.5. Broadly, the settlement principles are line with expectations. Both Baseline Funding Levels (BFL) and Revenue Support Grant (RSG) will be increased in line with CPI inflation (10.1%). The Autumn Statement signalled a very large increase in funding for adult social care, which will give social care authorities 9%+ cash-terms increase in Core Spending Power (CSP).

1.5.6. The main features of the settlement principles:

- **"Core" Band D council tax** (2.99% maximum increase, or £5 for shire districts and for ALL fire authorities if higher). £20 maximum for Greater London Authority (GLA), and £15 for policy and crime commissioners (previously announced as £10). Same principles in 2024/25. No referendum principles for Mayoral Combined Authorities or town and parish councils.

- **Adult social care (ASC) precept** (2% in 2023/24 and again in 2024/25), with no option for deferring any increase from 2023/24 into 2024/25.

- **Baseline Funding Level (BFL) and Revenue Support Grant (RSG)**. Local authorities' BFL and RSG allocations will be uplifted in line with the Consumer Price Index in 2023/24, and 2024/25. "Negative RSG" continues to be abolished.

- **Cap compensation**. From 2023/24 onwards, cap compensation will be paid based on the CPI rather than Retail Price Index (RPI). Our view is that there will be no change in the cap compensation fraction in 2023/24 (it will remain at 51/499).

- **Adult social care grants**. Funding for the ASC charging reforms will be re-purposed to fund ongoing pressures (£1.265bn in 2023/24, and £1.877bn in 2024/25). There will be further funding distributed through the Better Care Fund (local government's 50% share is £300m in 2023/24 and £500m in 2024/25). A new "ringfenced" grant "to support capacity and discharges" will be paid to local government (£400m in 2023/24 and £683m in 2024/25).

- **Social care grant distribution**. The repurposed ASC reform funding (£1.265bn in 2023/24 and £1.877bn in 2024/25) will be distributed based on the Adult RNF and full equalisation of the ASC precept. Other new ASC grants will also use the Adult RNF (but there is no requirement for any further precept equalisation in these grants). The continuing Fair Cost of Care grant (£162m) will use a new distribution formula "to reflect progress" on these reforms.

- **3% Funding Guarantee**. This new feature ensures every authority has a 3% increase in government funding (this essentially measures the change in Core Spending Power excluding Band D). It will be funded from "a proportion of" NHB legacy payments and the current Lower Tier Services Grant.

- **Services Grant** will continue to operate in the same way in 2023/24 (with £200m top-sliced from the Services Grant to claw-back funding for the National

Insurance Contributions increase that was reversed).

- **New Homes Bonus (NHB)** will continue in 2023/24 and will be paid on the same basis as in 2022/23. The legacy payments, which will end in 2022/23, will be used to fund the new 3% funding guarantee. NHB's future in 2024/25 is unclear: ministers have promised to issue a new consultation before the 2024/25 settlement.

- **Rural Services Delivery Grant (RSDG)** will continue unchanged.

- **100% business rates pilots** will continue for another year, but ministers will review their contribution policy objectives for 2024/25. **Business rates pooling** will be available in both 2023/24 and 2024/25.

<u>Economic Forecasts</u>

1.5.7. A lower growth rate for Gross Domestic Product (GDP) is the driving factor behind the UK's worsening economic prospects. In March 2022, the Office for Budget Responsibility (OBR) forecast that the UK would recover from the economic impact of the pandemic, and then continue to grow at around 1.7% per year from 2023 onwards.

1.5.8. Things have worsened sharply since then. The Bank of England forecast in its November Monetary Policy Committee (MPC) report that the economy will contract by 0.75% in the second half of 2022, and then continue to fall during 2023 and into the first half of 2024.1 The OBR is not quite as pessimistic but still forecasts a recession starting in the second half of 2022, and extending into 2023

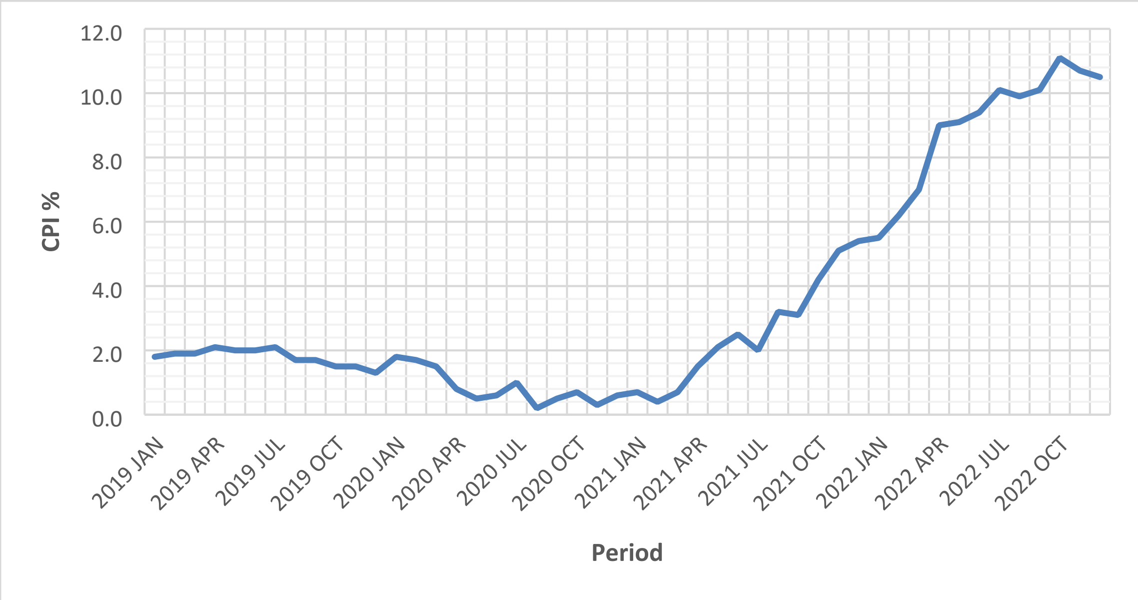
1.5.9. Contrasts between the relatively benign GDP forecasts in March 2022 and the more recent forecasts show the impact that inflation and supply-side constraints (e.g. labour force) is having on the economy.

1.5.10. The spike in inflation is behind the cost-of-living crisis (higher energy prices) and the increase in debt interest payments (increase in interest rates). The peak in the Consumer Price Index (CPI) is now expected to be around the 9.4% for 2022, a good deal higher than the forecast of 7.5% last March, and then 7.4% in 2023. The ONS has announced that the October 2022 CPI is 11.1%.

1.5.11. The OBR still expects inflation to return to its target level by 2027 – but before that, the OBR is now forecasting that inflation will be much lower, and potentially even negative (2025). Ministers will be hoping that the OBR is correct in its forecasts. Most independent forecasters take the same view as the OBR about inflation – but there are still serious risks that higher levels of inflation persist into 2024 and beyond.

Inflation and Cost of Living

1.5.12. Inflation peaked at 11.1% in October 2022 and was running at 10.5% as at the end of December 2022:



1.5.13. A higher rate of inflation would put further pressure on council expenditure through rising energy bills and through the potential for wage demands to increase (these are mitigated to some extent in the budget setting assumptions).

1.5.14. High prices for goods and services will put further pressure on household finances, with individuals and families paying more for food, energy, housing costs, and other essentials. Many households in Slough will struggle to absorb those higher prices for a sustained period, which risks a reduction in savings and an accumulation of debt.

1.5.15. Households will experience lower levels of disposable income, which in turn will reduce consumption that drives local business and employment. Local businesses that have absorbed losses through the pandemic may find that the level of demand for their services does not pick up at a sustainable rate and some businesses may be forced to scale back or close.

1.5.16. These pressures on household and business finances could have a significant knock-on effect to council finances through a greater level of requests for emergency support, such as welfare payments and emergency accommodation requests, as well as households and businesses having a decreased ability to pay existing monies owed and accumulating new monies owed.

1.5.17. The outlook for inflation remains uncertain, with both the possibility that higher prices are sustained for a long period of time and that higher prices are a transitory feature of economic shocks caused by the pandemic. Regardless, higher prices are a reality now and the effects will be felt by households, businesses and the council during the year ahead.

1.6. Local Context

February 2023: Final Local Government Finance Settlement

1.6.1. The Secretary of State for the Department for Levelling Up, Housing and Communities (DLUHC) released the released the Final Local Government Finance Settlement for 2023/24 on 6th February 2023.

1.6.2. The announcements within the settlement are broadly in line with the Autumn Statement 2022. The headlines of the settlement are:

- A £59.5bn funding package for councils, a £5bn/9% increase on the previous year
- All councils will receive at least at 3% increase year on year
- £2bn of this in additional grant funding for adult and children's social care
- £100m of additional funding for LA's to support the most vulnerable households receiving council tax support (allocations to be confirmed)

1.6.3. There are two main issues to be aware of from the settlement and related consequences:

1. from the information available at this time the Council has additional funding of £5.629m in 2023/24 above its 2022/23 allocations. Some of this may not be recurrent and may then be an issue for beyond 2023/24.

2. this does not mean we have this amount of additional resource to spend. This is because as has been regularly advised deliverability of the planned savings is key and some of the savings will be at risk of delayed deliverability. It is also inevitable that issues will arise from future years accounts etc

1.6.4. It is therefore the case that we should hold these additional resources as a contingency against non/delayed delivery of savings until we have proven progress.

1.6.5. A summary of the impact of the settlement is provided in the table below.

Breakdown of funding	2022/23	2023/24	(Increase) / Decrease (£m)	(Increase) / Decrease (%)
Settlement Funding Assessment	36.732	38.717	1.985	5.4%
Compensation for under-indexing the business rates multiplier	3.095	5.351	2.256	72.9%
New Homes Bonus	1.422	0.005	-1.417	-99.7%
Lower Tier Services Grant	0.292	0.000	-0.292	-100.0%
Services Grant	2.088	1.225	-0.863	-41.3%
Grants rolled in	0.509	0.000	-0.509	-100.0%
Improved Better Care Fund	3.989	3.989	0.000	0.0%
Social Care Grant	4.661	7.760	3.099	66.5%
Market Sustainability and Fair Cost of Care Fund	0.348	0.000	-0.348	-100.0%
ASC Market Sustainability and Improvement Fund	0.000	1.207	1.207	NEW
ASC Discharge Fund	0.000	0.559	0.559	NEW
Total	**53.136**	**58.813**	**5.677**	**10.7%**

Settlement Funding Assessment (SFA)

1.6.6. The SFA compromises Baseline Funding from Retained Business Rates and the Revenue Support Grant (RSG).

Settlement Funding Assessment	2022/23	2023/24	(Increase) / Decrease (£m)	(Increase) / Decrease (%)
Revenue Support Grant	6.451	7.302	0.852	13.2%
Baseline Funding Level	30.281	31.415	1.133	3.7%
Total	**36.732**	**38.717**	**1.985**	**5.4%**

1.6.7. The Revenue Support Grant can be used to finance revenue expenditure on any service.

1.6.8. The Baseline Funding Level is the amount of the SFA provided through the local share of business rates.

Compensation for under-indexing the business rates multiplier

1.6.9. Each year the government sets a multiplier, which represents the number of pence in each pound by which the rateable value is multiplied to arrive at the amount of business rates payable for the year. The government reviews the multiplier each year to reflect changes in inflation.

1.6.10. In 2023/24 the government decided to freeze the multiplier. However, Local Government will receive full compensation will be paid via a combination of an uplift in Baseline Funding Level (BFL) (3.74%) and cap compensation grant for under-indexing the business rates multiplier (the remaining 6.36%).

New Homes Bonus

1.6.11. SBC's allocation reduces from £1.422m in 2022/23 down to just £0.005m in 23/24, with no further funding expected in 2024/25 and beyond.

1.6.12. The NHB allocations for 2023/24 do not include legacy payments, nor will new legacy payments be made in subsequent years based on these allocations. As was previously announced, the 2022/23 settlement was the last year to include legacy payments.

Abolished Grants

1.6.13. Lower Tier Services Grant (LTSG) has been abolished from 2023/24 onwards.

Services Grant

1.6.14. This was a new one-off grant for 2022/23 funded by the additional resources announced in the SR2021 and is to fund general responsibilities. It was distributed using the existing SFA.

1.6.15. Although this was clearly stated to be a one-off grant, since it was funded from the extra resources announced in the SR2021, it will now continue beyond 2023/24 but its future distribution is to be consulted upon and this funding will be excluded from any proposed baseline for transitional support as a result of any proposed system changes.

1.6.16. For 2023/24, the Council will receive £1.225m, a reduction of £0.863m. The reduction includes removal of funding for the National Insurance Contribution increase and the funding increase for Supporting Families.

Rolled in grants

1.6.17. Certain grants that were previously provided outside of the settlement have been rolled into the settlement in 2023/24. For SBC these include the Local Council Tax Support Administration Subsidy grant and the Independent Living Fund.

1.6.18. In 2023/24, the Local Council Tax Support Administration Subsidy grant has been rolled into the RSG and the Independent Living Fund has been rolled into the Social Care Grant.

Social Care

1.6.19. The 2023/24 settlement announced the following social-care related grants:

Social Care Related Grants	2022/23	2023/24	(Increase) / Decrease (£m)	(Increase) / Decrease (%)
Improved Better Care Fund	3.989	3.989	0.000	0.0%
Social Care Grant	4.661	7.760	3.099	66.5%
Market Sustainability and Fair Cost of Care Fund	0.348	0.000	-0.348	-100.0%
ASC Market Sustainability and Improvement Fund	0.000	1.207	1.207	NEW
ASC Discharge Fund	0.000	0.559	0.559	NEW
Total	**8.998**	**13.515**	**4.517**	**50.2%**

Social Care Grant

1.6.20. There is additional funding for the Social Care grant and nationally this is an increase of £3.852m. The Council's allocation for 2023/24 totals £7.760m which is £3.099m higher than 2022/23.

1.6.21. This allocation rolls forward the 2021/22 grant with an amount for equalisation to reflect that some authorities such as the Council cannot raise as much through the ASC Precept as well as an element for new funding for social care.

Improved Better Care Fund (iBCF)

1.6.22. The iBCF grant has been rolled forward, the council will receive £3.989m in 2023/24 as in 2022/23.

ASC Market Sustainability and Improvement Fund
(was Market Sustainability and Fair Cost of Care Fund)

1.6.23. The Market Sustainability and Fair Cost of Care Fund has now been subsumed into the new ASC Market Sustainability and Improvement Fund. Across England the grant in total is increasing from £162m in 2022/23 to £562m in 2023/24.

1.6.24. For Slough, the grant is rising from £0.348m in 2022/23 to £1.207m in 2023/24, which is in line with the national increase, distributed using the existing Adult's Relative Needs Formula.

Council Tax Referendum Limits

1.6.25. As per the Autumn Statement announcement, the Council Tax referendum thresholds are as expected:

- 2.99% maximum "core" increase,
- 2.00% adult social care precept,

1.6.26. Due to the exceptional challenges faced by the Council, which are discussed throughout this report, a request was made to Government to allow the Council to increase Council Tax above the referendum principles mentioned above. This request has been granted by Government, meaning that the Council is able to increase by 9.99% without a local referendum.

1.6.27. For every 1% increase to Band D Council Tax, the Council generates approximately £0.600m of funding.

Schools Funding

1.6.28. In 2020, the Government introduced a statutory override for a period of three years (up to end of March 2023) that meant that local authorities' DSG deficits could be separated from their wider accounts. The Government has agreed to extend the DSG statutory override by a further three years. In the case of Slough, the DSG is forecast to reach a cumulative deficit of over £27m by March 2023 and so having a separation of this from the council's own reserves is critical.

1.6.29. The Autumn Statement announced that the core schools budget will increase by £2.0bn in 2023/24 and £2.0bn in 2024/25, over and above totals announced at Spending Review 2021. In recognition of the pressures being faced by local authorities, £400m of the additional funding will be allocated to high needs budgets, with the rest being allocated to schools' budgets.

Energy Support Scheme

1.6.30. The Government has also announced a new scheme to provide help with energy bills this winter (2022/23) to households that use alternative fuels like heating oil. The Alternative Fuel Payment (AFP) amounts to £200 per household and will be paid automatically via their electricity supplier. For households without a relationship with an electricity provider (e.g. care home residents, residents of park homes or caravan sites). Application will be through a .GOV web portal and may require payment through the local authority in the case of non-direct customers. This will not benefit the local authority in any way.

Conclusion

1.6.31. Whilst the additional funding for 2023/24 is welcome news, Local Government needs more clarity on the proposed reforms and future funding streams including New Homes Bonus and the funding cannot be assumed to be available.

Levelling Up

1.6.32. The Levelling Up and Regeneration Bill is progressing through Parliament. The Bill makes provision for the setting of levelling up missions, local democracy, town and country planning and regeneration.

1.6.33. Following the UK's exit from the European Union, the government committed to continued funding to replace the loss of EU funding. The UK Shared Prosperity Fund (UKSPF) was announced providing allocations across the UK 2022/3 to 2024/25 replacing European Structural and Investment Funds providing £2.6bn over the next three years and is expected to be a key part of the delivery of the Levelling Up ambition for the UK. The LGA has raised concerns that funding will need to increase beyond 2024/25 if government is to meet its commitment to match the quantum of the EU programme.

1.7. Key Service Updates

Place & Community

Nature of the service

1.7.1. The Place & Communities directorate includes housing regulation, ASB enforcement, trading standards, CCTV, licencing, food safety, public protection, community safety, waste management, street cleansing, grounds maintenance, parks management, crematorium services, highways design, maintenance & network management, car parking, transport, home to school transport, adult learning, employability and the Creative Academy, libraries, leisure services and community development/wellbeing.

Current service pressures

1.7.2. The key issues facing the directorate in 2023/24 include:

- Downsizing our library service as we transition further to a self-service operational model
- Ensuring the quality of private sector housing let to tenants through Housing Regulation while not undermining the provision of such housing in a market where demand far outstrips supply
- Managing the discontinuation of our CCTV service and collaborating with Thames Valley Police for them to provide an alternative
- Contractual negotiations to optimise our entitlement to a Management Fee from our leisure services provider

- Restructuring our waste collection service to deliver alternate weekly collection
- Sustaining adequate visual amenity within the borough with a ground's maintenance and street cleansing team which was reduced by 40% in 2022/23
- Reducing our units of energy consumed to mitigate cost pressures in energy markets and to further our Carbon agenda
- Managing interrelated transport projects for the improvement of the A4 arterial road running through Slough with outcomes to include, improving safety, encouraging alternative modes of transport to the car, and enabling the economic development of the town
- Enabling the skills and employability initiatives needed to drive the economic development of the town and improve the lives of Slough residents
- Restructuring the directorate management team and rebuilding teams notably:
    - Housing Regulation
    - Crematorium
    - Transport
    - Highways

Covid impacts, recovery and lasting impact of Covid on the service

1.7.3. The most significant remaining covid impact is the re-setting of the business plan for our Leisure Services provider who is rebuilding the number of sports centre memberships following the market impact resulting from covid lockdowns. This commercial recovery influences the contractual mechanism which sees payment of a management fee from the provider to the Council to repay the investment made in the facilities by the Council in the period before the current contract was let.

Financial recovery and future direction of service

1.7.4. The Place & Communities directorate is much smaller in 2022/23 than it was in 2021/22 and alternative funding has been obtained for several services which we provide, examples include:

- Grounds maintenance teams and street cleansing teams have been reduced by 30% with alternative operational practices introduced to enable a safe environment and an acceptable visual amenity to be sustained
- Charges have been introduced for the collection of garden waste and for receipt of DIY and certain other wastes at our Chalvey Household Waste and Recycling Centre
- A 2022/23 Libraries operating model was implemented to deliver budget savings of £400k
- Our Community Development, Active Communities and Community Learning teams are now entirely grant funded
- The Place & Community Directorate was restructured into a new Place & Communities Directorate and a new Housing & Property Directorate on 7 October 2022. Group Manager portfolios were realigned to fit with the new structure. Further realignment of management portfolios will continue into 2023/24 for both directorates as services continue to reshape and resize.

1.7.5. Detailed and intensive work has been carried out jointly with finance colleagues throughout 2022/23 to recalibrate budgets across the directorate to improve understanding and to set up the detailed budgets for 2023/24. This will help support and monitor the commercial recovery of the Place & Communities directorate in 2023/24. Directorate Expenditure Control Panels will continue to ensure that cost centre managers, Group Managers, ADs and the ED understand and are in full control of their budgets and expenditure in collaboration with finance colleagues.

MTFS update

1.7.6. Place and Communities is projecting the delivery of £5.624m of savings in 2022/23 and has identified further savings opportunities of £3.700m for delivery in 2023/24. Savings include:

- Reduction in library staff by increasing self-service and collaborating with staff from other services who will increasingly provide oversight of library areas within buildings
- Moving to fortnightly waste collection with reductions in staff, vehicles and waste disposal costs
- Passing responsibility for public space CCTV monitoring within Slough to Thames Valley Police
- Dimming street and park lamps to reduce spend on electricity
- Increasing fees and charges to ensure that they fully recover all costs,
- Optimal use of grants to support core outcomes
- Removal of optional operational budgets by detailed scrutiny of whether work is essential or is optional
- Directorate restructure to deliver a right size fit for purpose operating model

1.7.7. The Directorate will be reduced in size to reflect the reduced number of services that are to be provided and the reduced volume of activity required from remaining services. Income generating teams will be sized so that they are fully supported by income, wherever practicable, through monitoring of performance metrics and management of productivity.

1.7.8. Where possible, displaced staff will be redeployed to realigned services and activities and branding of teams will be simplified so that it is easily understood and communicated what they do and who does it. Unnecessary tasks and services will be stripped out to focus on doing the basics well.

1.7.9. Budget holders will be provided with accurate accounts and will be held to account for controlling costs, delivering savings and achieving income targets. Costed savings plans will be monitored to ensure that they are delivered with alternative plans implemented where we encounter previously unknown issues or experience demand pressures from these or other areas.

Housing, Property & Planning (HP&P)

Nature of the service

1.7.10. HP&P Directorate comprises of Housing, Property and Planning Divisions. The Housing Division delivers housing management services (including tenancy management, resident engagement) and accommodation services (including allocations and lettings, temporary accommodation, rough sleeping) on behalf of the Council. The Property Division delivers property management services (includes property sales and purchases, office accommodation strategy, property construction) and building management services (includes letting of buildings, corporate repairs, facilities management). The Planning Division delivers building control services, physical planning services and the local plan on behalf of the Council.

Current service pressures

1.7.11. The key issues faced by the directorate are multi-faceted and include: staffing, high caseloads, high placement costs for temporary accommodation, recovery of costs chargeable to benefit, backlog in repairs and maintenance of housing stock, low staff morale, and delivery of financial savings.

1.7.12. The staff pressure faced by the divisions cuts across several service areas. For instance, the Housing Management and Accommodation services are both understaffed and have experienced difficulties recruiting new staff. This has resulted in existing staff carrying unmanageable caseloads leading to poor tenant satisfaction. The Property division has also struggled with recruiting staff and has only recently managed to recruit a property professional to manage the service.

1.7.13. Due to the shortage of temporary accommodation, the Accommodation service is faced with high placement costs. Also, recovery of costs chargeable to housing benefit has not always been possible due to poor processes. A robust client regime is to be put in place to address the backlog of repairs and maintenance issues within the housing stock. Despite the pressures faced by the directorate, it still has to do its part by delivering financial savings like other council departments, but this is compounded with the low morale experienced by staff.

Covid impacts, recovery and lasting impact of Covid on the service

1.7.14. Covid impacted the council departments differently. Within HP&P, it severely impacted on the repairs and maintenance of the housing stock as only emergency repairs were prioritised. The backlog due to covid is still being worked through.

1.7.15. The new ways of working (hybrid) has impacted on the income / rental projections made on some Council owned commercial properties as letting some of these properties has become challenging as most organisations now operate a flexible working policy and no longer require as much space compared to pre-covid times.

Financial recovery and future direction of service

1.7.16. The Housing division, which was broken up under a previous reorganisation with various services and posts managed in different parts of other directorates, has now been brought together under HP&P directorate. New appointments are being made across the various divisions to ensure tried and tested professionals are responsible for running the services.

1.7.17. Partners across the Council are being consulted to assist with the recovery journey. For instance, procurement colleagues are being engaged regularly to assist with the procurement of services and suppliers and to ensure rates offered are competitive. HR colleagues are also being called upon to assist with the recruitment of temporary staff on market salaries and bringing in interim management capacity.

1.7.18. The issue of uncompetitive salaries has been identified within the Housing division as one of the reasons why it has struggled to recruit qualified and experienced staff. The proximity to London has meant these potential staff will rather travel to London to earn competitive salaries. A recruitment strategy is to be developed that will reflect the salaries, skills shortages, and demand for staff in the London areas.

MTFS update

1.7.19. HP&P Directorate has identified savings opportunities of £0.750m for delivery in 2023/24.

1.7.20. The savings to be delivered by HP&P directorate relate to efficiencies around the Facilities Management function. This will be achieved as a result of the reduction in facilities management costs as some of the Council owned buildings have been earmarked for disposal so will not require facilities management once sold. Other savings include the plan to reduce spend on repairs and maintenance at corporate buildings.

Strategy & Improvement

Nature of the service

1.7.21. The Strategy and Improvement directorate comprises the following service areas:

- Strategy – setting the strategic direction of the organisation through the Corporate Plan and strategic framework; managing key strategic partnerships including the Slough Leaders Group; providing insight through analysis of data and evidence and managing key performance information.

- Transformation – leading change through programme management of the Recovery and Improvement agenda, ensuring robust evidence is provided to Commissioners and other interested stakeholders, in relation to addressing Government Directions and other transformational activities.

- Communications and Resident Engagement – leading on internal and external communications and engagement with staff, members, residents, partners, external agencies etc.

- Customer and Business Services –including face to face customer services and the call centre, registration services, corporate complaints and FOI requests, PA and Executive Assistant support, logistics and the post room.

- ICT & Digital – provision of ICT and Digital services for the organisation, residents and partners, and leading on a modernisation programme to ensure technology is available for future needs including enabling more digital interaction with Council services.

- HR – managing all people management issues for the Council including recruitment, Payroll, employee relations, learning and development, health and safety, emergency planning. policies and procedures.

- Democratic and Electoral Services – coordination and support to Council meetings including Cabinet, Council and Scrutiny and management of all elections including local and general elections (note: this area reports direct to the Chief Executive).

Current service pressures

1.7.22. The directorate faces a number of key issues.

1.7.23. The continued pressure on budgets and the need to deliver ongoing savings needs to be balanced with the need and ability to invest in long-term solutions and improvements. For example, the need to invest in ICT to provide improved services for staff and residents in the medium to long-term is constrained by the need to deliver immediate savings.

1.7.24. Rising demand from residents is increasing pressure on customer services and on services across the Council.

1.7.25. A lack of capacity due to vacant posts in key corporate services is putting pressure on existing staff and this is exacerbated by the challenges to recruit additional staff as a result of a highly competitive jobs market in Berkshire and outer London.

1.7.26. As services across the Council reduce in size as a result of savings requirements there is additional pressure on corporate teams, for example, strategy and data, to provide backfill support to fulfil statutory and management information needs.

1.7.27. There are lasting impacts of the failed Our Futures transformation programme and restructure which are still providing legacy problems particularly in relation to staffing changes.

1.7.28. There are further issues, but it is important to note that these, and those mentioned above, are being addressed. Recent restructures and recruitment have ensured capacity and capability are being brought into the organisation to manage the challenges faced by the Council.

Covid impacts, recovery and lasting impact of Covid on the service

1.7.29. Covid affected the directorate's services in a number of specific ways.

1.7.30. All front facing customer services were closed. Local Access points are now operating in Britwell, Langley, Chalvey and Cippenham, but resource levels to operate these face to face services are limited. There is a dependence on other services such as libraries to be able to operate to avoid lone working. A remote contact centre was established during Covid. Since then there has been a partial onsite contact centre.

1.7.31. The vast majority of staff worked at home during Covid. A small number of colleagues were directed into the Covid Operations support team and came into the office on a regular basis. Since lockdown restrictions were lifted there has not been a full return to the workplace with hybrid working being the norm. This is not uncommon across the local authority sector.

1.7.32. There is now a hybrid contact centre with some staff on site and some working from home. An online booking system is in place for face to face appointments and a digital assist offer is in place for customers who need support navigating online services.

Financial recovery and future direction of service

1.7.33. The Directorate has experienced a number of changes over the past 18 months with combinations of services at various times reporting to Finance and Corporate Resources, Chief Operating Officer and now Strategy and Improvement. With a new Directorate bringing together these corporate functions there is now the opportunity to provide greater strategic oversight of core services and manage these within the context of recovery and the financial situation of the Council.

1.7.34. In essence, the new Directorate is focussed on aligning service delivery with the Council's Recovery agenda. The refresh of the Corporate Plan in 2023 will provide the means to ensure that Service Delivery Plans enable the active monitoring and managing of change.

1.7.35. The future of the services in the Directorate will be reviewed to ensure best value is delivered and the extent to which greater efficiencies can be achieved through alternative means of service delivery.

MTFS update

1.7.36. The Directorate has a 2022/23 budget (as at period 6 / September 2022) of a net £20.261m, comprised of a gross controlled expenditure budget of £23.757m and a gross income budget of £3.496m. The quoted figures for the Strategy and Improvement Directorate includes Business Services which is soon to transfer across to the Housing & Property Directorate.

1.7.37. The Directorate (including Business services) is projecting the delivery of £1.772m of savings in 2022/23 and has identified further savings opportunities of £1.823m for delivery in 2023/24.

1.7.38. The types of savings include reductions in staff, cessation of some corporate outdoor events, termination and / or reduction in licenses and re-procurement of some IT contracts at lower costs and reduction in telephony costs from reprocuring.

1.7.39. The focus of the Directorate will be on reviewing all its services to align activities where possible and stop unnecessary tasks and services. Budget holders will be accountable for controlling costs and managing the delivery of savings action plans.

Finance & Commercial

Nature of the service

1.7.40. The Finance & Commercial directorate comprises the following service areas:

- Strategic Finance – setting the strategic direction of the organisation through planning the finances of SBC to meet its strategic goals. Production of financial statements. Responsible for Treasury Management and investment/borrowing decisions.

- Financial Management – Responsible for assisting services to achieve their service objectives through decision support analysis, budget monitoring, budget setting and tracking delivery of savings targets.

- Revenues & Benefits – maximising and distributing revenue from council tax and business rates. Reducing fraud and ensuring eligible claimants receive timely payments. Also includes the Transactions team which manages accounts payable, receivable and debt management.

- Internal audit – presenting independent, objective assurance to add value and improve on SBC's operations by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

- Commercial services – strategic oversight of the process of purchasing goods and services for SBC services, oversight and guidance of contract management to ensure value for money.

- Risk, insurance, counter fraud – Procurement and management of Insurance policies; identifying, assessing and controlling financial, legal, strategic and security risks to and to reduce risk, and to apply resources to minimize, monitor and control the impact of negative events while maximizing positive outcomes.

- Financial systems - responsible for installing and maintaining a financial system that upholds the integrity of gathering, storing and analysis of financial information for informed decision making.

Current service pressures

1.7.41. The directorate has faced a number of key issues:

- Grossly inadequate records and professional standards in the production of previous years' (2018/19, 2019/20, 2020/21, 2021/22 (part)) accounts and budgets

- Inadequate reserves to cover any incidental costs that are common to an organisation of this Council's size

- Very poor professional standards

- Inadequate finance service structure to support the successful outcomes of the Corporate plan

- Inadequate design and operation of the systems resulting in loss of integrity in data and information held, as well as potential loss of income generation due to systems isolation and inadequate integration of relevant systems

- Grossly inadequate initial capitalisation direction for 21/22 budget as a result of poor historical records and processes / procedures.

- Effects and impact of S114 on all aspects of services and delivery

- A Council facing at one stage a potential total Capitalisation Direction of £782m, unprecedented in local government, with the addition of a forecast major DSG overspend of £40m plus

1.7.42. Further issues which need to be managed include:

- Achieving asset sales on time and at the estimated price

- Dealing with the local government financial settlement

- Dealing with related cost pressures due to interest rates, energy costs etc

- Challenge in attracting skilled personnel on permanent contract with the current SBC offer seemingly lower than other neighbouring boroughs

- Transitioning from current interim staffed service to permanent staff with minimum disruption to key deliveries

Covid impacts, recovery and lasting impact of Covid on the service

1.7.43. Covid affected the directorate’s services in a number of specific ways.

1.7.44. Substantial working from home, now a commonplace across the department has created to a certain extent, a challenge in managing and monitoring staff remotely.

1.7.45. Recruitment of permanent staff has become a challenge after covid as a number of other local authorities offer more remote working with the added incentive of London weighting package, and at some levels there is increased demand/limited supply of both permanent and temporary applicants. This has led to an increase in the rates needing to be paid to secure staff to fill vacancies.

1.7.46. The impact of covid has created much higher debts on Council tax due to the payment holidays offered during the covid period. Recovery of Council Tax debts are returning slowly, but there is still a long way to go.

1.7.47. The investment in IT infrastructure has allowed the hybrid working model to work better which has promoted a more flexible, collaborative and balanced work environment.

Financial recovery and future direction of service

1.7.48. The Directorate has experienced changes over the past year with other services such as Revenues & Benefits and Counter Fraud becoming part of the directorate.

The department is working on getting the basics right across all the Directorate's functions through the continuing rectification of the significant historical challenges with poor basic financial control processes and procedures. Continuing action will be taken to improve the basic financial systems and processes through the upgrade and development of all relevant and related systems.

1.7.49. The Finance & Commercial directorate is aimed at dealing and completing all the recommendations from various reports issued by CIPFA, DLUHC, Grant Thornton and the Directions (finance only) issued by the Government during 2021/22. 69 per cent of all recommendations have been completed or are continuously ongoing with good progress with the remainder on track to complete during 2022/23. The remaining recommendations will be implemented in the medium to longer-term due to their nature although a vast majority are expected to progress during 2022/23 and 2023/24.

1.7.50. The performance and improvements of our key services will be reviewed and monitored regularly by the agreed service plan for each service and their responsibility for delivery. Each service has a clear agreed objectives, key performance indicators and key improvement actions for the current 2022/23 and beyond.

1.7.51. The department is working on bringing back in-house some outsourced functions by implementing and consolidating some of the key changes for which some have been almost completed such as the Contract Management and Procurement functions. Work continues to get the agreed remaining services in-house by the beginning of next financial year. This is a key area for further development and improvement for the current year and beyond. This is crucial to the Council's ability to achieve value for money.

1.7.52. A considerable amount of work is ongoing to improve company governance with a wide variety of changes. These changes have a significant impact on the Council's financial position over the next few years, reducing borrowing requirements, MRP and the Council's exposure to financial risk. The improved governance arrangements will also enable the Council to make timely informed decisions on key strategic and financial matters that are critical to the Council's capitalisation direction.

1.7.53. The Directorate is guided on improving its key functions by positioning service delivery and performance with the Council's Recovery agenda through the 2023 Corporate Plan to achieve greater efficiencies and effectiveness.

MTFS update

1.7.54. The Directorate has a 2022/23 operating budget (as at period 9 / December 2022) of a net £9.096m, comprised of a gross controlled expenditure budget of £25.908m and a gross income budget of £16.812m.

1.7.55. The Directorate is projecting the delivery of £1.051m of savings in 2022/23 and has identified further savings opportunities of £7.506m for delivery in 2023/24. There are further savings of £2.150m which are cross-council in nature (e.g. fees and charges and support service savings) which will be allocated to the relevant service areas in due course.

1.7.56. The types of savings to be delivered by the Directorate include reductions in staff and in the use of agency staff, increased taxbase and collection rate, reduction in audit fees, pension contribution discounts, budgeted overhead cleanse, reduction in fraudulent claims on the single persons discount and reduction in the minimum revenue provision.

1.7.57. Another pertinent focus of the Directorate will be on replacing the majority (if not all) of the interim staff to deliver a more permanent team, especially at the senior level, and the continuous effort to stabilise the finances of the Council and set out a clear way forward in the very unique and challenging circumstances facing SBC. This will include reviewing and monitoring the delivery of all 2023/24 savings across the Council, as well as co-ordinating the drive towards identifying future years' budget savings.

People (Adults)

Nature of the service

1.7.58. The directorate comprises of Adult Social Care Operations, Mental Health, People Strategy & Commissioning, and Public Health.

1.7.59. **Adult Operations** provides multi-disciplinary social care Assessment & support for some of the most vulnerable people in Sough, including from:

- Hospital Discharges
- Social Work
- Occupational Therapists (OT)
- Care & Support planning
- Reablement & Safeguarding
- Also support for people in their own home

1.7.60. **Mental Health -** provides mental health services to residents in Slough and surrounding areas. Community Mental Health Team (CMHT) works with the local NHS, Berkshire Health Care NHS Trust (BHFT) to provide joint resources by way of Service Level Agreement (SLA), to avoid duplications in service provision, jointly purchase services to meet clients' needs or combine staffing resources to effect efficient mental health outcomes

1.7.61. **People, Strategy & Commissioning -** manage the care market, provide Quality Assurance, procurement & management of contracts, and Brokerage of Support Packages

1.7.62. **Public Health -** Supports Strategic Management of services in place to address wider determinants of Health and Wellbeing in Slough.

Current service pressures

1.7.63. Current Service pressures and risks include:

- Ongoing requirements around the local "Cost of Care" reform and Market Sustainability Plan - significant effort went into the Government required proposal in 22/23, which could have an adverse effect on the Provider market – with significant risk of above inflation expectations of price uplifts from providers

- There is significant ongoing pressure on local National Health Services, resulting in a critical incident being declared across the Frimley Health and Care Integrated Care System in Dec 2022.

- Delivery of the Transformation program and associated financial efficiencies in a market with excessively inflating cost above affordability

- Clients with increasing complexities, resulting in more expensive specialist provision.

- The introduction of CQC assurance and inspection regime for Social Care in Local Authorities putting additional pressure on staff undertaking preparatory works.

- Cost of living crisis and impact on underlying cost of care provision, including vulnerable clients with limited scope to increase their income

- Difficulties recruiting in highly competitive market

Covid impacts, recovery and lasting impact of Covid on the service

1.7.64. There are significant risks and operational challenges post pandemic for adult social care in Slough. These include:

- a reduction in the social care workforce – with people choosing to leave the workforce for better pay and less stressful work and recruitment into social care becoming harder for the same reasons

- staff across all parts of adult social care in Slough have worked hard and tirelessly over the last few years but the workload continues to be demanding and creates a risk of burnout in staff.

- more people needing support than planned as people’s health and mental health has been impacted by the pandemic. Greater understanding of the impact of long covid on adult social care demand is required.

- Although there has been some temporary funding provided for the discharge to assess programme through the NHS, the long-term impact of the numbers of people discharged from hospital both during the pandemic and current crisis could leave the council with increased costs.

Financial recovery and future direction of service

1.7.65. Delivering the adult social care transformation programme will support both the adult social care and corporate strategy of operating within its budget, whilst continuing to meet its statutory responsibilities, against the backdrop of an ongoing financial recovery.

1.7.66. Promoting people’s independence, supporting them to live at home with as much choice and control over their lives as possible, as well as ensuring people are safe will remain the key direction of travel for adult social care. Enabling this to happen in an integrated way with the local Integrated Care System as well as opportunities for more joint working across East Berkshire Councils will provide options to support this delivery whilst maximising value for money for stakeholders.

MTFS update

1.7.67. People - Adults is projecting the delivery of £5.900m of savings in 2022/23 and has identified further savings opportunities of £5.688m for delivery in 2023/24.

1.7.68. The Directorate began a three-year transformation journey in 2021/22, aiming to deliver efficiencies as part of a wider integrated vision for harnessing community assets, promoting a strength-based approach and targeting interventions to achieve greatest impacts.

1.7.69. The programme aims to achieve a robust and sustainable approach to delivering ASC, which supports recovery from the pandemic, containing a number of projects aimed at delivering financial savings and supporting the service to become sustainable and more efficient. This will be in the context of changed ways of working, whilst continuing to deliver better outcomes for residents with social care needs.

People (Children)

Nature of the Service

1.7.70. The directorate covers all education related services, including statutory and some non-statutory responsibilities to schools. The services are:

- Admissions (Including Home to School Transport)
- Attendance (including Elective Home Education and Children Missing Education)
- SEND
- Education Psychology
- Children's Centres
- Early Years
- School Effectiveness
- Music

Current Service Pressures

1.7.71. The service has operated with one AD instead of two since November 2021. This has meant a directorate operating with a lack of real capacity and ability to strategically deliver on council objectives. This was identified in an LGA review in September 2022. A restructure is planned that will be able to address the issues and ensure a sustainable service going forward.

1.7.72. There is a SEND Green Paper and an Education White Paper impending, outlining responsibilities on LAs to deliver services. Whilst the Schools Bill, which sought to put the priorities in the White paper on a statutory footing has been scrapped the DfE have stated they remain committed to the Attendance element which may mean additional statutory responsibilities in the Attendance service

1.7.73. There are several key pressures in each area identified briefly below:

- **Admissions (Including Home to School Transport)** – The new statutory Admissions Code 2021 introduced three main changes relating to in-year admissions, looked after and previously looked after children and fair access protocols. The service is addressing what it needs to do to ensure compliance and working with schools to achieve this. Home to School Transport is funded from the General Fund but a new home to school transport policy should support the aim for more independent travel for young people and a reduction in cost.

- **Attendance (including Elective Home Education and Children Missing Education)** – New statutory responsibilities may be made around attendance of children and young people at schools, regarding Children Missing Education and Elective Home Education. Until then the service is dealing with additional demand following the pandemic. The pandemic saw a rise in children being Electively Home Educated. There are signs this is coming down. The service will continue to monitor this closely and work with schools and the DfE on effective practise.

- **SEND** – The SEND service is subject to a Written Statement of Action following an inspection from Ofsted and this is being monitored by the DfE. As such it is a high corporate risk. Regular reporting on the progress on the WSOA and wider service improvements is required at Cabinet. Additional staffing has been recruited to in the SEND service and will support capacity and improvements in this area.

- **Education Psychology** – The service has suffered with high turnover of staff. There is a shortage in recruitment. However, this is a national issue. The SEND service has a high dependency on the EP service as reports are needed from EPs to complete the EHCP process. There are locums in place to support the short term, but permanent recruitment is planned and ongoing.

- **Children's Centres** – Consultation has been launched on changes to the service, utilising a smaller number of buildings and more targeted services. A report will be presented to Cabinet for a final decision, including the outcome of the consultation.

- **Early Years** – The service has been operating well but has some and staff vacancies. These roles are being recruited to.

- **School Effectiveness** – The Group Manager for School Effectiveness role is vacant and being covered by the Associate Director. This role does all the school visits for maintained schools. The LA has statutory duties around school effectiveness for maintained schools in order to ensure educational standards are high and to risk assess school that may be at risk of failing. The vacancy has created capacity issues. However, the role and approach to school effectiveness will be revisited in the impending restructure of the directorate. Alternative ways of monitoring and delivery are being explored and present a good opportunity to approach school effectiveness in a different way.

- **Music** – This service is fully funded externally by the Arts Council. Budgetary pressures are contained within the service.

Covid impacts, recovery and lasting impact of Covid on the service

1.7.74. Schools are getting back to business as usual following a very challenging two years through the pandemic. However, the biggest effect is on the young people that had their education disrupted for two years. This is likely to have affected the most vulnerable, e.g. children with SEND and those that are disadvantaged.

1.7.75. The LA services play a vital role in the support structure for schools and young people as outlined above and will need to be strengthened to meet demand and challenge.

Financial recovery and future direction of service

1.7.76. The service has proposed savings as far as currently possible. Most services are fully or at least part, externally funded.

1.7.77. Action plans are in place for each service area in order to ensure and maintain a good level of service delivery, notwithstanding the issues and challenges outlined above.

1.7.78. Key to recovery and good service delivery is an impending restructure of the directorate, as recommended in the LGA review.

MTFS update

1.7.79. The People – Children Directorate has a 2022/23 budget (as at period 6 / September 2022) of a net £8.091m, comprised of a gross controlled expenditure budget of £16.065m and a gross income budget of £7.974m. This excludes DSG and Slough Children First. Also £7.273m of gross expenditure and £6.042m of gross income relates to the schools PFI project and is therefore ringfenced.

1.7.80. As part of the budget for 2022/23, the directorate set a savings target of £1.109m. The current projected achievement against this target is £0.832m (75%)

1.7.81. The forecast outturn for 2022/23 as at period 6 is an overspend of £0.035m

1.7.82. The directorate is proposing £1.013m of savings towards the Council’s overall target for 2023/24 for review by the Scrutiny Committee

1.7.83. The key issues currently faced by the directorate are as follows:

- Current structure in People Children is not fit for purpose. At present the service is being led by one AD but is designed for two ADs. 3 of 7 Group Managers are acting up and one GM post is vacant. A restructure is being presented for approval which is also planned to achieve savings.

- The SEND service is currently a high corporate risk following a SEND area inspection by Ofsted in September 2021. Additional staffing capacity in SEND which has already been approved and recruited to, will support improvements in that area.

1.7.84. The following savings proposals have been put forward for delivery to contribute towards the 2023/24 budget target:

- **Proposal 1 - Home to School Transport - £0.800m over two years** – As part of a drive to ensure the efficient and economic delivery of services Slough Children's Services have identified savings of £0.800m (2023/24: £0.595m; 2024/25: £0.205m) in their Home to School Transport (HTST) Assistance offer that is in addition to previous savings in this area.

- **Proposal 2 - Staff Restructure - £0.263m over two years** – A restructure was recommended by the LGA to make the service fit for purpose. A draft restructure has since been proposed and seen by the LGA. Of the above saving, £0.210m is projected in 2023/24.

1.7.85. A restructure will ensure a better and fit for purpose directorate able to better meet the demands and needs of young people. It will lay the foundations for a more resilient future.

Slough Children First

Nature of the Service

1.7.86. Slough Children First provides Children's Social Care and Early Help Services to the Council through a service contract.

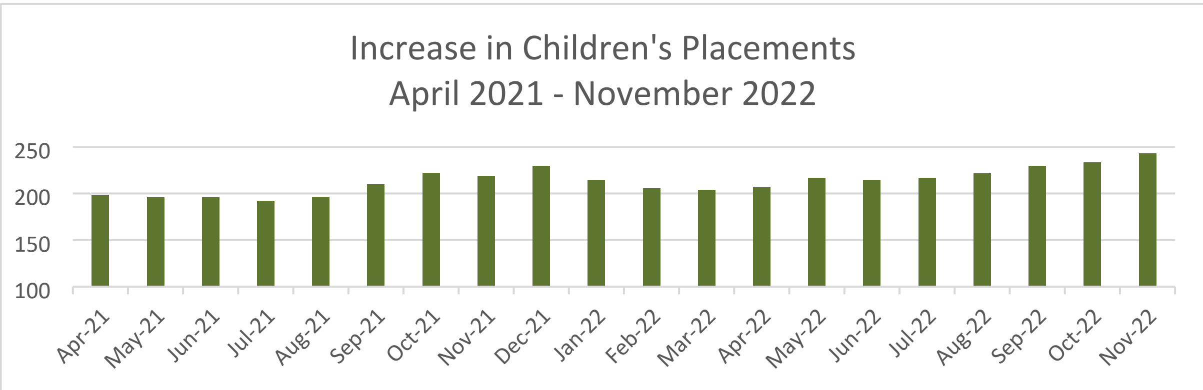
1.7.87. The company was previously Slough Children's Services Trust and the contractual arrangement has been in place since October 2015, under the direction of the DfE when Slough Children's Services were judged as Inadequate. Services are now judged to be Requires Improvement.

Current service pressures

1.7.88. The company faces five main pressures:

Increase in Children's Placements

1.7.89. A growing number of children looked after and requiring support. This appears to be a national issue with the after effects of Covid, the cost of living crisis and increasing numbers of Unaccompanied Asylum Seekers all having an impact on numbers.



1.7.90. Although numbers vary seasonally the graph shows an increasing trend of placement numbers. From November 2021 – November 2022 placements have increased from 219 to 243, an increase of 11%. This not only has an impact on the cost of placements but staffing as well.

1.7.91. The company are planning to reduce the numbers of placements by improving early intervention. They are doing this be investing in their Early Help and Edge of Care Services.

Increased costs of external placements

1.7.92. Children looked after are placed with internal fostering services, independent fostering agencies and residential placements. There is a shortage of fostering places in Slough, partly due to those fostering having limited capacity to take more than one child and SCF needing to place a number of children from the same family. Increased inflation and a shortage of staff in Residential Homes has increased costs and the increasing demand, not just in Slough but regionally has meant a shortage of places increasing costs of places.

Increased Staffing Costs

1.7.93. The company has struggled to retain permanent Social Workers with annual turnover of approximately 34%. This has led to a significant number of agency staff with resulting higher costs. In 2022/23 these costs are forecast to be £6m out of a total staffing spend of £19m.

1.7.94. There is also a need to have more Social Workers to manage the increasing number of cases. The plan in 2023/24 is to mitigate the increases in costs of additional staff by recruiting more permanent staff and reducing the number of agency workers.

Increased Legal Costs

1.7.95. The budget for legal services in the 2023/24 business plan are forecast to increase from £1.5m to £2.1m to reflect current spending levels.

Loss of DfE Running Costs Grant

1.7.96. The DfE have historically provided the company a grant to help pay for some of its senior staff of £2.2m p.a. They have indicated for a while that they would be making significant reductions in the grant and in December 2022 confirmed the grant would reduce to £0.8m, a reduction of £1.4m. The staffing paid for by the grant are for essential staff, including Social Work team managers and support staff that would be required if the Council, rather than the company provided the service. The remaining £0.8m represents the costs of additional staff and board members required to run an independent company.

Covid impacts, recovery and lasting impact of Covid on the service

1.7.97. Covid and the resulting lockdown had an impact on the number of cases, there were particular surges in numbers when children went back to school and became more visible to partners. Social Workers continued to work through Covid although lockdown restrictions made this difficult. They have now returned to normal working practices.

MTFS Update

2022/23

1.7.98. The budget set for 2022/23 incorporated a £2.7m net reduction in funding, against a backdrop of a £2.0m overspend in 2021/22 pre Covid funding with planned savings of £4.7m.

1.7.99. Slough Children First (SCF) are projecting a £5.6m overspend in 2022/23 compared to its original budget due to an increase in the number of children taken into care, higher than anticipated inflation and some savings and income targets not being achieved.

1.7.100. Like other councils, the company has struggled to retain social workers with turnover at 34% which has meant a reliance on agency staff, further adding to the overspend.

1.7.101. The overspend has been partly mitigated by two in-year funding requests totalling £1.5m reducing this to £3.8m, approved by Cabinet in September and December 2022.

1.7.102. SCF will submit a further in year funding request in 2022/23 to cover their remaining pressures in parallel to the 2023/24 budget approval process.

2023/24

1.7.103. SCF has produced a draft five-year Business Plan 2023/24 – 2027/28, however the Board have not agreed this plan for submission to the Council. A separate report provides more detail on this.

1.7.104. The draft Business Plan had originally requested a net increase in funding from the Council for 2023/24 of £10.3m compared to 2022/23, meaning if agreed the budgeted core contract payment would increase from £31.4m to £41.7m an increase of 33%. This request incorporated growth and inflation of £11.4m and assumed savings of £1.1m.

1.7.105. A Contract Sum of £36.1m is recommended for approval in a separate cabinet report, an increase of £4.6m, or 15%. This is set to take account of the in-year funding pressures submitted for 2021/22 and 2022/23 and increased demand. This amount ensures SCF remains solvent through the course of 2023/24 and gives the new DCS the opportunity to review the Business Plan and submit revised proposals later in 2023/24, taking into account the Council's overall financial position. Any future proposals will be considered alongside other Council priorities..

2023/24 – 2027/28 Business Plan

1.7.106. SCF should have submitted its Business Plan to the Council by 30 September 2022 in accordance with the requirements set out in the Articles of Association to allow sufficient time for this to be considered by Overview and Scrutiny Committee as part of the budget setting process. The previous year's plan was only approved on an interim basis and the re-submitted plan was subject to a DfE commissioned review by Mutual Ventures.

1.7.107. SCF have requested additional time to submit a new business plan taking account of the recent Ofsted inspection and the arrival of a new executive leadership team. This will be submitted to Cabinet in the second quarter of 2023/24.

1.8. Financial Context

Foundation

1.8.1. An authority's Medium-Term Financial Strategy (MTFS) integrates strategic and financial planning over a defined period e.g. four years. It translates Strategic Plan priorities into a financial framework to enable Members and Officers to ensure policy initiatives can be delivered within available resources which are aligned to priority outcomes.

1.8.2. The Council's last approved MTFS from March 2022 Full Council for 2023/24 estimated a shortfall to a balanced budget of £66.190m. Substantial work has been undertaken over the intervening year in order to address outstanding years of financial statements, embark upon the asset disposal strategy and understand more fully the risks and pressures inherent in the Council's budgets and operations. This has enabled the Council to better clarify the budget deficit position in respect of prior years, reduce substantially the MRP impact in light of projected asset sales and refine other assumptions within the Capitalisation Direction modelling. A request was also made to DLUHC for an increased level of council tax without referendum which has been approved. As a consequence of all this work, the projected shortfall for 2023/24 has been reduced to just under £32m.

2023/24 MTFS and Budget Build

1.8.3. The total savings requirement 2023/24 amounted to £22.4m. This is higher than originally planned due to the economic shocks which came to light through the year in terms of higher than expected inflation, interest rates, and cost of living implications. The saving enables the Council to fund the unavoidable pressures on the Council's budgets from inflation, demands on services and changes to the Council's overall funding envelope from Council Tax, Business Rates and Government grants.

1.8.4. The Council is facing continued uncertainty on future funding, from a future planning perspective, after making reasonable provision for growth, inflation and Council Tax increases it is projecting that it will need to make savings of £12.9m per annum from 2024/25 until 2028/29 at which point it will no longer need a capitalisation direction.

1.8.5. The capitalisation direction is discussed in more detail below and specifically its impact on the Council's budget and funding.

Financial Deficit & Capitalisation Direction

1.8.6. The Capitalisation Direction is broken down into three elements:

- up to 2022/23 financial deficits
- 2023/24 budget deficit
- post 2023/24 projected deficits until a balanced budget is achieved

1.8.7. The estimated base case for the financial deficit that the Council is seeking a capitalisation direction from DLUHC is now estimated at £357.1m (last year's estimate: £478.7m):

Capitalisation Direction Breakdown	Up to 2022/23 £'000	2023/24 £'000	Projected Post-2023/24 £'000	Total CD £'000
Estimated Financial Deficit	267,073	31,575	58,422	**357,070**

1.8.8. The estimated deficit for the period up to 31 March 2023 of £267.1m includes historic errors and prior period accounting adjustments which without financial support from DLUHC would result in the Council having a negative level of balances and reserves.

Up to 2022/23 financial deficit

1.8.9. The financial deficit of £267.1m for the period to 31 March 2023 is broken down as follows:

Breakdown of Capitalisation Direction	Pre-2019/20 £'000	2019/20-2021/22 £'000	2022/23 £'000	Total £'000
Forecast Outturn Position	13,244	26,084	(1,601)	**37,727**
Minimum Revenue Provision (MRP)	32,871	24,467	17,673	**75,011**
Companies & Subsidies	0	1,161	8,773	**9,934**
Original Capitalisation Direction	0	12,200	0	**12,200**
Incorrect capitalisation of staff costs	29,360	19,488	1,000	**49,848**
Increase Reserve Levels	0	20,000	1,000	**21,000**
Additional Growth for new years of MTFS	0	1,065	4,773	**5,838**
Emerging Pressures, Contingencies, and Provisions	2,540	27,979	17,496	**48,015**
Fund redundancy costs	0	0	7,500	**7,500**
Total	**78,015**	**132,444**	**56,614**	**267,073**

1.8.10. The majority of the financial deficit up to 31 March 2023 can be attributed to:

- inadequate minimum revenue provision – the single biggest amount within the capitalisation direction is due to the incorrect accounting for Minimum Revenue Provision for many years. The amount undercharged from 2008/09 to 2021/22 is £57m, with a further £18m needed for 2022/23. The benefit of the asset sales does not impact significantly until 2023/24 and 2024/25.

- Emerging pressures, contingencies and provisions of £48m, consisting of

- inadequate provisions and historical budgeting issues estimated at £39m in a range of areas including bad debts such as adults social care, sundry debts and insurance;
- £15m to rebuild resilience and enable transformation;
- offset by £6m in a more recent improved settlement.

- incorrect capitalisation of revenue costs totalling £50m, the majority of this is for the period to 2021/22 (£49m) which includes £24m of costs incorrectly capitalised relating to transformation funding, £4m for incorrectly recognised overage costs and £21m for incorrectly capitalised costs of property and IT staff to projects

- non receipt of expected dividends from Company investments and potential liabilities in respect of winding up some of these companies totalling c£10m

- inadequate budget estimation, inaccurate accounting and reporting and failure to deliver planned cost savings, leading to adjustments to prior year outturns of circa £39m.

- In order to rebuild more robust financial resilience for the council, £21m has been built back into reserves in order to protect the council from future shocks once the CD has been reduced and repaid, and money has also been invested to fund increased inflation and energy costs in 2022/23.

2023/24 Budget Deficit

1.8.11. After accounting for inflationary and demand pressures on services discussed above which are funded from proposed savings, the Council has identified that a deficit of £31.6m will be left for the Council to resolve through capitalisation. The issues which result in this projected deficit were presented to DLUHC as part of a recent update on the capitalisation direction and refined as follows:

Breakdown of Capitalisation Direction	2023/24 £'000
Pressures:	
Budget Pressures Brought-Forward	56,614
Pressures, growth and contingency	10,935
Additional Growth for new years of MTFS	9,718
Prior year outturn not ongoing	1,601
Subtotal	**78,868**
Reduction in previous pressures:	
Minimum Revenue Provision (MRP)	(3,895)
Companies & Subsidiaries	(3,009)
Redundancy Costs	(7,500)
Subtotal	**(14,404)**
Offset by:	
Settlement – grants	(5,677)
Council tax – at 4.99% incl. social care levy	(3,200)
Further council tax at 5% less cost of support scheme increases	(1,590)
Savings proposals	(22,422)
Subtotal	**(32,889)**
Total Capitalisation Request for 2023/24	**(31,575)**

1.8.12. The majority of this estimated budget deficit for 2023/24 is attributed to the budget deficit implicit in the prior year carried forward (£56.6m), plus:

- Inflation on staff costs and contracts of £9.7m

- Contingency for known risks and pressures of £12.5m, less £1.5m due to the end of time-limited budgets, reductions in commercial rent income through the asset disposal strategy and the release of collection fund receipts identified to smooth over subsequent years.

- a reduction in Minimum Revenue Provision of £3.9m as a result of action taken and planned to dispose of investment properties and surplus land and buildings in order to finance the Capitalisation Direction

- removal from base budget and pressures brought forward (i.e., one-off funding only) the £7.5m for redundancy costs in 2022/23, elements of the projected outturn relating to 2022/23 of £1.6m, and £3m originating from Council owned companies such as prior year impairments on loans and running costs.

- Offset by the impact of an increase in Government grants, council tax at 9.99% less increased support scheme costs totalling £11m.

- £22m in new revenue savings put forward by Directorates.

2023/24 Budget Deficit and Capitalisation Direction

1.8.13. In proposing the 2023/24 revenue budget for the Council it is important to make a distinction between the funds available from Council Tax, Business Rates and Government grants i.e. the "base budget" and the final budget requirement which incorporates all the costs the Council needs to meet. The difference between the base budget and the budget requirement forms the deficit which has to be funded by the Capitalisation Direction.

1.8.14. The Council's base budget for 2023/24 is £143.4m and reflects changes for:

- growth for pressures and inflation which are funded by proposed savings
- virements to adjust for time-limited budgets and agreed movements between directorates
- realigning specific grants to services from "below-the-line"

1.8.15. The Council's budget requirement for 2022/23 is £143.4m compared to available funds of £111.8m therefore resulting in a budget deficit of £31.6m which will need to be funded by the capitalisation direction.

	2022/23 Working Budget	Growth and Pressures	Net Savings	Corporate Adjustments	Net Funding Changes	Reduction in Capitalisation Direction	2023/24 Proposed Budget	Capitalisation Direction	2023/24 Budget excluding Capitalisation Direction
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Net Expenditure	189,410	12,218	(22,422)	(31,760)	(4,068)	0	143,377	(31,575)	111,802
GF Funding	(189,410)	0	0	343	(6,790)	52,480	(143,377)	31,575	(111,802)
Net GF Position	**0**	**12,218**	**(22,422)**	**(31,417)**	**(10,858)**	**52,480**	**0**	**0**	**0**

Key Components of 2023/24 Budget

1.8.16. It should be noted that to deliver the Council's policy priorities and a balanced budget which is currently projected to be achieved by 2028/29, very significant savings to the Council's net base budget will be required year on year. The level of these savings has been determined to be £12.9m from 2024/25 through to 2028/29, which is significantly reduced from a level of £20m projected a year ago.

1.8.17. The key components of the 2023/24 proposed budget by Directorate are:

- Growth for Pressures and Inflation:

Directorate	Growth and Pressures £'000
People (Adults)	0
People (Children)	615
Slough Children First	4,632
Place & Community	529
Housing, Property & Planning	5,812
Strategy and Improvement	130
Finance & Commercial	0
Corporate Budgets	500
Total	**12.218**

- Savings proposed by Directorate:

Directorate	Savings Proposed £'000
People Adults	5,688
People Children	805
Place & Communities	3,700
Housing, Property & Planning	750
Strategy and Improvement	1,823
Finance & Commercial	7,506
Cross-Council	2,150
Total	**22.422**

1.8.18. Appendices A1 to A4 present the proposed budgets and changes for 2023/24 in more detail.

Equalities Impact Assessments

1.8.19. It is important to note that the budget is the financial expression of the strategic plan and our operational intent, and where known, the equality impact of change is disclosed. There are also a number of individual decisions that will arise over the period of the 2023/24 budget and these will continue to be the subject of specific and more detailed equality impact assessments in line with the Council's Equality Impact Assessment (EIA) guidance. Political decisions will only be taken once effective and meaningful engagement has taken place on a need-by-need basis. In making any decisions we must have regard to the Public Sector Equality Duty (PSED) under section 149 of the Equality Act 2010.

1.8.20. Part of the equalities governance is to ensure that equality impact assessments are undertaken when considering new and/or revised policies to inform and underpin good decision-making processes. This also helps us pay due regard to our equality obligations.

1.8.21. Attached to this report as Appendix E is a set of Equalities Impact Assessments that discusses the most significant equality pressures for each service area, informed by an equality analysis. This includes a review of proposed budget changes for 2023/24 e.g. proposed savings and what positive or negative impacts, if any there are from these on groups in the Slough.

Post 2023/24 Projected deficit to balanced budget

1.8.22. The financial deficit is projected to extend beyond 2023/24 and requires additional support through further Capitalisation Directions of existing expenditure to assist the Council to reach a stable position with a balanced budget.

1.8.23. This projection assumes that that the Council will be able to deliver year on year savings of £12.9m per year and that the ongoing support described above will be agreed by DLUHC.

1.8.24. Based on current estimates and known information, the Council's deficit in 2024/25 after assumed funding from Council Tax, targeted savings and additional capitalisation of existing costs would be £23.1m reducing to £0m by 2028/29. Over the period from 2024/25 to 2047/48 the net estimated deficit is expected to be £58.4m:

Breakdown of Capitalisation Direction	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000	2030/31 to 2047/48	Total
Roll forward of budget pressures	31,575	23,078	16,917	12,159	6,268	(0)	0	89,997
Emerging Pressures, Contingencies, and Provisions	(1,976)	400	2,100	(5,000)	3,700	1,300	0	524
Additional Growth for new years of MTFS	14,000	11,400	11,400	11,400	11,400	11,400	205,200	276,200
Companies	(1,230)	(700)	(1,113)	4,580	(5,000)	0	0	(3,463)
Minimum Revenue Provision (MRP)	(2,871)	(745)	(434)	36	734	411	(1,047)	(3,916)
Settlement	80	84	89	93	98	0	0	444
Council Tax	(3,600)	(3,700)	(3,900)	(4,100)	(4,300)	(4,600)	(134,800)	(159,000)
Savings Required	(12,900)	(12,900)	(12,900)	(12,900)	(12,900)	(8,511)	(69,353)	(142,364)
Net Estimated Deficit	**23,078**	**16,917**	**12,159**	**6,268**	**0**	**0**	**0**	**58,422**

Reserves and Balances

1.8.25. Local authorities hold balances such as the General Fund and Housing Revenue Account balance as well as earmarked reserves for different reasons but typically as a means to:

a. **Cover unforeseen spending pressures** – for example a major flood or other incident could have a big, uninsurable, impact on Council services. This would place undue pressure on the budget.

b. **Manage general risk and uncertainty** – councils operate in very uncertain times, where there can be significant changes to in year funding. This means that councils need to hold reserves to protect themselves against big funding shifts and buy them time to bring their budget into balance.

c. **Meeting known risks and future commitments** – often these are known as earmarked reserves. These are reserves held for a specific purpose, for example an insurance reserve,

d. **Holding monies on behalf of other bodies** – the schools revenue balances are an example of this.

1.8.26. As at 31 March 2022, the Council's estimated General Fund balance is £21.5m, of which £20m comes from the Capitalisation Direction. As the work on completing the statutory Statement of Accounts for 2018/19, 2019/20 and 2020/21 continues, historic accounting errors are being identified and addressed through the Capitalisation Direction which would otherwise be incurred against the Council's General Fund (or Housing Revenue Account balances) and earmarked reserves.

1.8.27. The estimated earmarked reserves held by the Council at the end of March 2022 totalled £29m. The majority of these funds were accumulated during 2020/21 and 2021/22 as part of the Government's covid response measures to be used for specific purposes such as helping local business and managing the outbreak of covid and must be repaid to DLUHC. In addition, school balances amount to £10.3m and cannot be used for general purposes.

	£m
Repayable to Government	17.0
School balances excluding DSG	10.3
Other	1.8
Total	**29.1**

1.8.28. As a means to build resilience for the Council, the medium-term financial plan also expects at least £1m per annum to be put in reserves from revenue balances. This is the bare minimum position and will be subject to on-going review and risk assessment.

1.9. Council Tax

2022/23 Council Tax

2022/23 Council Tax Base (No. of Band D Equivalent Dwellings)

1.9.1. The calculation of the Council Tax base is a key variable to setting the basic amount of Council Tax for the Council, parishes and major preceptors. The 2022/23 Council Tax Base was approved at Cabinet on 16th January 2023. This was calculated as 43,160.1 (Band D equivalents).

1.9.2. Within the borough, there are three parish councils who set a precept for their respective areas that are billed alongside Council Tax for Slough and the major Preceptors, Police and Fire. The precept is based on the approved tax-base for that specific area, the breakdown of which is:

Band D Equivalent Dwellings	2022/23	2023/24	Change	% Change
Parish of Britwell	836.4	841.0	4.6	0.55%
Parish of Colnbrook with Poyle	1,811.3	1,842.2	30.9	1.71%
Parish of Wexham	1,393.9	1,402.4	8.5	0.61%
Slough (unparished)	38,244.6	39,074.5	829.9	2.17%
Council Tax Base	**42,286.2**	**43,160.1**	**873.9**	**2.07%**

1.9.3. The Council is required to calculate its Council Tax requirement for 2021/22 in accordance with the Local Government Finance Act 1992. These calculations are set out in Appendix B

Council Tax Insight

1.9.4. The Council has a responsibility to set a level of Council Tax that ensure that it has adequate resources to meet its statutory obligations and priorities. When Council Tax is increased, this preserves an authority's ability to generate funding locally for services and provides some measure of resilience against funding reductions from Central Government.

1.9.5. It is recognised that increases to Council Tax contribute to pressures on some household's finances. However, increasing Council Tax is necessary to optimise the funding and provision of services in the Borough. For 2022/23, the Council had the 3rd lowest rate of Band D within Berkshire and will continue to do so in 2023/24 if neighbouring authorities increase their Council Tax by the maximum permissible increase as expected.

1.9.6. To support the Council's improvement plan, the Council needs to maximise funding to support front-line services and mitigate pressures. Therefore, the Council must:

- consider all opportunities for increasing Council Tax annually
- continue to promote growth to its tax-base including bringing empty homes back into use, reviewing discounts awarded e.g. Single Person Discount
- prioritise collections to maintain a prudent collection rate.

2023/24 Council Tax Precepts

1.9.7. The Council acts as an "agent" and is also required to bill residents in the borough for a precept on behalf of the Office of the Police and Crime Commissioner (OPCC) for Thames Valley and Royal Berkshire Fire & Rescue.

1.9.8. The Council does not have any control or influence on the amount of precept set by these authorities, nor does it benefit from this financially. For 2023/24, these precepts are:

Precepting Authority	OPCC Thames Valley	Royal Berkshire Fire & Rescue
Approved 2022/23 Band D (£) Precept	241.28	73.95
Change	15.00	5.00
Proposed 2023/24 Band D (£) Precept	**256.28**	**78.95**

2023/24 Band D Council Tax and Requirement

1.9.9. For 2022/23, DLUHC confirmed that local authorities would be permitted to increase Council Tax by 2.99% without a local referendum and for those authorities with social care responsibilities a further 2.00%.

1.9.10. Due to the exceptional challenges faced by the Council, which are discussed throughout this report, a request was made to Government to allow the Council to increase Council Tax above the referendum principles mentioned above. This request has been granted by Government, meaning that the Council is able to increase by 9.99% without a local referendum.

1.9.11. The Council proposes to increase its element of Council Tax in 2023/24 by a total of 9.99%, of which 7.99% is for the general element of Council Tax and 2.00% for the Social Care Precept to derive a Band D rate of £1,688.19. The breakdown is as follows:

Slough Borough Council	Band D (£)
Approved 2022/23 (£)	1,534.86
7.99% General Increase	122.63
2.00% Adult Social Care Precept	30.70
Proposed 2023/24 (£)	**1,688.19**

1.9.12. Unfortunately, this increase is unavoidable and vital in helping meet the exceptional challenges the Council is facing. Support will be provided to those who will be most seriously impacted by this increase, with the current council tax reduction scheme changing to provide additional support for the over 9,000 households currently in receipt and for anyone who makes a new application from April. This scheme will have a maximum Council Tax reduction of 100%, and it is estimated that some 3,500 (around 38%) of the households with the lowest incomes and currently paying 20% will not need to pay any Council Tax in 2023/24 should their circumstances remain the same. Further details on the Council Tax Reduction Scheme for 2023/24 have been presented in separate on this agenda.

1.9.13. The table below summarises the proposed 2023/24 Council Tax Requirement to be billed to residents in Slough and how it is derived:

Budget	2023/24 Proposed (£'000)
Net Service Budget	111,802
Estimated Financial Deficit	31,575
Budget Requirement	**143,377**
Sources of Funding:	
Net Retained Business Rates	(38,429)
Revenue Support Grant	(7,302)
Business Rates (Surplus)/Deficit	7,838
Council Tax Surplus	(1,578)
Other Non-Specific Grants	(914)
Capitalisation Direction	(31,575)
Council Tax Requirement: Slough Borough Council	**71,417**
Precept: Office of the Police and Crime Commissioner Thames Valley	11,061
Precept: Royal Berkshire Fire & Rescue	3,407
Total Council Tax Requirement to be Billed	**85,885**
Funded by:	
Slough Borough Council Band D (£)	1,688.19
Office of the Police and Crime Commissioner Thames Valley Band D (£)	256.28
Royal Berkshire Fire & Rescue Band D (£)	78.95
Total Band D (£)	**2,023.42**
Council Tax Base (No. of Band D Equivalent Dwellings)	43,160.10
Sub-Total: Billable Council Tax (£'000)	**85,721**
Local Parish Precept Income (£'000)	164
Total Billable Council Tax including Parish Precepts (£'000)	**85,885**

1.9.14. If the proposed increase in the Council Tax for 2023/24 of 9.99% for the Council is approved, along with the major preceptors in Berkshire, the total amount payable by Slough's residents will be:

Band	Slough	Office of the Police and Crime Commissioner (OPCC) for Thames Valley	Royal Berkshire Fire Authority	Total
	(£)	(£)	(£)	(£)
A	1,125.46	170.85	52.63	1,348.94
B	1,313.04	199.33	61.41	1,573.78
C	1,500.62	227.8	70.18	1,798.60
D	**1,688.19**	**256.28**	**78.95**	**2023.42**
E	2,063.35	313.23	96.49	2,473.07
F	2,438.50	370.18	114.04	2,922.72
G	2,813.65	427.13	131.58	3,372.36
H	3,376.39	512.56	157.90	4,046.85

*Note: Some residents will pay an additional precept as approved by their local parish council, details are included in Appendix B.

1.10. Business Rates

1.10.1. The next largest funding stream relates to Business Rates. Total business rates income for 2023/24 has been estimated as £110.956m. This is distributed as follows:

	Central Government £'000	Slough Borough Council £'000	Berkshire Fire Authority £'000	Total £'000
Gross Share of Rates	**55,478**	**54,368**	**1,110**	**110,956**
% Share	50.00%	49.00%	1.00%	**100.00%**

1.10.2. In theory, as the business rates income is derived from local businesses, the Council has a valid claim to retain all of its 49% allocation. However, Business Rates are redistributed across the country based on assumed need and a top-up and tariff system equalises business rate income across the country.

1.10.3. The Council's share of business rates (£54.368m) reduced for the tariff and other adjustments to reach a final budgeted amount of Business Rates of £30.591m, as follows:

2023/24 Business Rates Funding:	**£'000**
Gross Business Rates	**110,956**
Slough's share (49%) of total NNDR Income	**54,368**
S31 Grant to compensate reliefs and indexation	10,671
Tariff	(25,564)
Levy	(1,047)
Sub-Total	**38,429**

Total Deficit on Business Rates Recognised in 2023/24	(7,838)
Net Budgeted Funding from Business Rates	**30,591**

1.10.4. Businesses were given some protection by Government, in 2020/21, via grants, Business Rate reliefs and the furlough scheme. Unfortunately, the pandemic has resulted in continued hardships for local businesses, and some are not sustainable. This and the application of expanded reliefs for retail, hospitality and leisure businesses has resulted in reduced Business Rates income against what was expected to be collected for 2022/23, leading to an estimated deficit that under accounting rules must be recognised in 2023/24.

1.10.5. In addition, there has been a historic under-provision for the level of appeals against Business Rates bills in the borough. This manifested in a bottom-line impact against the GF in previous years.

1.10.6. In addition, Government are implementing a revaluation of rateable properties which will take effect from 1 April 2023. Whilst transitional protection will be provided to businesses to ensure that any changes are implemented gradually, the gross rates for rateable properties have increased in 2023/24. This is likely to result in an increase in the number of appeals and therefore the position above (the estimated deficit to be recognised in 2023/24) includes the effect of an increase to the provision for appeals in respect of this.

1.10.7. In general, Business rates income can be subject to significant volatility; one or two empty properties or a higher than provided level of appeals or bad debt can have a substantial impact on the level of business rates collected.

1.11. Flexible Use of Capital Receipts Strategy

1.11.1. With effect from 1 April 2016, the Secretary of State under section 15(1) (a) of the Local Government Act 2003, allowed local authorities to use capital receipts to fund revenue expenditure on projects which generate ongoing savings or reduce demand for services. The Local Government Finance Settlement 2021/22 extended this directive for a further three years to 2024/25.

1.11.2. For 2023/24, it is proposed that capital receipts from the disposal of assets are used to reduce Councils borrowing and potentially finance the pension fund deficit.

1.12. Housing Revenue Account

1.12.1. Each year the council updates the business plan for the Housing Revenue Account, which looks at the I&E and capital programme over a 30-year period to ensure that it is a sustainable plan. The HRA is ringfenced and surpluses cannot be used to cross-subsidise the general fund budget. From this plan, a more detailed budget for the coming year, 2023/24, is produced, along with a view of the more immediate 5-year period. The HRA is projected to remain in surplus across the whole life of the plan, with reserves being built up from a level of £19m as at the start of 2022/23 and remaining above the minimum level set of 10% of turnover, or £4m.

1.12.2. Tenant income from rent and service charges is set to increase by 7% in 2023/24, in line with Government directions to all housing authorities, which is less than would have otherwise been permitted under the prevailing government rent setting guidance of CPI+1%. A surplus of £0.800m is expected in 2023/24 on the revenue budget, while a capital budget of £10.093m is set for the year, and a total £52.7m over the five years to 2027/28.

1.12.3. A separate budget report with appendices for the HRA has been produced with recommendations for member approval and noting, and can be found elsewhere in the agenda for the council budget setting process.

1.13. Capital Programme and Treasury Management Strategy

Capital Programme

1.13.1. A separate report is presented to Cabinet for recommendation to Full Council to approve, which sets out the capital strategy to underpin the Council's revised Capital Programme.

1.13.2. The revised Capital Programme has been prepared in the light of the debt reduction strategy approved by Council as part of the Treasury Management Strategy 2022/23 - 2026/27. Consequently, the schemes which have been prioritised are those where there is a health and safety or a statutory obligation, and to focus on schemes which can be funded without external borrowing.

1.13.3. In addition to the proposed capital budgets and revenue implications, the report sets out:

- The Council's asset base
- Delivery strategies
- Governance
- Capital funding and
- Risk management

1.13.4. The revised capital programme sets out total spend for the General Fund and Housing Revenue Account of £165m with the following sources of financing:

	General Fund £m	HRA £m	Total £m
Spend	102	63	165
Funded by			
Government Grant	(83)	0	(83)
Capital Receipts	(18)	(12)	(30)
Developer contributions (s.106)	(1)	0	(1)
Major Repairs Reserve	0	(51)	(51)
Revenue contributions	0	0	0
Capitalisation Direction	0	0	0
Total external funding	**(102)**	**(63)**	**(165)**
Total borrowing requirement	**0**	**0**	**0**
Total funding including borrowing	**(102)**	**(63)**	**(165)**

1.13.5. The previous capital programme approved 9th March 2022, envisaged spending £219m (including 21/22) with a borrowing requirement of £34m. This year the size of the capital programme is £165m, with no new external borrowing needed. The programme is fully funded from grants, S106 contributions and capital receipts from the asset disposal programme. This is the first time in a number of years that the entire capital programme can be financed without recourse to external borrowing. This ensures the Council lives within its means in respect of the capital programme.

1.13.6. A key element to achieving this is the generation of capital receipts from the Asset Disposal programme, which is on track to deliver £210m of capital receipts by 31 March 2023 and is forecast to deliver £200m in 2023/24. Should there be slippage in the Asset Disposal programme, this will have a knock-on impact on the financing of the capital programme, and the Council will need to consider whether re-phase projects, cancel projects or seek alternative funding.

Treasury Management Strategy

1.13.7. The Council approved the Treasury Management Strategy (TMS) on 9 March 2022 as part of the budget setting process for 2022/23. A key feature of the TMS approved last year was the adoption of a Debt Reduction Strategy to reduce the Council's exposure to interest rate risk from an excessive exposure to temporary borrowing.

1.13.8. The TMS for 2023/24 - 2027/28 is presented to Cabinet for recommendation to Full Council to approve in a separate report. The TMS continues with the same overall Debt Reduction Strategy, and reports that the Council is on target to repay £204m of temporary borrowing by 31 March 2023 and the remaining £133m by September 2023. This has been achieved by the accelerated programme of asset sales under the Asset Disposal programme.

1.14. Dedicated Schools Grant

1.14.1. The Dedicated Schools Grant provides funding for schools and is split into four blocks. Allocations for 2023/24 were published on 16th December 2022. Details of the 2023/24 DSG allocation are included in Appendix C and are summarised in the table below:

Dedication Schools Grant Breakdown	2023/24 Allocation £'000
Schools Block	168,190
Central Schools Services Block	785
High Needs Block	34,597
Early Years Block	15,532
Total	**219,104**

1.14.2. The **Dedicated Schools Grant** deficit for 2021/22 has been reduced from a forecast of £7.2m to £4.9m, and for 2022/23 is now forecast at £2.1m. The management plan has now been finalised and secures an in-year balance by 2025/26. With a potential historic deficit write off by the DfE of £27m.

1.14.3. The Council has been participating in the DfE's Safety Valve programme and has been engaging with the DfE on a bi-monthly basis and in doing so the DfE has been offering challenge and support to the process of recovery. The meetings have been focused on providing an effective service and achieving financial sustainability rather than simply reducing expenditure. Feedback from the meetings have been positive, the DfE have been very complimentary and pleased with the progress made by the Council. In particular, the commissioning work and the financial modelling. They have commented positively on the pro-active and comprehensive nature of the Council's responses to queries all of which is taking the DSG issue forward.

1.14.4. The Council submitted its initial proposal to the DfE on 13th January 2023 with a feedback session held on 23rd January 2023. The feedback session was very positive, and the Council submitted a final proposal on the 3rd February 2023.

1.14.5. If the proposals are agreed to by the Secretary of State, they will form the basis of a published agreement in early 2023. The agreement will require the Council to implement reforms to the agreed timetable, alongside maintaining an agreed savings profile. It will also set out additional funding which the department will release to support the reduction of the cumulative deficit.

1.14.6. A separate report is to be presented to Cabinet with a more detailed update on the DSG's deficit and management plan.

1.15. <u>Assurance</u>

Chief Financial Officer's Section 25 Robustness Report

1.15.1. The Section 151 Officer's report is presented as a separate item on this agenda. The report has to be taken into account by Council when setting the budget, the key points are summarised below.

1.15.2. Slough's budget deficit:

a) has moved from an initially submitted one year request of £15.2m to a 10 year £357m problem, potentially rising well beyond this if £12.9m of additional, recurrent annual savings are not delivered from 2024/25

b) has changed continuously and will continue to do so as work has been undertaken

c) will continue to change throughout the next 12 months while the accounts up to 31/3/23 are prepared and audited and the budget for 2024/25 worked up in detail

d) is of a magnitude which had not previously been seen before across the UK and is accompanied by a range of issues that are likewise extremely wide ranging, unique in their appearance and size at one Council, and, of a significance that will take several years to correct in full

e) is successfully being reduced as the financial strategy starts to come to fruition

1.15.3. In these circumstances it is impossible to give an assurance that is normally required within a S25 report. However what can be said is that:

a) the Council has a well-developed, rigorous and extensively reported financial strategy that is starting to come to fruition – particularly successfully in asset sales, borrowing reduction, revenue budget management, DSG budget management, preparation of accounts and restructuring of the finance service

b) has an increased awareness of financial management's importance, requirements and the necessity of preparing and living within budget, taking appropriate financial decisions and operating sound governance

c) is better equipped to meet its budgetary challenges given the focus it has applied to this work since May 2021 and will continue to do so in future years

d) has kept DLUHC fully involved in all aspects of its financial situation and will continue to do so in the future

1.15.4. given the above, the contingency built into the budget estimates, the assumption that DLUHC will support the Council in full as it continues its work on the accounts, estimates and financial processes and that managers will manage within their allocated budgets it should be able to manage within these estimates for 2023/24.

Internal Audit Update

1.15.5. In March 2022 an options paper was agreed by Cabinet and the Audit and Corporate Governance Committee to bring the Internal Audit function back in-house. The preferred option included setting up a broader team covering financial governance, counter fraud, risk and insurance alongside internal audit. This option was part of the wider restructure of the department that concluded at the end of July 2022. Recruitment to the new posts took place during December 2022. The current internal auditors have had their contract extended to cover the 23/24 audit work.

1.15.6. Work has taken place during the year to strengthen the approach to the monitoring and completion of internal audit actions. This remains a very important area as the Council's response to agreed internal audit actions will lead to the strengthening of internal controls and the control environment. In turn this will contribute to the achievement of the organisation's objectives and assist the Council in managing its risks. In recent years there has been a lack of pro-active management of internal audit recommendations. However, action has been taken during 2022 to reduce the historic internal audit actions and to focus on bringing these up to date. During 2022 this is being addressed by:

a. regular monthly meetings of the senior officer risk and audit board which monitors outstanding actions, through representative across directorates and is attended by internal audit, risk and insurance, business continuity and emergency planning teams;
b. frequent reporting to executive directors, the Corporate Leadership Team, Finance Board, Audit and Corporate Governance Committee, Improvement and Recovery Board and the Risk and Audit Board;
c. pro-active management and closure of recommendations by Departmental Leadership Teams, ensuring that evidence is received of actions closed, that is quality assured by a senior officer.

1.15.7. During 2022/23, the number of historic recommendations have reduced to 8 from a total of 257 during the year. All 2021/22 internal reports have now been completed and the Head of Internal Audit Opinion was reported to the Audit and Corporate Governance Committee in January 2023. As at the end of November 2022 12 internal audit reports have been issued and a further 16 reviews in progress or due to complete before the end of 31 March 2023.

1.15.8. Officers are working with Internal Audit to ensure that reports are finalised within two weeks of issuing the draft report. The process for monitoring and evidencing closure of recommendations has been strengthened by prioritising the closure of actions that are due or overdue, and receiving appropriate documentation as evidence of an action being completed.

1.15.9. The overall position as at 30th November 2022 is as follows on internal audit:

Totals	Total	High	Medium	Low
Not Due	89	10	53	26
Overdue	135	20	74	41
Complete*	368	57	155	156
Total	**592**	**87**	**282**	**223**

*includes actions that are no longer relevant or closed as duplicates

1.15.10. The Officer Risk and Audit Board monitors outstanding internal audit actions and has representation across directorates who take responsibility for ensuring actions are implemented and closed in a timely way.

Risk Management

1.15.11. Risk Management is a critical part of good governance and the effective delivery of Council services. It provides a consistent and comprehensive framework for identifying, comparing and managing issues which, although different in nature, all have a significant impact on the organisation and may prevent or affect achievement of agreed priorities.

1.15.12. Risk Management is also a core component of:

- the Annual Governance Review which must be undertaken by all local authorities in order to comply with the requirements of the Accounts and Audit Regulations 2015:

- statutory requirements included in the Local Government Acts 1992, 2000 and other legislation for local authorities to maintain adequate processes for internal control.

1.15.13. The Council's previous approach to risk management was to take a "bottom up" approach to identification of risks for the corporate register by escalating risks on directorate registers up to the corporate register. This resulted in a register that did not take into account strategic level risks the Council is facing, for example in light of recent challenges in relation to finance and Covid.

1.15.14. This existing "bottom up" approach is now supplemented by a "top down" approach i.e. identification of new and emerging risks by the Corporate Leadership Team, Senior Officers and Audit and Corporate Governance Committee.

1.15.15. New risks are identified using a revised template. This template is based on best practice and includes guidance on identifying and assessing risks. Membership of the Council's Officer Risk and Audit Board has been reviewed and refreshed. A schedule of monthly meetings has been established so that the Board can review the contents of the Council's risk register before it is issued to senior officers and elected members.

1.15.16. The refreshed register is updated on a monthly basis by the Officer Risk and Audit Board and reported to the Council's senior leadership team each month. This register will be sent to Council's Audit and Corporate Governance Committee for review, on a quarterly basis to enable the Committee to consider the effectiveness of the Council's risk management arrangements, to review the Council's risk profile and to ensure that actions are being taken on risk related issues, including partnerships with other organisations.

1.15.17. The Risk Register includes strategic level risks associated with:

Risk
Risk 1: Safety of Children and Young People
Risk 2: Delivery of the Adult Social Care (ASC) Transformation Programme
Risk 3: Special Educational Needs and Disability (SEND) Local Area Inspection
Risk 4: Impact of the cost of living crisis on Slough's residents
Risk 5: Risk of the failure of statutory duty for provision of temporary accommodation
Risk 6: Service delivery risk due to workforce recruitment and retention issues
Risk 7: The Council does not take adequate mitigation to reduce the risk of injury or death from incidents within the Council
Risk 8: Business Continuity and Emergency Planning
Risk 9: Cyber Security
Risk 10: Financial sustainability
Risk 11: Pace and evaluation of the disposal of assets
Risk 12: Governance and financial implications of the council companies
Risk 13: Recovery and Renewal Plan
Risk 14: Failure to explore opportunities for more efficient operating models

1.15.18. The risk associated with financial sustainability focusses on the risk of failure to improve the Council's financial and contract management and reporting will leave it in breach of its statutory responsibilities and acting illegally.

1.15.19. There are a number of controls which have been put in place to mitigate the risk including:

a. the Council has employed an experienced S151 officer to stabilise the finance function and set out and begin the delivery of the key elements of a medium term financial strategy.

b. additional specialist resources have been brought in to respond to the myriad of issues that led to the issues highlighted in s114 Report and other external reports.

c. the Council has agreed to invest significant additional resource into the finance service as recommended by the external auditors and agreed by Council

d. finance action plan has been reported to full Council and to Cabinet AND the Finance Board throughout 2022.

e. finance and commercial service business plan was developed to ensure future sustainability of the service.

1.15.20. However, there are a number of actions required to further mitigate the risk including:

a. continuing to complete the outstanding accounts from 2018/19 to 2021/22. The 2018/19 and 2019/20 accounts have been delivered and in the process of being audited

b. completing the 2020/21, 2021/22 and 2022/23 accounts during 2023.

c. completing the verification of savings for 2022/23 and 2023/24 by January 2023 and continuously beyond

d. companies review, continuous work through to March 2023 and beyond

e. completing the finance staffing restructure

f. delivering the Agresso project plan by March 2023

g. continuous programme of designing and embedding good financial practise

h. identification of long-term financial savings by February 2023

i. Member and officer training programmes

1.16. Other Updates

Fees and Charges

1.16.1. A report on the fees and charges applied by the Council for chargeable services was laid before Cabinet on 16 January 2023. The report sets out the context for this year's annual review of fees and charges. The main focus of the approach to fees and charges is to ensure full cost recovery and adherence to the relevant statutory charging regime, to ensure that charges remain in line with the cost of delivering services and are reviewed and set in a transparent way. The income from fees and charges helps to cover costs for providing services, and to manage demand in some cases.

1.16.2. The fees and charges review undertaken this year proposed a starting principle that all charges adopt an inflationary increase where appropriate and applicable. The September 2022 Consumer Price Index (CPI) annual increase of 10.1% (10% rounded) has been applied to all fees and charges where this inflationary rise is supported and appropriate. In some cases, it has been recommended that a different approach is taken and that fees and charges remain the same or increase at a rate above or below inflation where there is evidence that the cost of the service is not covered by an inflationary increase, the statutory regime does not justify this approach or there is a clear rationale for subsidising the service. A full list of the proposed fees and charges is set out in Appendix 1 to the Cabinet report **here**.

1.16.3. All proposed licence fees will be considered by the Licencing Committee on 6th February 2023. These can be found on the Council's external website under the committee details for the Licensing Committee **here.**

1.16.4. The application of the service recommendation increases could result in total additional income of circa £1.048m in a full year, to offset the costs of service provision. £0.148m have their own budget savings proposals, thus the additional potential income that may be generated in 2023/24 excluding those proposals is £0.900m. This is indicative only as it is not possible to model whether demand for services will be materially affected by the proposed increases.

1.16.5. This report provides the charging details of Council services. The fees and charges framework can be found at this link: **Slough Fees and Charges Framework**. The Cabinet report on fees and charges for 2023/23 can be found at this link: **Cabinet Report**.

Royal County of Berkshire Pension Fund

1.16.6. In line with the Local Government Pension Scheme Regulations 2013, the liabilities of the Berkshire Pension Fund have been revalued as at 31 March 2022 and a provisional Rates and Adjustment certificate circulated to scheme employers within the Fund, by the fund actuary, Barnett Waddingham.

1.16.7. The preliminary results for Slough BC show a significant improvement in the funding level increasing from 77.3% at 31 March 2019 to 86.3% at 31 March 2022 as set out in Table 1 below.

Table 1

		31 March 2019	31 March 2022	31 March 2023
Funding deficit	£m	73.8	51.1	48.6
	%	77.3%	86.3%	87.0%

1.16.8. The actuary has provisionally certified that contributions for the next triennial period should be as set out in bold below:

Table 2

Year ending	Previously certified 31/03/2023	Provisionally certified 31/03/2024	31/03/2025	31/03/2026
Total contributions	15.0% + £5.04m	**17.2% + £4.53m**	**17.2% + £4.70m**	**17.2% + £4.89m**
consisting of:				
Primary rate (of pay p.a.)	15.0%	17.2%	17.2%	17.2%
Secondary rate (% of pay plus £ p.a.)	£5.04m	£4.53m	£4.70m	£4.89m

1.16.9. The increase in the primary contribution rate is offset by the reduction in the secondary contribution and will result in a slight increase in total employers contributions of £0.665m to £13.715m in 2023/24.

Possibility to pay off the funding deficit

1.16.10. The secondary contributions are calculated to pay off the funding deficit of £51.1m over the recovery period of 12 years. Because the deficit is being repaid over a period of time, interest is also charged by the actuary. The total contributions required to fund the deficit are £70.6m which comprises the funding deficit of £51.1m plus interest of £19.5m.

1.16.11. The actuary has provided an update of the total deficit at 31 March 2023 (based on the 31 March 2022 triennial valuation estimates) which reports the deficit reducing slightly to £48.6m as reported in Table 1 above.

1.16.12. The actuary reports that a payment in October 2023 of £51.08m would settle the deficit in full. This is higher than the £48.6m due to accrued interest up to October 2023.

1.16.13. Using the updated information, if the Council made a lump sum contribution in October 2023 of £51.08m to Berkshire Pension Fund this would save the Council £14.48m in interest over the 12 year deficit recovery period.

1.16.14. Normally employers pension contributions are a revenue charge. Making use of the revised Flexible Use of Capital Receipts for Transformation Projects Direction issued by DLUHC on 1 August 2022 would permit the Council to treat the one-off contribution as revenue expenditure funded from capital under statute and fund the payment from capital receipts.

1.16.15. Provided that the Asset Disposals Strategy continues to generate the forecast capital receipts in 2023/24, the Council will be in a position to not only repay all temporary borrowing by September 2023, it will also potentially be able to pay off the funding deficit in 2023/24. This proposal is set out in more detail in paragraphs 95 to 105 of the TMS which seeks approval to authorise the Director of Finance to enter into agreement with Berkshire Pension Fund to make a one-off payment to Berkshire Pension Fund to pay off the pension fund deficit, subject to there being sufficient capital receipts available after repaying all temporary borrowing and obtaining independent investment advice to mitigate any investment risk associated with the transaction. Should the capital receipts not materialise to the value assumed then this payment will be a first sum that could be not taken forward as a mitigation to offset such a shortfall

Companies update

1.16.16. The Council has acquired or established various companies over several years. The Council currently has four operating companies, excluding Slough Children First Ltd, that are wholly owned, partly owned, or are guaranteed by the Council. The companies are:

- Ground Rent Estates 5 Limited (“GRE5”) – 100% subsidiary of the Council;
- James Elliman Homes Limited (“JEH”) – 100% subsidiary of the Council;
- Slough Urban Renewal LLP (“SUR”) – 50% Joint Venture with Muse; and
- Development Initiative Slough Homes Limited (“DISH”) – a company limited by guarantee (the Council provides the guarantee).

1.16.17. Six companies have been closed down in FY22/23 in order to simplify the Council structure and reduce the related administration burden.

1.16.18. The following sections provide a brief summary on each of the four trading companies. Separate business plans are available and new/updated agreements are being produced and will be provided to Cabinet for approval in the near future. A new scrutiny and oversight framework has been approved by Cabinet and will become operational in FY 23/24. It is anticipated that the updated and new agreements will be approved by the responsible Committee.

1.16.19. In the last two years, a series of internal reviews, internal audit reports and external reviews highlighted a range of issues across the Council's companies in relation to governance, oversight, reporting, financial planning, operations and decision making. In addition, the Council's financial challenges necessitated a deeper review into the companies' commercial and financial arrangements to ensure that they remain aligned to the Council's strategic objectives and can support the Council in meeting its wider financial objectives. In several cases, this has required stopping and restructuring existing projects/programmes/services to reduce capital and revenue costs and considering exiting from existing arrangements and structures.

1.16.20. Significant changes have been made to strengthen the Council's arrangements with its companies including the management and operations within those companies, with activity prioritised on the highest risk areas/companies. These were considered to be SUR and GRE5 in FY 22/23, followed by JEH and DISH in FY 23/24. Budgets for FY 23/24 have been informed by the outcome of work to date and reflect plans to stop or significantly reduce the scale of activities across the Council's companies.

SUR

Overview

1.16.21. SUR, a JV between the Council and Muse, has been the Council's most successful company to date (in terms of dividend income to the Council and progress against its core strategic objectives). It has provided the Council with a regular source of income following the completion of schemes and housing sales. For example, dividends of £2.6m and £2.4m have been received on the Ledgers Road and Wexham Green schemes respectively.

1.16.22. The SUR Partnership Agreement (PA) sets out the key governance, management and operational framework for the Partnership. SUR is required to produce an annual business plan, which is approved by both partners, which sets out the work programme, future financial commitments and associated outputs. The business plan would typically include details of sites to be drawn down (under the terms of an Option Agreement between SUR and the Council) and the corresponding capital requirements from each partner.

1.16.23. The last SUR Business Plan to be approved by the Council related to the FY 21/22. Following the s114 notice, all new capital development activity within SUR was suspended pending the outcome of an Options Review. Following the SUR Options Review in September 2021, it was agreed that no further schemes would be developed by SUR and that decisions would be taken on site by site basis by SUR, in conjunction with the SUR partners. As a result, a disposal strategy was agreed for Montem, NWQ and Stoke Wharf in Summer 2022.

1.16.24. As reported in the FY 22/23 Budget Report, both partners agreed to restructure the operating model for SUR to reduce annual ongoing operating costs and these are in the region of £0.2m per annum and represent a significant cost saving to both partners (before any exit/closure costs). it is anticipated that SUR will be wound up in FY24/25 although plans have not yet been finalised due to the ongoing disposals as set out here.

Montem Lane Site

1.16.25. The Council owns this site with planning permission for 212 homes, although it is optioned to SUR. Cabinet approved a disposal strategy (via SUR) in July 2022 and, following a marketing and procurement exercise, the Cabinet approved the disposal of Montem in October 2022. The sale is expected to exchange in March 2023 and complete in August 2023. With planning permission already secured, it is anticipated that the site can progress quickly and deliver a range of homes.

1.16.26. There will be no further capital and revenue commitments in relation to the Montem site following the disposal. The receipt to the Council will be after the payment of all development costs, SUR loans, disposal costs and Muse's profit share.

North West Quadrant (NWQ) Site

1.16.27. The Council owns this site although it is optioned to SUR. It is one of Slough's key strategic sites and is expected to be critical to its long-term growth plans providing new offices, homes, leisure facilities and green space. Cabinet approved a disposal strategy in July 2022 and negotiations are in the final stages to agree the sale of the site to a preferred buyer. There is a small chance that exchange and completion may be at the start of FY 23/24. The Council's budget is based upon a FY 22/23 receipt.

1.16.28. This is a complex transaction which includes a land sale, the novation of the option agreement and a series of corporate transactions to take into the work in progress (WIP) costs that have been incurred to date. Under the terms of the PA, the Council is liable to pay 50% of WIP and interest (c£1.0m), should the scheme not progress. The Council may be required to pay this amount should Muse be unable to agree a Development Agreement with the purchaser within 12 months from the completion date.

Old Library Residential Site (OLS)

1.16.29. The OLS Resi Scheme, also known as the Novus apartment development, is a new development of 64 apartments with a value of c.£17m. The development is fully built and all apartments are now fully sold/reserved. As a result, the Council's loan facility has now been fully repaid (reduced from £10m to £nil) by the end of FY 22/23.

1.16.30. As reported last year, the scheme is expected to generate a small loss compared to the original appraisal and the final scheme operating position will be reported to the Cabinet via the new Company Scrutiny arrangements that have been approved by Cabinet.

1.16.31. The Council has outstanding loan notes of £2.8m (interest bearing) which will be repaid in tranches as apartment sales are completed. These payments will continue in FY 23/24.

Other Sites

1.16.32. Cabinet has approved a disposal strategy for Stoke Wharf and a disposal is expected in FY 23/24 (subject to market). Stoke Wharf is expected to deliver more than 300 new homes and significantly improve the area around the canal area. This will require Cabinet approval following the outcome of the marketing and procurement exercise which is expected to take place in Summer 2023. Strategies for Wexham South and Haymill have not yet been agreed although they will also require a Cabinet decision.

1.16.33. In summary, the Council:

- has no further capital commitments in relation to SUR sites;
- may receive net disposal receipts in relation to future site sales which will be agreed by Cabinet and SUR on a case by case basis;
- no longer has a loan facility in place with SUR – the OLS Residential scheme facility has been fully repaid (was £10m);
- has an ongoing annual revenue cost in relation to SUR operating costs (c.£0.1m) which are expected to remain in place up to FY 24/25 (plus exit/winding up costs);
- has some small scale WIP exposure on the key sites that have not been sold or developed.

GRE5

Overview

1.16.34. Nova House is a block of 68 apartments in the town centre which failed flammability tests following the Grenfell fire and further survey work revealed additional structural defects within the building which are required to be undertaken before the cladding can be replaced.

1.16.35. GRE5 Ltd owns the freehold lease of Nova House and, in 2018, the Council approved the acquisition of the shares of the company for £1 due to concerns about the capacity of GRE5 to undertake the substantial remediation works required and concerns about the safety of residents at that time.

1.16.36. A separate GRE5 update paper will be provided to Cabinet in March 2023 with a programme, cost and legal claim update.

JEH

Overview

1.16.37. JEH was incorporated in 2017 with the primary objective of supporting the Council in its aim to improve affordable housing supply and provide good quality affordable temporary accommodation for key workers as well as homeless families and individuals.

1.16.38. The decision to establish JEH was underpinned by a business plan which assumed that JEH would acquire properties (financed via a loan facility with the Council) over a five-year period and that properties would be rented at a mix of market rents (c.60% of tenancies) and Local Housing Allowance ("LHA") rent (c.40% of tenancies). On this basis, the business plan was financially viable. However, this housing mix has never been pursued, or achieved, and the proportion of properties rented at LHA levels and below, is over 80% of properties.

1.16.39. This has had an impact on the financial performance of the company which has operated at a small loss for several years, although JEH is expected to generate a small operating surplus in FY 22/23 (£0.2m) with a similar operating surplus in FY 23/24 (based upon existing operations and a similar property base). A "stabilisation" strategy has been adopted by the JEH Board which has improved services, financial performance and management although further improvements are required, especially in relation to tenancy management.

1.16.40. The small operating profit is stated before interest payable to the Council of c. £1.6m per annum. Based on current operations, JEH cannot cover the full interest payable to the Council. This is not a financially sustainable position for JEH.

1.16.41. All services relating to the management and maintenance of properties is undertaken by the Council's housing team under the terms of a Service Level Agreement (SLA). This was updated in FY 22/23 and includes the placing and management of tenants. JEH does not have any employees.

1.16.42. Since JEH was established, it has adopted an aggressive property acquisition strategy which has been fully funded by debt provided by the Council. The Council approved a loan facility of £65.9m in 2018. As at the end of FY 21/22 and 22/23, the loan facility stood at £51.7m. All property acquisitions were stopped in early FY 21/22 when the Council announced its S114 notice and the Council has informed JEH that it will not provide any further loan finance. As at March 2023, JEH has c.170 street properties and 46 temporary accommodation units (including Pendeen Court and 81-88 Hight Street).

1.16.43. The properties owned by JEH are currently valued at just over £55.0m (assuming Vacant Possession) against which the Council has provided funds of £51.7m. The loan to value ratio is very high and there is no loan repayment strategy with the loan facility due for repayment by October 2028.

1.16.44. In 2022, Local Partnerships (LP) undertook a JEH Options Review which has considered the original and ongoing rationale for JEH, its performance against strategic objectives, an assessment of the housing stock and a high level market analysis. LP recommended a full/partial disposal of properties to enable JEH to repay its debt to the Council, improve service delivery provided by the housing team and to simplify operations. Before a JEH strategy and action plan can be developed, LP recommended that further financial, legal and commercial analysis should be undertaken to consider the wider revenue implications to the Council, review existing tenancies and tenancy management matters and undertake market testing with potential buyers such as RSLs.

1.16.45. A Cabinet Paper will be produced in early FY 23/24 with options and recommendations for JEH.

1.16.46. The capitalisation direction includes £0.2m per annum for annual operating losses/cash flow requirements for JEH although this will be dependent the long-term strategy for JEH. A full or partial asset disposal will enable JEH to repay its loans to the Council although this needs to be balanced against tenants/housing needs and the wider revenue implications of a reduced housing stock. The Cabinet Paper will also set out plans for an exit strategy which will be dependent upon the preferred option solution.

DISH

1.16.47. Development Initiative Slough Housing Company Limited ("DISH") was incorporated in 1988 and was created to increase the supply of affordable housing in the Borough to residents who might not otherwise be able to access it.

1.16.48. DISH has a lease with the Council over 54 properties off Long Readings Lane and the properties are let at affordable rents on an assured shorthold tenancy basis. The original lease ran until 2019 and this was extended to January 2027, at which point the properties will transfer back to the Council.

1.16.49. In accordance with the lease, the properties are managed and maintained by the Council on the same basis as the Council's housing stock. The lease requires that the Council offers the provision of these services to DISH and that the Council can, but is not obliged to, provide them at reasonable cost. Services continue to be provided by the Council in line with the details as set out in the lease.

1.16.50. The lease payable by DISH to the Council is set at a level to result in £nil profit in the company. This lease arrangement is considered to be lower risk compared to the Council's other companies as it has been in place for 30+ years, no significant concerns have been raised, there is a low churn on properties, low financial risk and costs. The Companies workplan for FY 23/24, includes a DISH strategic review to consider options that can further simplify the Council's companies, including exploring options to exit from/wind up DISH, in advance of the current lease expiry. A separate Cabinet paper will be produced to agree on a preferred solution.

1.16.51. There are no adjustments in the capitalisation direction in relation to DISH.

Pay Policy Statement

1.16.52. Under the Localism Act, all public authorities must publish annual pay policy statements. The statement must set out the Authority's policies for the financial years relating to:

- Remuneration of Chief Officers
- Renumeration of its lowest paid employees
- The relationship between the remuneration of its Chief Officers and the remuneration of those employees who are nor Chief Officers.

1.16.53. The proposed statement will be brought forward separately.

Expenditure Control Panel

1.16.54. Spending controls were implemented that would prevent any new agreements for any expenditure without explicit written consent from the s151 officer. Measures were introduced to stop all non-essential expenditure prior to the meeting of Full Council in July 2022, where Members were asked to approve measures to control spending and improve the finances of the Council.

1.16.55. To support recovery of the Council, it is proposed to continue with the expenditure control panels into 2023/24. Appendix D sets out the process with a summary below.

1.16.56. The expenditure control panel applies to all expenditure irrespective of funding source and requires completion of a business case that requires the following:

- justification for how the submission meets criteria for approval
- detailed budgetary information
- confirmation if procurement support is required
- sign off from the appropriate service director

Contingency against pressures and other issues

1.16.57. As a general principle, directorate budgets should be structured to cover business as usual, investment and efficiency programmes that have been agreed as part of the budget and service planning round and administration priorities. Contingency budgets should not be included in financial planning as part of a service's annual operational revenue budget.

1.16.58. The contingency held by the Council is very limited and is there to deal with unforeseen/exceptional items which occur during the financial year.

1.16.59. Contingency funds will not be used where there has been a failure to deliver planned savings (except where this is due to the outcome of consultation) or properly managing spending.

1.16.60. Use of the contingency will be subject to the following process:

- Full business case submitted to Executive Director of Finance and Commercial and the Chief Executive
- Business case will be subject to review and challenge

- Consultation with the Leader, Lead Member for Financial Oversight and Assets and the Lead Finance Commissioner

1.16.61. If the business case is approved, it will be reported in the next budget monitor.

1.16.62. If there is an under spend at the end of the year a contribution to general balances will be considered with regard to the size of the under spend, the underlying strength of the balance sheet and the need to support other priorities.

3 Implications of the Recommendation

1.17. Financial Implications

1.17.1. The financial implications are discussed throughout this report

1.18. Legal implications

1.18.1. Section 31A of the Local Government Finance Act 1992 requires billing authorities to calculate their Council Tax requirements in accordance with the prescribed requirements of that section. The function of setting the Council Tax is the responsibility of Full Council. This requires consideration of the Council's estimated revenue expenditure for the year in order to perform its functions, allowances for contingencies in accordance with proper practices, financial reserves and amounts required to be transferred from general fund to collection fund. The Council is required to make estimates of gross revenue expenditure and anticipated income, leading to a calculation of a budget requirement and the setting of an overall budget to ensure proper discharge of the Council's statutory duties and to lead to a balanced budget.

1.18.2. Local authorities owe a fiduciary duty to Council taxpayers, which means it must consider the prudent use of resources, including control of expenditure, financial prudence in the short and long term, the need to strike a fair balance between the interests of Council tax payers and ratepayers and the community's interest in adequate and efficient services and the need to act in good faith in relation to compliance with statutory duties and exercising statutory powers.

1.18.3. Section 25 of the Local Government Act 2003 require that, when the Council is making the calculation of its budget requirement, it must have regard to the report of the Chief Finance Officer as to the robustness of the estimates made for the purposes of the calculations and the adequacy of the proposed financial reserves. It is essential, as a matter of prudence that the financial position continues to be closely monitored.

1.18.4. Full Council is responsible for setting the overall budget framework. However, some of the proposed savings will be subject to further analysis and decision making and as such the savings are an estimate. Individual service decisions will be subject to officer or Cabinet approval, taking account of the statutory framework, any requirement to consult and consideration of overarching duties, such as the public sector equality duty. A contingency has been set aside to deal with a risk that when Cabinet considers these proposals it does not agree that the savings can be met within the specific statutory framework. In an extreme case, Cabinet may have to refer the budget to Full Council to reconsider the overall budget framework.

1.18.5. On 1 December 2021 the Secretary of State for Levelling Up, Housing and Communities made a statutory direction requiring the Council to take prescribed actions and that certain functions be exercised from this date by appointed Commissioners, acting jointly or severally. The functions to be exercised by the Commissioners include the requirement from section 151 of the Local Government Act 1972 to make arrangements for the proper administration of the Council's financial affairs, and all functions associated with the strategic financial management of the Council, including providing advice and challenge to the Council in the setting of annual budgets and a robust medium term financial strategy, limiting future borrowing and capital spending. The Explanatory Memorandum to this Direction confirms that in practice most decisions are expected to the taken by the Council, however the Directions are designed to give the Commissioners the power to tackle weaknesses identified to ensure the Council is better equipped to meet the best value requirements.

1.18.6. Cabinet and full Council should have regard to the advice and comments of the Commissioners contained in this report.

1.18.7. In preparing the 2023/24, the Council's scrutiny panels and overview and scrutiny committee have scrutinised the proposals and feedback from these meetings is summarised in this Appendix H. Cabinet and full Council should take account of all relevant information, including scrutiny feedback, s.25 report, equalities impact assessment and other implications. Cabinet and full Council should take account of this information when making a decision. Further, some savings proposals have been subject to a separate cabinet decision where further information was considered and some proposals are due to be considered by Cabinet in the future. Full details of implications will be provided to Cabinet at that point. Due to the fact that some savings proposals are in their infancy and due to be considered by Cabinet and officers in the future, a contingency has been set in case some proposals are not capable of delivery. However, the contingency is relatively small and the Council needs to consider its longer term financial strategy and make significant savings decisions in order to become a more financially sustainable authority in the future.

1.1.1. The Council has submitted a capitalisation direction to DLUHC to allow it to treat as capital expenditure certain types of revenue expenditure. The Secretary of State only permits the Council to capitalise expenditure when it is incurred, minimum revenue provision must be charged and the Council must comply with the conditions set out by DLUHC. It should be noted this the capitalisation direction is not a grant. The Council needs to fund the revenue expenditure from disposing of assets and utilising the sale proceeds of such assets.

1.2. <u>Risk management implications</u>

Category	Risks/Opportunities	Controls	Residual Risk Score (1 (Low) to 10 (high)	Additional Controls
Financial	Given the level of financial uncertainty and current service pressures, there is clearly a risk that the current budget may prove difficult to deliver	This risk has been mitigated by trying to ensure that budget estimates are realistic and reflect current activity, along with known demographic and economic pressures. Including:	6	Budget monitoring process and regular reporting on achievement of budget and savings

Category	Risks/Opportunities	Controls	Residual Risk Score (1 (Low) to 10 (high)	Additional Controls
		The ability to contain demographic demand pressures; The speed of recovery and buoyancy of the general and local economy from COVID 19; Adverse interest rate movements; Increased inflationary pressures; Impact of Brexit on the Economy Future local government financing settlements from central government and potential impacts from changes to the Fair Funding Review; The capacity of Officers to deliver the savings and income projections in line with assumptions whilst still managing the impact of the pandemic.		
Financial	A key risk for the Council is that its finances are not sustainable in the long-term and it does not have sufficient reserves to enable it to effectively manage the financial risk that it faces in the medium term	Risk assessment of the level of reserves and the building of contingency into the base budget to protect future volatility.	8	Regular assessment and review of new and existing areas of volatility or uncertainty.
Financial	The Council's 2018/19 accounts are still being audited and the 2019/20 and 2020/21 accounts have are still being prepared which may mean there could be some movement in the assumed baseline level of reserves.	High risk areas have been reviewed and the financial implications have been built into the capitalisation direction. Risk assessment of the level of reserves and the building of contingency into the base budget to protect future volatility. Regular assessment and review of new and existing areas of volatility or uncertainty.	6	Regular assessment and review of new and existing areas of volatility or uncertainty.

1.3. Environmental implications

1.3.1. Not Applicable

4. Background Papers

- Revenue Budget Report to Full Council – March 2022
- Capital Strategy to Full Council – March 2023
- Treasury Management Strategy to Full Council – March 2023
- Council Tax Bases 2023/24 to Cabinet - January 2023
- Housing Revenue Account Business Plan 2023/24 and 30-Year Housing Investment Plan to Cabinet - February 2023
- Section 25 Report to Cabinet – February 2023
- Council Tax Reduction Scheme 2023-24 to Cabinet – February 2023

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Appendix A1 – 2023/24 Budget Summary

	2022/23 Working Budget	Virements	Growth and Pressures	Net Savings	Corporate Adjustments	Net Funding Changes	Reduction in Capitalisation Direction	2023/24 Proposed Budget
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Service Budgets:								
People (Adults)	26,525	0	0	(5,688)	0	(4,200)	0	16,637
People (Children)	8,047	0	615	(805)	(38)	0	0	7,819
Slough Children First	31,435	0	4,632	0	0	0	0	36,067
Place & Community	17,324	62	529	(3,700)	(562)	0	0	13,653
Housing, Property and Planning	(845)	(62)	5,812	(750)	(415)	0	0	3,740
Strategy & Improvement	17,648	0	130	(1,823)	(2,487)	0	0	13,468
Finance & Commercial	8,769	(100)	0	(7,506)	2,867	166	0	4,196
Total Service Budgets	**108,903**	**(100)**	**11,718**	**(20,272)**	**(635)**	**(4,034)**	**0**	**95,580**
Corporate Budgets:								
Other Corporate Budgets	37,354	100	500	(2,150)	(12,918)	(34)	0	22,851
Pension Deficit	5,014	0	0	0	0	0	0	5,014
Minimum Revenue Provision	32,100	0	0	0	(18,707)	0	0	13,393
Capital Financing	6,039	0	0	0	500	0	0	6,539
Total Corporate Budgets	**80,507**	**100**	**500**	**(2,150)**	**(31,125)**	**(34)**	**0**	**47,797**
Total Expenditure	**189,410**	**0**	**12,218**	**(22,422)**	**(31,760)**	**(4,068)**	**0**	**143,377**
Funded By:								
Council Tax Income	(65,103)	0	0	0	343	(6,657)	0	(71,417)
Council Tax (Surplus) / Deficit	(300)	0	0	0	0	(1,278)	0	(1,578)
Business Rates - Local Share	(37,326)	0	0	0	0	(1,103)	0	(38,429)
Business Rates (Surplus) / Deficit	8,451	0	0	0	0	(613)	0	7,838
Revenue Support Grant	(6,451)	0	0	0	0	(851)	0	(7,302)
Other Government Grants	(4,626)	0	0	0	0	3,712	0	(914)
Capitalisation Direction	(84,055)	0	0	0	0	0	52,480	(31,575)
Total Funding	**(189,410)**	**0**	**0**	**0**	**343**	**(6,790)**	**52,480**	**(143,377)**
General Fund Balanced Budget	**0**	**0**	**12,218**	**(22,422)**	**(31,417)**	**(10,858)**	**52,480**	**0**

Appendix A2 – Directorate Budget Summary - People (Adults)

People (Adults)	2022/23 Working Budget	Virements	Growth and Pressures	Net Savings	Corporate Adjustments	Net Funding Changes	Reduction in Capitalisation Direction	2023/24 Proposed Budget
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Expenditure:								
Employees	12,578	0	0	(300)	0	0	0	12,278
Premises-Related Expenditure	385	0	0	(100)	0	0	0	285
Supplies & Services	42,788	0	0	(5,288)	0	0	0	37,500
Third Party Payments	3,422	0	0	0	0	0	0	3,422
Transport-Related Expenditure	2	0	0	0	0	0	0	2
Total Expenditure	**59,175**	**0**	**0**	**(5,688)**	**0**	**0**	**0**	**53,487**
Income:								
Government grants	(17,232)	0	0	0	0	(4,200)	0	(21,432)
Grants and contributions	(16)	0	0	0	0	0	0	(16)
Sales	0	0	0	0	0	0	0	0
Fees and Charges	(13,951)	0	0	0	0	0	0	(13,951)
Rent	0	0	0	0	0	0	0	0
Internal Recharges	(1,451)	0	0	0	0	0	0	(1,451)
Total Income	**(32,650)**	**0**	**0**	**0**	**0**	**(4,200)**	**0**	**(36,850)**
Net Expenditure	**26,525**	**0**	**0**	**(5,688)**	**0**	**(4,200)**	**0**	**16,637**

Appendix A2 – Directorate Budget Summary - People (Children)

People (Children)	2022/23 Working Budget	Virements	Growth and Pressures	Net Savings	Corporate Adjustments	Net Funding Changes	Reduction in Capitalisation Direction	2023/24 Proposed Budget
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Expenditure:								
Employees	7,055	0	127	(210)	0	0	0	6,972
Supplies & Services	80,747	0	120	0	0	0	0	80,867
Premises-Related Expenditure	361	0	0	0	0	0	0	361
Third Party Payments	5,945	0	0	0	0	0	0	5,945
Transport-Related Expenditure	3,692	0	0	(595)	0	0	0	3,097
Total Expenditure	**97,800**	**0**	**247**	**(805)**	**0**	**0**	**0**	**97,242**
Income:								
Government grants	(85,234)	0	120	0	0	0	0	(85,114)
Grants and Contributions	0	0	0	0	0	0	0	0
Sales	0	0	0	0	0	0	0	0
Fees and Charges	(1,560)	0	0	0	(38)	0	0	(1,598)
Rent	(22)	0	0	0	0	0	0	(22)
Internal Recharges	(2,937)	0	248	0	0	0	0	(2,689)
Total Income	**(89,753)**	**0**	**368**	**0**	**(38)**	**0**	**0**	**(89,423)**
Net Expenditure	**8,047**	**0**	**615**	**(805)**	**(38)**	**0**	**0**	**7,819**

Appendix A2 – Directorate Budget Summary - Slough Children First

Slough Children First	2022/23 Working Budget	Virements	Growth and Pressures	Net Savings	Corporate Adjustments	Net Funding Changes	Reduction in Capitalisation Direction	2023/24 Proposed Budget
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Expenditure:								
Supplies & Services	31,435	0	4,632	0	0	0	0	36,067
Total Expenditure	**31,435**	**0**	**4,632**	**0**	**0**	**0**	**0**	**36,067**

Appendix A2 – Directorate Budget Summary - Place & Community

Place & Community	2022/23 Working Budget	Virements	Growth and Pressures	Net Savings	Corporate Adjustments	Net Funding Changes	Reduction in Capitalisation Direction	2023/24 Proposed Budget
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Expenditure:								
Employees	16,356	760	0	(402)	0	0	0	16,714
Premises-Related Expenditure	1,456	0	0	(125)	5	0	0	1,336
Transport-Related Expenditure	3,724	(5)	0	(460)	0	0	0	3,259
Supplies & Services	27,024	(866)	0	(1,615)	0	0	0	24,543
Third Party Payments	280	0	0	0	0	0	0	280
Depreciation and Impairment Losses	686	0	0	0	0	0	0	686
Total Expenditure	**49,526**	**(111)**	**0**	**(2,602)**	**5**	**0**	**0**	**46,818**
Income:								
Government grants	(2,594)	349	0	0	0	0	0	(2,245)
Grants and contributions	(940)	0	0	0	0	0	0	(940)
Sales	(8)	0	0	0	0	0	0	(8)
Fees and Charges	(9,544)	(176)	529	(1,098)	(564)	0	0	(10,853)
Rent	(35)	0	0	0	(3)	0	0	(38)
Internal Recharges	(19,081)	0	0	0	0	0	0	(19,081)
Total Income	**(32,202)**	**173**	**529**	**(1,098)**	**(567)**	**0**	**0**	**(33,165)**
Net Expenditure	**17,324**	**62**	**529**	**(3,700)**	**(562)**	**0**	**0**	**13,653**

Appendix A2 – Directorate Budget Summary - Housing, Property and Planning

Housing, Property and Planning	2022/23 Working Budget	Virements	Growth and Pressures	Net Savings	Corporate Adjustments	Net Funding Changes	Reduction in Capitalisation Direction	2023/24 Proposed Budget
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Expenditure:								
Employees	9,321	(190)	0	(26)	(57)	0	0	9,048
Premises-Related Expenditure	9,533	0	1,012	(696)	(91)	0	0	9,758
Transport-Related Expenditure	149	0	0	0	0	0	0	149
Supplies & Services	57	(47)	0	(28)	(9)	0	0	(27)
Third Party Payments	8	0	0	0	0	0	0	8
Depreciation and Impairment Losses	0	0	0	0	0	0	0	0
Interest	0	0	0	0	0	0	0	0
Total Expenditure	**19,068**	**(237)**	**1,012**	**(750)**	**(157)**	**0**	**0**	**18,936**
Income:								
Government grants	(190)	0	0	0	0	0	0	(190)
Grants and contributions	(355)	0	0	0	0	0	0	(355)
Sales	0	0	0	0	0	0	0	0
Fees and Charges	(3,361)	175	0	0	(258)	0	0	(3,444)
Rent	(11,326)	0	4,800	0	0	0	0	(6,526)
Internal Recharges	(4,681)	0	0	0	0	0	0	(4,681)
Total Income	**(19,913)**	**175**	**4,800**	**0**	**(258)**	**0**	**0**	**(15,196)**
Net Expenditure	**(845)**	**(62)**	**5,812**	**(750)**	**(415)**	**0**	**0**	**3,740**

Appendix A2 – Directorate Budget Summary - Strategy & Improvement

Strategy & Improvement	2022/23 Working Budget	Virements	Growth and Pressures	Net Savings	Corporate Adjustments	Net Funding Changes	Reduction in Capitalisation Direction	2023/24 Proposed Budget
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Expenditure:								
Employees	10,524	0	50	(1,060)	315	0	0	9,829
Premises-Related Expenditure	48	0	0	(6)	0	0	0	42
Transport-Related Expenditure	7	0	0	0	0	0	0	7
Supplies & Services	8,576	0	0	(756)	(2,765)	0	0	5,055
Third Party Payments	321	0	80	0	0	0	0	401
Depreciation and Impairment Losses	0	0	0	0	0	0	0	0
Total Expenditure	**19,476**	**0**	**130**	**(1,822)**	**(2,450)**	**0**	**0**	**15,334**
Income:								
Government grants	(76)	0	0	0	0	0	0	(76)
Grants and contributions	0	0	0	0	0	0	0	0
Sales	0	0	0	0	0	0	0	0
Fees and Charges	(460)	0	0	(1)	(37)	0	0	(498)
Rent	0	0	0	0	0	0	0	0
Internal Recharges	(1,292)	0	0	0	0	0	0	(1,292)
Total Income	**(1,828)**	**0**	**0**	**(1)**	**(37)**	**0**	**0**	**(1,866)**
Net Expenditure	**17,648**	**0**	**130**	**(1,823)**	**(2,487)**	**0**	**0**	**13,468**

Appendix A2 – Directorate Budget Summary - Finance & Commercial

Finance & Commercial	2022/23 Working Budget	Virements	Growth and Pressures	Net Savings	Corporate Adjustments	Net Funding Changes	Reduction in Capitalisation Direction	2023/24 Proposed Budget
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Expenditure:								
Employees	10,088	0	0	(2,339)	1,200	0	0	8,949
Premises-Related Expenditure	15,535	0	0	0	0	0	0	15,535
Transport-Related Expenditure	0	0	0	0	0	0	0	0
Supplies & Services	5,711	(100)	0	(3,900)	400	0	0	2,111
Third Party Payments	252	0	0	0	0	0	0	252
Transfer Payments	35,025	0	0	0	0	0	0	35,025
Total Expenditure	**66,611**	**(100)**	**0**	**(6,239)**	**1,600**	**0**	**0**	**61,872**
Income:								
Government grants	(50,005)	0	0	(350)	350	166	0	(49,839)
Grants and contributions	(213)	0	0	0	0	0	0	(213)
Sales	0	0	0	0	0	0	0	0
Fees and Charges	(2,647)	0	0	(917)	917	0	0	(2,647)
Rent	(97)	0	0	0	0	0	0	(97)
Interest and Investment Income	0	0	0	0	0	0	0	0
Internal Recharges	(4,880)	0	0	0	0	0	0	(4,880)
Total Income	**(57,842)**	**0**	**0**	**(1,267)**	**1,267**	**166**	**0**	**(57,676)**
Net Expenditure	**8,769**	**(100)**	**0**	**(7,506)**	**2,867**	**166**	**0**	**4,196**

Appendix A3 - Growth and Pressures

Directorate	Item	2023/24 £000
People (Children)	SEND Team	127
People (Children)	Reduction in grant income	120
People (Children)	Reduction in recharge income	248
People (Children)	Other pressures	120
Sub-Total		**615**
Slough Children First	Growth and pressures	4,632
Sub-Total		**529**
Place & Community	Unachievable management fee income	529
Sub-Total		**529**
Housing, Property and Planning	Unachievable savings	1,300
Housing, Property and Planning	Reduction in commercial rent	3,500
Housing, Property and Planning	Energy pressures	1,012
Sub-Total		**5,812**
Strategy & Improvement	Pressures related to coroner's service	80
Strategy & Improvement	Staffing pressures	50
Sub-Total		**130**
Corporate Budgets	Creation of provision	500
Sub-Total		**500**
Total Growth & Pressures		**12,218**

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Appendix A4 - 2023/24 Proposed Savings by Directorate

Directorate/Service	Ref	Savings Description	Total £000's	Cabinet decision
People (Adults)				
People (Adults)	ASC-2324-08	Reablement Efficiencies	(650)	Yes - Oct 2022
People (Adults)	ASC-2324-08	Accomodation with Support	(652)	Yes - Oct 2022
People (Adults)	ASC-2324-08	Joint Funding	(330)	No
People (Adults)	ASC-2324-08	Practice and Process Development	(810)	Yes - Oct 2022
People (Adults)	ASC-2324-10	Better use of Disabled Facilities Grant and equipment	(100)	No
People (Adults)	ASC-2324-09	Align and integrate the range of ASC and PH services with the NHS and/or across East Berks Councils/better use of PH Grant	(250)	TBC
People (Adults)	ASC-2324-08	Mental Health	(500)	Yes - Oct 2022
People (Adults)	ASC-2324-08	Transitions	(400)	No
People (Adults)	ASC-2324-08	Diverting demand	(270)	No
People (Adults)	ASC-2324-08	Review of hospital discharge/6-week review	(350)	No
People (Adults)	ASC-2324-08	Financial Assessments	(150)	No
People (Adults)	ASC-2324-08	Direct Payment recoupment	(200)	No
People (Adults)	ASC-2324-08	Levying the OPG determined charge rate	(100)	No
People (Adults)	ASC-2324-08	Further cost reductions, efficiencies and vacancy factor	(300)	No
People (Adults)	ASC-2324-55	Assistive Technology	(420)	No
People (Adults)	ASC-2324-56	Reduce Block Beds	(206)	No
People (Adults) Total			**(5,688)**	

People (Children)				
People (Children)	CHS-2324-27	Home to School Transport - various initiatives to reduce spend	(595)	Yes - Oct 2022
People (Children)	CHS-2324-49	Education & Inclusion Staff Restructure	(210)	Yes - TBC
People (Children) Total			**(805)**	

Directorate/Service	Ref	Savings Description	Total £000's	Cabinet decision
Housing, Property & Planning				
Housing, Property & Planning	HP-2324-40	Reduce spend on repairs and maintenance at Corporate Buildings	(280)	Yes - Feb 2023
Housing, Property & Planning	HP-2324-41	Reduce spend on cleaning at Corporate Buildings	(200)	Yes - Feb 2023
Housing, Property & Planning	HP-2324-42	Corporate Contract efficiencies	(50)	No
Housing, Property & Planning	HP-2324-12	Savings from reduction in building management costs	(100)	No
Housing, Property & Planning	HP-2324-64	Savings from additional efficiencies in facilities management	(100)	No
Housing, Property & Planning	HP-2324-40	Reduce spend on repairs and maintenance at Corporate Buildings	(20)	No
Housing, Property & Planning Total			**(750)**	

Place & Community				
Place & Community	PL-2324-01	Reduce staff costs in Planning Development	(100)	No
Place & Community	PL-2324-02	Adopt fortnightly waste collections	(424)	Yes - Sep 2022
Place & Community	PL-2324-03	Chalvey HWRC Management Fee	(40)	No
Place & Community	PL-2324-04	Borough Wide Controlled Parking Zones	(200)	Yes - Feb 2023
Place & Community	PL-2324-05	Switch off streetlighting and park lighting after midnight	(25)	No
Place & Community	PL-2324-06	Stop Bus Subsidy - Service 4, 5 and 6	(160)	No
Place & Community	PL-2324-07	Government tapering of concessionary fares	(300)	No
Place & Community	PL-2324-19	Library Service model	(276)	Yes - Feb 2023
Place & Community	PL-2324-20	Improve Trade Waste Business	(10)	No
Place & Community	PL-2324-22	Increase charges for Parking permits	(48)	No
Place & Community	PL-2324-23	Streetworks Section 50 licences	(35)	No
Place & Community	PL-2324-24	Streetworks Road Closure fees	(65)	No
Place & Community	PL-2324-25	Transport and Highways grant swap	(1,071)	No
Place & Community	PL-2324-36	Green waste collection charges	(700)	Yes - Jul 2022
Place & Community	PL-2324-37	Reduce Highways maintenance works	(100)	No
Place & Community	PL-2324-38	All leisure services to be externally funded	(20)	No
Place & Community	PL-2324-46	Stop SBC funded CCTV Monitoring of public spaces	(26)	Yes - Feb 2023
Place & Community	PL-2324-59	Delete vacant AD post	(100)	No
Place & Community Total			**(3,700)**	

Directorate/Service	Ref	Savings Description	Total £000's	Cabinet decision
Strategy & Improvement				
Strategy & Improvement	RES-2324-11a-d	Various - Electoral Canvass reform, Events and Slough Citizen	(150)	No
Strategy & Improvement	RES-2324-47a-g	IT contract savings	(505)	Yes - Mar 2023
Strategy & Improvement	RES-2324-18a	Vacancy factor	(500)	No
Strategy & Improvement	RES-2324-53	Reduction in services and efficiencies	(668)	No
Strategy & Improvement Total			**(1,823)**	
Finance & Commercial				
Finance & Commercial	RES-2324-11e	Staffing reduction - Fraud dept	(12)	No
Finance & Commercial	RES-2324-18b	Vacancy factor	(299)	No
Finance & Commercial	RES-2324-13+14	Increased taxbase and collection rate	(917)	Yes - Jan 2023
Finance & Commercial	RES-2324-15	Reduced audit fee, reduced duplicate payments and income	(400)	No
Finance & Commercial	RES-2324-16	Single Person Discount monitoring and other initiatives	(350)	No
Finance & Commercial	RES-2324-48	Budgeted overheads cleanse	(788)	No
Finance & Commercial	RES-2324-50	Efficient working practices in Revenues and Benefits	(440)	No
Finance & Commercial	RES-2324-51	Revenues and Benefits agency savings	(450)	Yes - Feb 2023
Finance & Commercial	RES-2324-17	Early payment of pension contributions	(350)	No
Finance & Commercial	RES-2324-58	Minimum Revenue Provision reduction as a consequence of asset disposal decisions	(3,500)	No
Finance & Commercial Total			**(7,506)**	
Other Corporate Budgets				
Other Corporate Budgets	X-2324-26	Fees & Charges increases	(900)	Yes - Jan 2023
Other Corporate Budgets	X-2324-54	Review of Strategic Commissioning	(750)	Yes - TBC
Other Corporate Budgets	X-2324-57	Support Services	(500)	Yes - Feb 2023
Other Corporate Budgets Total			**(2,150)**	
Total			**(22,422)**	

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Appendix B – Council Tax Resolution

The Council is required to calculate and set its Council Tax for 2023/24 as required by law by 11th March in the preceding financial year to the year in which the charges will be made.

Recommendations:

1) An increase in the Council's element of the Council tax for a band D property by £153.33 for 2023/24, giving a band D Council Tax of £1,688.19 per year, excluding the precepts from Police, Fire and parishes.

2) This equates to an increase in the Council's general band D Council Tax by 7.99%, the maximum permitted without a referendum; and an increase in the Council's Adult Social Care Precept by 2.00% as confirmed by Government in the Final Local Government Settlement.

3) (a) That in pursuance of the powers conferred on the Council as the billing authority for its area by the Local Government Finance Acts (the Acts), the Council Tax for the Slough area for the year ending 31 March 2023 is as specified below and that the Council Tax be levied accordingly.

(b) That it be noted that at its meeting on 16th January 2022 Cabinet calculated the following Tax Base amounts for the financial year 2023/24 in accordance with Regulations made under sections 31B (3) and 34(4) of the Act:

(i) 43,160.1 being the amount calculated by the Council, in accordance with Regulation 3 of the Local Authorities (Calculation of Council Tax Base) Regulations 2012 (the Regulations) as the Council Tax Base for the whole of the Slough area for the year 2023/24 and

(ii) The sums below being the amounts of Council Tax Base for the Parishes within Slough for 2023/24

Parish	2023/24 Band Tax-Base
Parish of Britwell	841.0
Parish of Colnbrook with Poyle	1,842.2
Parish of Wexham Court	1,402.4

(c) That the following amounts be now calculated for the year 2023/24 in accordance with sections 31A to 36 of the Act:

(i) £377,553,135 being the aggregate of the amounts which the Council estimates for the items set out in section 31A (2)(a) to (f) of the Act. (Gross Expenditure);

(ii) £304,526,303 being the aggregate of the amounts which the Council estimates for the items set out in section 31A (3) (a) to (d) of the Act. (Gross Income);

(iii) £73,026,832 being the amount by which the aggregate at paragraph c (i) above exceeds the aggregate at paragraph c (ii) above calculated by the Council as its council tax requirement for the year as set out in section 31A(4) of the Act. (Council Tax Requirement);

(iv) £1,692.00 being the amount at paragraph c(iii) above divided by the amount at paragraph b(i) above, calculated by the Council, in accordance with section 31B(1) of the Act, as the basic amount of its Council Tax for the year, including the requirements for Parish precepts.

(v) That for the year 2023/24 the Council determines in accordance with section 34 (1) of the Act, Total Special Items of £164,383 representing the total of Parish Precepts for that year.

(vi) £1,688.19 being the amount at paragraph c (iv) above less the result given by dividing the amount at paragraph c (v) above by the relevant amounts at paragraph b (i) above, calculated by the Council, in accordance with section 34 (2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no special item relates.

(vii) Valuation Bands

Band	Slough Area £	Britwell £	Wexham £	Colnbrook with Poyle £
A	1,125.46	41.92	16.67	27.66
B	1,313.04	48.91	19.44	32.27
C	1,500.62	55.89	22.22	36.88
D	**1,688.19**	**62.88**	**25.00**	**41.49**
E	2,063.35	76.85	30.56	50.72
F	2,438.50	90.83	36.11	59.94
G	2,813.65	104.8	41.67	69.16
H	3,376.39	125.76	50.00	82.99

Being the amounts given by multiplying the amounts at paragraph c (iv) and c (vi) above by the number which, in the proportion set out in section 5 (1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation band D, calculated by the Council, in accordance with section 36 (1) of the Act, as the amount to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.

(viii) Calculate that the Council Tax requirement for the Council's own purposes for 2023/24 (excluding Parish precepts) is £72,862,449

(ix) That it be noted that for the year 2023/24 that the Thames Valley Police Authority precept will increase by £15.00 for a Band D property. The Police & Crime Panel at its meeting on 27th January 2023 endorsed the PCC's proposed 6.22% increase in the Police element of Council Tax for 2023/24. The following amounts are stated in accordance with section 40 of the Act, for each of the categories of dwellings shown below:

Band	Office of the Police and Crime Commissioner (OPCC) for Thames Valley £
A	170.85
B	199.33
C	227.80
D	**256.28**
E	313.23
F	370.18
G	427.13
H	512.56

(x) That it be noted that for the year 2023/24 the Royal Berkshire Fire Authority has proposed increasing its precept by £5.00 in accordance with section 40 of the Act, for each of the categories of dwellings shown below:

Band	Royal Berkshire Fire Authority £
A	52.63
B	61.41
C	70.18
D	**78.95**
E	96.49
F	114.04
G	131.58
H	157.90

(xi) Note that arising from these recommendations, and assuming the major precepts are agreed, the overall Council Tax for Slough Borough Council for 2023/24 including the precepting authorities will be as follows:

Band	Slough £	Office of the Police and Crime Commissioner (OPCC) for Thames Valley £	Royal Berkshire Fire Authority £	TOTAL £
A	1,125.46	170.85	52.63	1,348.94
B	1,313.04	199.33	61.41	1,573.78
C	1,500.62	227.8	70.18	1,798.60
D	**1,688.19**	**256.28**	**78.95**	**2,023.42**
E	2,063.35	313.23	96.49	2,473.07
F	2,438.50	370.18	114.04	2,922.72
G	2,813.65	427.13	131.58	3,372.36
H	3,376.39	512.56	157.90	4,046.85

With the parish precepts, the Council Tax will be:

Band	Slough + Preceptors Unparished £	Britwell £	Wexham £	Colnbrook with Poyle £
A	1,348.94	1,390.86	1,365.61	1,376.60
B	1,573.78	1,622.69	1,593.21	1,606.05
C	1,798.60	1,854.49	1,820.82	1,835.48
D	**2,023.42**	**2,086.30**	**2,048.42**	**2,064.92**
E	2,473.07	2,549.92	2,503.63	2,523.78
F	2,922.72	3,013.55	2,958.83	2,982.66
G	3,372.36	3,477.16	3,414.03	3,441.53
H	4,046.85	4,172.61	4,096.85	4,129.83

(xii) That the Section 151 Officer be and is hereby authorised to give due notice of the said Council Tax in the manner provided by Section 38(2) of the 2012 Act.

(xiii) That the Section 151 Officer be and is hereby authorised when necessary to apply for a summons against any Council Tax payer or non-domestic ratepayer on whom an account for the said tax or rate and arrears has been duly served and who has failed to pay the amounts due to take all subsequent necessary action to recover them promptly.

(xiv) That the Section 151 Officer be authorised to collect (and disperse from the relevant accounts) the Council Tax and National Non- Domestic Rate and that whenever the office of the Section 151 Officer is vacant or the holder thereof is for any reason unable to act, the Chief Executive or such other authorised post-holder be authorised to act as before said in his or her stead.

(xv) That in the event that there are any changes to the provisional precept of the Fire Authority, the Section 151 Officer is delegated authority to enact all relevant changes to the Revenue Budget 2023/24 Statutory Resolution and council tax levels.

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APPENDIX C - DEDICATED SCHOOLS GRANT 2023/24

1. Background

1.1 School Funding is received through the Dedicated Schools Grant (DSG), and is split into four blocks, each with its own formula to calculate the funding to be distributed to each local Authority, and with specific regulations on what each block of funding can be spent on:

- **Schools Block (SB)–** funds primary and secondary schools through the school's funding formula, premises funding and growth funding for new and growing schools or bulge classes.

- **Central Schools Services Block (CSSB)** – funds services provided by the local authority centrally for all schools and academies, such as the admissions service.

- **Early Years Block (EYB)–** funds the free entitlement for 2, 3, & 4-year olds in all early year's settings in the private, voluntary and independent (PVI) sector as well as maintained nursery schools, and nursery classes in mainstream primary schools.

- **High Needs Block (HNB)** – funds places in special schools, resource units and alternative provision, and top up funding for pupils with Education, Health & Care Plans (EHCPs) in all settings including non-maintained special schools, independent special schools, and further education colleges.

1.2 The allocations for the 2023-24 financial year were published by the Department for Education (DfE) on 16th December 2022. Adjustments to the allocations are made throughout the year for academy schools recoupment, high needs provisions and for early year's provisions. The CSSB is generally fixed for the year.

1.3 The DSG is a ring-fenced grant and must be deployed in accordance with the conditions of grant and the latest school and Early Years Finance (England) Regulations. Detailed guidance for each block is contained within various operational documents issued by the Education Funding & Skills Agency (EFSA).

1.4 Transfers between the individual blocks of the DSG are allowed providing they meet the regulations and are approved by Schools Forum. Schools Forum, at its meeting in November 2022, agreed to transfer 0.05% of the SB allocation to the HNB and the CSSB. The final allocations were £100k to the CSSB and £714k to the HNB.

1.5 Schools Forum meets a minimum of four times a year and the papers for the meetings can be found on the following link: Schools Forum.

2. DSG Allocation and Budgets for 2023/24

2.1 Table 1 sets out the detailed DSG allocations for 2023/24 as published by the DfE on 16 December 2022, together with additional allocation for the SB and HNB following additional funding announced in the Autumn 2022 budget statement.

DSG Funding 2023/24

Slough NFF Funding Allocation	School Block	High Needs Block	Central Services Block	Early Year Block	Total
	£'000	£'000	£'000	£'000	£'000
2022/23	159,653	31,526	743	14,461	206,383
2023/24	168,190	34,597	785	15,532	219,104
Increase/(Reduction)	8,538	3,071	42	1,071	12,721
% Change	5.4%	9.7%	5.7%	7.4%	6.2%

3. Schools Block

3.1 The vast majority of the schools block allocation is pupil driven with different funding rates for primary pupils and secondary pupils. The funding rates are known as Primary Units of Funding (PUFs) and Secondary Units of Funding (SUFs). These funding rates are then multiplied by the pupil numbers on the October 2022 census which show the number of children in mainstream schools and academies.

3.2 An allocation for growth (growing schools and bulge classes) and premises (national non-domestic rates [NNDR]) and schools funded through the Private Finance Initiative) is also added to the PUF and SUF allocations to complete the funding for the schools block.

3.3 The approach to setting the schools funding formula for 2022-23 has been to mirror the full national funding formula rates.

3.4 The School Block funding includes £1.52m NNDR funds which will be retained by the ESFA due to centralising the payments of NNDR.

3.5 The schools block budget has been set based on the criteria agreed on at Schools Forum meeting in January 2023 which took into consideration recommendations from the 5-16 task group. The final budgets were agreed at the January 2023 meeting of the Schools Forum based on the settlement received form Government on 16th December 2022.

3.6 Annexe 1 shows the final allocations against the NFF factor rates, these rates may change depending on the final allocation of the grant once Authority Performa Tools has been verified by the Education and Skills Funding Agency.

4. Central Schools Services Block

4.1 The central schools services block is split into two elements, historical commitments and ongoing commitments. From 2020/21 the ESFA have included a mandatory reduction of 20% in the historical elements of this block. Slough has already reduced its historical elements by more than 20% so the additional funding can be utilised within the ongoing commitments area. Funding for ongoing commitments is calculated using 2 factors, a basic per-pupil factor, through which LAs receive the majority of funding, and a deprivation per-pupil factor.

4.2 The central services budget allocation has increased by £42k from £743k in 2022/23 to £785k in 2023/24. This is mainly due to an overall increase in pupil numbers for which the ongoing element is calculated on.

5. Early Years Block

5.1 The early years block is made up of specific elements for funding of the two year old entitlement, a total of £1.4m and the three and four year old entitlement for both the universal 15 hours and the additional 15 hours for eligible children of working parents, which is a total of £13.0m.

5.2 In addition to the above elements the Early Years National Funding Formula allocates funding for the early years pupil premium at a rate of £0.62 per eligible child per hour, a total of £128k and disability access fund at £828 per eligible child per year, a total of £52k.

5.3 Maintained Nursery Schools (MNS) receive supplementary funding each year to ensure their funding is protected at 2016/17 funding levels following the introduction of the Early Years National Funding Formula in April 2018. MNS supplementary funding for 2023/24 is £949k an increase of £250k over 2022-23 funding. The increase reflects the movement of the historic cost of teachers pay and pension (£100k) from grant into directed MNS funding and a change in the way the overall funding is calculated (£150k).

5.4 Early Years Funding regulations state that at least 95% of available early years funding must be passported to early years providers. Therefore, a maximum of 5% of can be utilised by the authority for fund central function that support early year provision.

5.5 All providers are consulted annually on the distribution of the early years funding formula and the central spend is agreed at Schools Forum.

6. High Needs Block

6.1 The authority receives the funding for the high needs block based on a formula set by the DfE. The formula provides for every authority to receive an increase of at least 8% per head of the age 2 to 18 populations based on what authorities received in 2022/23

6.3 The allocation for the high needs block has increased by £3.1m from £31.5m in 2022/3 to £34.6m in 2023/4. There will be a total net adjustment to the import/export element in July to reflect actual movement. This is a net adjustment to reflect the difference between high needs pupils and students living in one local authority and attending a school or college in another.

6.3 The authority funds pre 16 special schools, alternative provisions and resource provision on 2 elements, a core place funding element which is a fixed rate and a top up element which is based on the individual pupils specific needs.

7. The Management Plan

7.1 A separate report is to be presented to Cabinet with a more detailed update on the DSG's deficit and management plan.

Annexe 1

Formula Factor Values 2022/23 to 2023/24

	NFF ACA 2022-24 £	NFF ACA 2023-24 £	Increase £	%
Primary Basic entitlement	3,544.58	3,641.00	96.42	2.72%
Key Stage 3 Basic Entitlement	4,998.70	5,134.00	135.30	2.71%
Key Stage 4 Basic Entitlement	5,633.17	5,786.00	152.83	2.71%
Primary FSM	499.70	510.00	10.30	2.06%
Secondary FSM	499.70	510.00	10.30	2.06%
Primary FSM6	624.55	750.00	125.45	20.09%
Secondary FSM6	912.30	1,090.00	177.70	19.48%
Primary IDACI A	671.70	710.00	38.30	5.70%
Primary IDACI B	514.60	540.00	25.40	4.94%
Primary IDACI C	482.10	510.00	27.90	5.79%
Primary IDACI D	444.20	470.00	25.80	5.81%
Primary IDACI E	281.70	300.00	18.30	6.50%
Primary IDACI F	232.90	245.00	12.10	5.20%
Secondary IDACI A	937.10	985.00	47.90	5.11%
Secondary IDACI B	736.70	775.00	38.30	5.20%
Secondary IDACI C	682.50	720.00	37.50	5.49%
Secondary IDACI D	628.40	660.00	31.60	5.03%
Secondary IDACI E	449.60	475.00	25.40	5.65%
Secondary IDACI F	335.70	355.00	19.30	5.75%
Primary LPA	1,186.30	1,225.00	38.70	3.26%
Secondary LPA	1,798.40	1,855.00	56.60	3.15%
Primary EAL	595.85	615.00	19.15	3.21%
Secondary EAL	1,608.80	1,660.00	51.20	3.18%
Primary Mobility	97.50	207.18	109.68	112.49%
Secondary Mobility	139.75	298.81	159.06	113.82%
Primary Lum Sum	127,620.00	135,500.00	7,880.00	6.17%
Secondary Lump Sum	127,620.00	135,500.00	7,880.00	6.17%

Abbreviations

EAL - English s an Additional Language

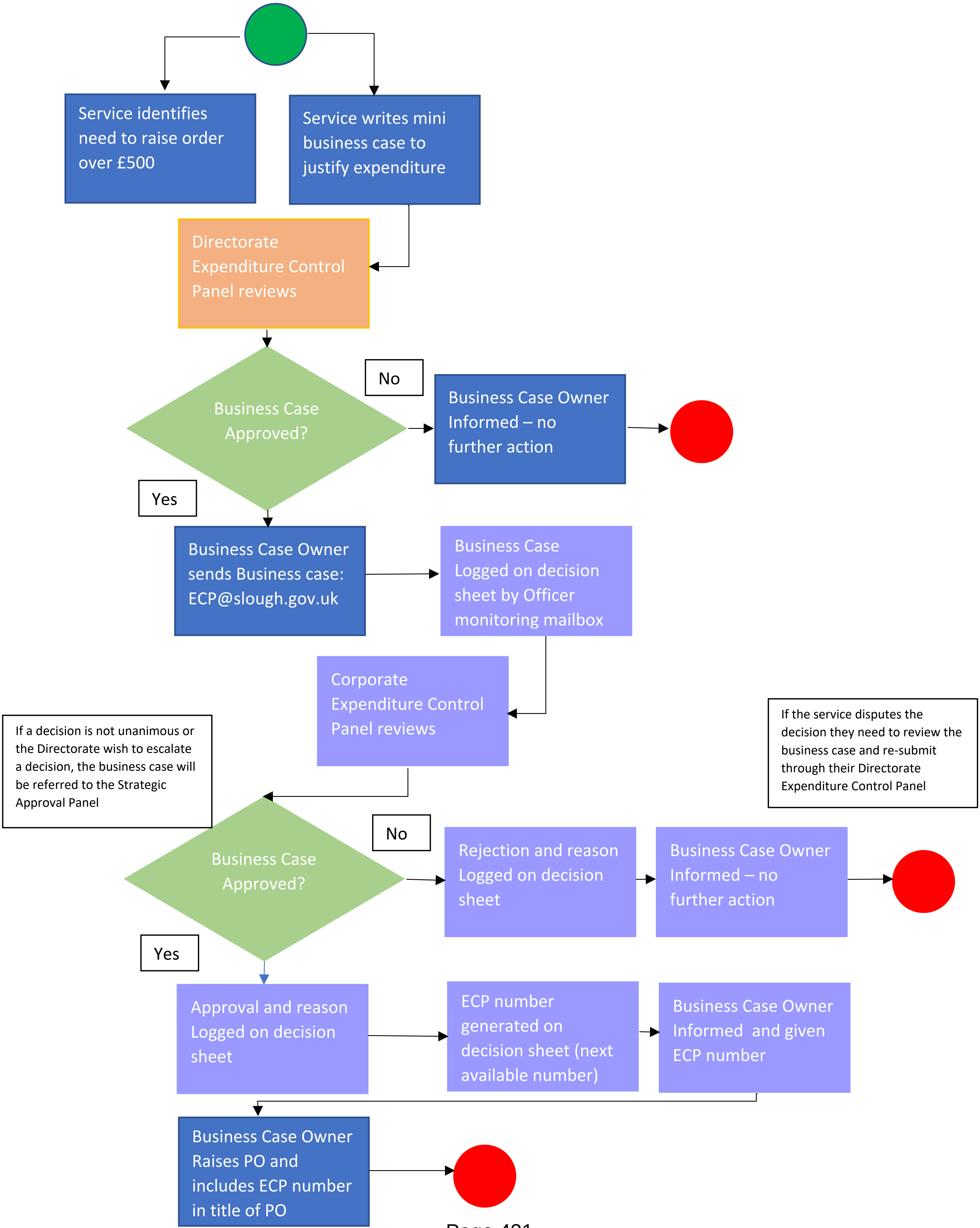
FSM - Free School Meals

IDACI - Income Deprivation Affecting Children Index

LPA - Low Prior attainment

Appendix D: Outline of Expenditure Control Panel Process

Expenditure Control Panel Process



Appendix E - Equality Impact Assessment (Budget 2023/24)

1 Overview

1.1 This appendix describes the most significant equality pressures confronting each main service area, informed by an equality analysis. It highlights the effect of policy and governance changes; an overview of positive and neutral impacts; and a service impact overview. These outcomes are based upon spending decisions taken during the last two years and changes resulting from the 2023/24 budget. The analysis also highlights a number of cumulative impacts that may arise resulting from the 2023/24 budget.

1.2 It is important to note that the budget is the financial expression of the strategic plan and our operational intent, and where known, the equality impact of change is disclosed. There are also a number of individual decisions that will arise over the period of the 2023/24 budget and these will continue to be the subject of specific and more detailed equality impact assessments in line with the Council's Equality Impact Assessment (EIA) guidance. Political decisions will only be taken once effective and meaningful engagement has taken place on a need-by-need basis.

1.3 In making this decision we must have regard to the Public Sector Equality Duty (PSED) under section 149 of the Equality Act 2010, i.e. have due regard to the need to:

a) Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act;

b) Advance equality of opportunity between people who share a protected characteristic and those who do not;

c) Foster good relations between people who share a protected characteristic and those who do not, including tackling prejudice and promoting understanding.

1.4 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation. In addition, marital status is a relevant protected characteristic for 1.3(a)

1.5 The PSED is a relevant factor in making this decision but does not impose a duty to achieve the outcomes in s149. It is only one factor that needs to be considered and may be balanced against other relevant factors.

1.6 Part of the equalities governance is to ensure that equality impact assessments are undertaken when considering new and/or revised policies to inform and underpin good decision-making processes. This also helps us pay due regard to our equality obligations.

1.7 The Equality Act also says that public bodies must pay 'due regard' to equality. This means that we must:

- move or minimise disadvantages suffered by people due to their protected characteristics;

- take steps to meet the needs of people from protected groups where these are different from the needs of other people.

2. Identified high level cumulative equality impact

2.1 At this stage, it is not possible to fully measure the impact of the proposals on those people who have protected characteristics under the Equality Act 2010, or how the geographic spread of budget proposals will be felt across all areas of Slough.

2.2 However, our preliminary equality impact analysis of the planned activity and budget proposals for 2023/24 indicates that the council is focused on making a wide range of changes during 2023/24 in order to balance its budget and whilst the majority of identified savings through efficiencies are linked to internal systems and processes there are others that impact our external partners and neighbours.

2.3 Key impacts from this initial analysis across the portfolios are outlined from section 5 below.

3. Mitigating actions – our principles

3.1 **Monitoring of impact**: Services must ensure ongoing equalities monitoring of the Impact of service changes, to identify trends in disproportionate or unanticipated impact at an early stage to address them. This reporting should be monitored Council-wide at senior levels within the Council in order to identify cumulative impacts and mitigating actions. Consideration should be given to working with other partners in this monitoring and evaluation where appropriate.

3.2 **Informing decision-making**: The findings of this monitoring should be used to inform the budget-setting process year on year.

3.3 **Equality Impact Assessments**: As the budget proposals are developed, individual Equality impact assessments will be undertaken. This will include an assessment of who is likely to be impacted by the changes, whether they are considered to have 'protected characteristics' under the Equality Act 2010 and if they are, what mitigation activity is proposed to ensure that they will not be disproportionately affected. These will all be reviewed to provide an assessment of the cumulative impact of the budget decisions.

3.4 **Targeting based on need**: Resources and services should clearly identify specific needs of different groups at an early stage in order to be most effective and meet needs at first contact wherever possible e.g. through consultation.

3.5 **Gaps in monitoring**: Where gaps in monitoring have been identified during the equality impact assessment process, steps should be taken to fill these in the forthcoming year. This will enable better modelling of potential impacts and assessments in future.

4. **Identified Positive Impacts**

4.1 The Council is fully committed to addressing the challenges facing communities and supporting residents to live better lives. The Council is on a journey of improvement and transformation in light of the challenging circumstances in which the Council finds itself. As part of this, the Council will be reviewing how the services it provides will respond to and plan for these challenges with a key focus on tackling inequalities across the Borough. The commitment to equality and inclusion is shared by partners and will be firmly rooted in the long-term vision for Slough.

4.2 The Budget for 2023/24 contributes to this in the following ways:

- By ensuring that the savings are balanced across service areas whilst recognising all service areas will need to contribute including those targeted at the most vulnerable

- By driving savings through the delivery of efficiencies and through the reform of services to improve outcomes and make them more cost effective

- By continuing to invest in services and activities that will reduce inequalities and support better lives for residents

- By being realistic about what is affordable and can be achieved within a significantly reduced resource base

5. Policy and Governance Context

5.1 The proposed social care precept and increase in council tax may adversely impact some residents of Slough; however, residents on the lowest incomes will remain eligible for support with their bills via the local council tax support scheme. The increase proposed from the social care precept relates to a specific social care precept that will be ring-fenced for adult social care. This should positively impact on vulnerable adults within Slough by helping to protect and improve social care services.

5.2 The localisation of council tax benefit (introducing new payees to council tax as a result of national policy changes) was implemented in 2013/14 alongside a scheme for hardship and investment in collection initiatives including provision of debt and welfare support. Over this time, the Council has sustained collection rates against this backdrop, ensuring no negative impact on other council taxpayers. However, during the COVID-19 pandemic we saw a reduction in collection rates. This position is now improving again and our budget proposes a continuation of the focus on collection activities for 2023/24 to maintain this trend and performance.

5.3 We have invested in a team within the Finance and Commercial Directorate to tackle council tax fraud across the borough. The programme:

- ensures those entitled to discounts or exemptions on their council tax are receiving the right support;

- has introduced extensive regular reviews to ensure the levels of benefits people receive are correct;

- encourages people to notify councils if their circumstances change, and the consequences of not doing so, to enable councils to take swift and appropriate action against people fraudulently claiming council tax benefit.

5.4 With the impact of the COVID-19 pandemic impacting household incomes, there was an increase in the number of claims for the local council tax support schemes. There is a risk this will potentially grow with the current cost of living crisis climate. As the Council has been granted the ability to apply an increase in the level of the Council

Tax of up to 9.99%, it will do so whilst also creating a more generous Council Tax Reduction Scheme (CTRS). There will be a revision in the number of CTRS bandings and reductions offered to residents that fall into these bandings, with more generous reductions and a new band in which no council tax will be payable. This will enable the Council to help those households hardest hit. The current day pressures on local people and their household budgets are becoming greater than ever before with significant pressures on energy, fuel and high inflation affecting day-to-day living costs impacting the most vulnerable within the borough. The council tax reduction scheme is expected to contribute more support to residents in 2023/24 as a result.

6. Portfolio Impacts Overview

Overview

Equality impact assessments were produced for all of the savings proposals put forward for scrutiny through December to February and can be found within the papers for each of the key scrutiny committees. A summary of the findings in also set out in Annex A. Links to the Council's web pages where the EIAs can be found are listed below:

Overview & Scrutiny Committee 1st December 2022

Overview & Scrutiny Committee 2nd February 2023

Customer and Community Scrutiny Panel 7th December 2022

Customer and Community Scrutiny Panel 1st February 2023

People Scrutiny Panel 15th December 2022

People Scrutiny Panel 31st January 2023

People (Children)

6.1 The portfolio has identified budget savings proposals of £0.8m for 2023/24. The main area of saving relates to the home to school transport offering, with a further saving coming from a restructure of the Education and Inclusion service.

6.2 The service has completed initial assessments of the equality impacts for both savings areas and determined that none of the proposals will have a negative impact from an equalities point of view. A number of positive impacts have been identified for specific groups and these will be monitored during the development of all proposals.

6.3 In order to ensure that the Council pays due regard to the PSED, individual equality impact assessments have been undertaken and will continue to be kept under review as the proposals are developed in order to ensure there are mitigating actions, where possible, to minimise any adverse impact on children, young people and their families. An overview is set out in Annex A.

Slough Children First Company Contract

6.4 The Company has been refining its business case which has yet to receive formal approval from the Council, but within the latest version it has identified budget savings proposals of £1.140m in 2023/24 across 6 main areas of focus.

6.5 It is looking to drive savings from commissioning local provision for a block contract of beds for placements; increase the number of children placed through in-house fostering provision from the development of the fostering agency; there are discussions on the potential use and development of a property which could house UASC aged 18+; and two new grants are to be used in order to extend the level of evening/weekend support provided and reduce reliance on the out of hours service provided by another authority.

6.6 Caseload reductions are being targeted from Edge of Care and cost of living impact leading to a fall in legal hours, court and counsel fees. More manageable caseloads lead to better compliance and reduced court delays and lengthy proceedings. Community Based parenting assessments are expected to reduce the cost of external court appointed expert fees.

6.7 Through recruitment and retention activity in targeted early help, a reduction in casework and need for additional safeguarding will allow the safe removal of the two Innovate teams.

6.8 In order to ensure that due regard is paid to the PSED, individual equality impact assessments will continue to be undertaken as proposals are developed in order to ensure there are mitigating actions, where possible, to minimise any adverse impact on children, young people and their families. No adverse implications have been identified from the work undertaken to date on the proposals put forward.

People (Adults)

6.9 The portfolio has identified budget savings proposals of £5.7m for 2023/24, a continuation of its Transformation Program. The priority is to operate sustainably while fully meeting legal obligations and in so doing ensure adults, carers and families have access to the information, advice and tools they need to enable them to live ordinary lives, safely and independently, for as long as possible.

6.10 The budget proposals will see improved value for money in continuing to meet residents' needs via an improved offer providing greater independence, improved preventative options and access to community provision.

a) **Younger Adults-**

   i. **Learning Disability** – The Council aims to support individuals with learning disabilities and/or autism to ensure their needs are being met safely, whilst enabling them to achieve their outcomes and life aspirations. A refresh of the LD / Autism strategy is being undertaken to support the planning and delivery, incorporating a consultative process.

   ii. **Mental Health** – The intention is to ensure we provide effective support for adults in the most efficient manner possible with clear pathways for stepdown and move-on to support recovery. Thus minimising readmission and working with the wider system to better understand and manage future demand.

b) **Older People** – we continue to review the critical pathways that support adults going into and leaving hospital. The objective is to ensure that the adult is offered the most appropriate support for them, with an emphasis on people being enabled to return home where this is possible, with support to regain as much independence as possible. It is anticipated that this approach will enable us to both fully meet the needs of adults and continue generating efficiencies in

2023/24 and pave the way for a more sustainable operating model in future years especially in managing he anticipated increase in demand and complexities.

c) **All care groups** - In addition to the work set out above we will continue to work with our market (including 3rd sector partners) to develop new models for meeting need, managing the cost of care crisis and recruitment requirements to ensure there is sufficient capacity to meet the needs of the Council and its residents.

6.11 In order to ensure that the Council pays due regard to the PSED, individual equality impact assessments have been undertaken and will be refreshed in order to ensure there are mitigating actions, where possible, to minimise any adverse impact on citizens accessing Adult Services. A high-level summary of each proposal is shown in Annex A.

Place and Community

6.12 The portfolio has identified budget savings proposals of £3.700m in 2023/24, the majority of which cover a wide range of service areas, both in terms of cost reduction and income generation. Individual equality impact assessments have been undertaken on all proposals.

6.13 The budget proposals identified are categorised into the main areas outlined below:

a) Waste management – a garden waste collection subscription service has already been brought in, which will generate income to contribute towards the service; other collections will transition to a fortnightly collection cycle later in the year; and there is additional income being generated from the trade waste business which will be recognised in the budget. A management fee for the Chalvey HWRC will be applied to a neighbouring borough whose residents share the use of the site.

b) In respect of transport and highways, there are a number proposals – borough-wide controlled parking zones will be introduced to better manage on-street parking, whilst there will also be increases in the charges for parking permits. Highways maintenance spend will be reduced, bus subsidy contracts will not be renewed, and by identifying spend that can be capitalised it can also be funded through an annual grant which will be maximised.

c) The library service will rely more on facilities officers rather than library staff; and while the CCTV will continue until the end of 2023 it is then envisaged to be offered to the police to continue. Trials are being carried out on the further dimming of streetlights which will reduce energy costs.

d) Other savings reflect more effective staff planning which will not impact on service delivery.

6.14 In order to ensure that the Council pays due regard to the PSED, individual equality impact assessments have been undertaken in order to ensure there are mitigating actions, where possible, to minimise any adverse impact. A high-level summary of each proposal is shown in Annex A.

Housing, Property and Planning

6.15 The portfolio has identified budget savings proposals of £0.750m in 2023/24, these relate to a number of efficiency savings across the Council's estate of operational properties in respect of facilities management and cleaning. These changes are therefore not expected to impact on the level of service provided to residents.

6.16 It is not considered that any of these savings proposals will have an adverse impact on persons who share any relevant protected characteristic. However, an equality impact assessment has been completed as part of the governance and decision-making process for all savings and published as per the links above. A high-level summary of each proposal is shown in Annex A.

Strategy and Transformation

6.17 The portfolio has identified budget savings proposals of £1.823m in 2023/24, these relate to a number of efficiency savings across support services. These changes are not expected to impact on the level of service provided to residents.

6.18 It is not considered that any of these savings proposals will have an adverse impact on persons who share any relevant protected characteristic. However, an equality impact assessment has been completed as part of the governance and decision-making process for all savings and published as per the links above. A high-level summary of each proposal is shown in Annex A.

Finance and Commercial

6.19 The portfolio has identified budget savings proposals of £7.506m in 2023/24, these relate to a number of efficiency savings across back office services, corporate budgets and the Revenues and Benefits service. These changes are not expected to impact on the level of service provided to residents.

6.20 It is not considered that any of these savings proposals will have an adverse impact on persons who share any relevant protected characteristic. However, an equality impact assessment has been completed as part of the governance and decision-making process for all savings and published as per the links above. A high-level summary of each proposal is shown in Annex A.

Cross-Council initiatives

6.21 The Council has identified further budget savings proposals of £2.150m in 2023/24 relating to proposals which span more than one directorate. These are as follows:

a) Fees and charges increases. A number of fees and charges will increase by up to c10%, with a smaller number which will increase by more than this level, which approximates to the recently announced rate of inflation which will impact on the cost to the Council of delivering the services.

b) Support Services will be combined to create further back office efficiencies.

c) Commissioning efficiencies – a review is being procured to assess the opportunity to drive further savings from commissioning activities, whether through looking at what is being commissioned or the way in which it is commissioned and managed.

6.22 It is not considered that any of these savings proposals will have an adverse impact on persons who share any relevant protected characteristic. However, an equality impact assessment has been completed as part of the governance and decision-making process for all savings and published as per the links above. A high-level summary of each proposal is shown in Annex A.

Other Operating Costs – Capital

6.23 The Council's financial position requires total borrowing to be reduced, therefore the strategy is to minimise the extent to which capital schemes require additional new borrowing. Last year a number of schemes were therefore removed from the programme in order to reduce the impact of the programme on the revenue budget. An EIA has been undertaken at a high level in respect of the schemes left in the programme and no adverse implications identified. A number of the schemes in the programme are for the positive benefit of certain protected groups, in particular schoolchildren and disabled adults and children and these schemes will continue while fully funded from the sources such as the Disabled Facilities Grant or the DfE capital grant.

ANNEX A

ANALYSIS OF EQUALITY IMPACT ASSESSMENTS BUDGET 2023/24

Cross-Council

Proposal	Groups positively impacted	Groups negatively impacted	Mitigations
Fees & Charges increases	None identified at this stage	None identified at this stage	N/A
Support Services	None identified at this stage	None identified at this stage	N/A
Review of Strategic Commissioning	None identified at this stage	None identified at this stage	N/A

People (Adults)

Proposal	Groups positively impacted	Groups negatively impacted	Mitigations
Demand management initiatives.	All residents with potential Social care needs, who are 18 and over regardless of race, gender with potential need support.	Potential for some users to be affected including: - Men/Women - Disabled People - People of ethnicity/race - Particular age groups - People on low income	Coproduction, consultation, and reviews to be carried out, to shape transformed services. Ensure communication and consultation materials are provided in an accessible format. Practitioners to support service users to engage with any engagement activities. Support through change to be considered as part of implementation planning. Ensure transformed services maintain opportunities for people to come together and share experiences. Updating and better applying the Fairer Charging Policy will ensure fair and consistent contributions from adults receiving services. Any changes to the Fairer Charging Policy, or application of this policy, will be done in consultation and to improve fairness and improve access to services.
Reablement stretch	Older Persons & People with Physical Disabilities	None identified	N/A
Direct payments	None identified	None identified	N/A
Mental Health Review	People with Mental Health Problems	None identified	N/A
Transitions	Young Adults with Learning Disability	None identified at this stage	N/A
Financial Assessment and charging	None identified	None identified	N/A

Proposal	Groups positively impacted	Groups negatively impacted	Mitigations
Levying the OPG charge rate	None identified	None identified	N/A
Joint Funding Protocol	None identified	None identified	N/A
Integration	All residents with potential Health &/or social care needs, who are 18 and over regardless of race, gender with potential need support	Carers, foreign language speakers, People with disabilities, Older Persons, People with particular faiths & beliefs and people on low incomes	Coproduction, consultation, and reviews to be carried out, to shape transformed services. Ensure communication and consultation materials are provided in an accessible format. Practitioners to support service users to engage with any engagement activities. Support through change to be considered as part of implementation planning. Ensure transformed services maintain opportunities for people to come together and share experiences. Updating and better applying the Fairer Charging Policy will ensure fair and consistent contributions from adults receiving services. Any changes to the Fairer Charging Policy, or application of this policy, will be done in consultation and to improve fairness and improve access to services.
Better use of the DFG and equipment	People with Disabilities	None Identified	N/A
Assistive Technology	All Client groups	None identified	N/A
Review of contractual and funding arrangements for care home placements	None Identified	None Identified	N/A

People (Children)

Proposal	Groups positively impacted	Groups negatively impacted	Mitigations
Reduction of costs in home to school transport through the implementation of route efficiencies and ensuring	Children with a disability will be more empowered and better prepared for later life with greater resilience.	None identified at this stage	N/A

Proposal	Groups positively impacted	Groups negatively impacted	Mitigations
robust application of statutory policy.			
Staff restructure of the Education and Inclusion Service	None identified at this stage	None identified at this stage	N/A

Slough Children First

Proposal	Groups positively impacted	Groups negatively impacted	Mitigations
Commissioning - best value, packages of care and placements	None identified at this stage	None identified at this stage	N/A
Carer recruitment	None identified at this stage	None identified at this stage	N/A
Develop semi-independent accommodation for young people in care	None identified at this stage	None identified at this stage	N/A
Reduced use of joint out of hours contract	None identified at this stage	None identified at this stage	N/A
Edge of care – contextual safeguarding	None identified at this stage	None identified at this stage	N/A
Recruitment and retention	None identified at this stage	None identified at this stage	N/A

Housing, Property & Planning

Proposal	Groups positively impacted	Groups negatively impacted	Mitigations
Savings from reduction in building management costs	None identified at this stage	None identified at this stage	N/A
Reduce spend on repairs and maintenance at Corporate Buildings	None identified at this stage	None identified at this stage	N/A
Reduce spend on cleaning at Corporate Buildings	None identified at this stage	None identified at this stage	N/A
Corporate Contract efficiencies	None identified at this stage	None identified at this stage	N/A
Savings from additional efficiencies in facilities management	None identified at this stage	None identified at this stage	N/A

Place and Community

Proposal	Groups positively impacted	Groups negatively impacted	Mitigations
Reduce staff costs in Planning Development	None identified at this stage	None identified at this stage	N/A
Adopt fortnightly waste collections	None identified at this stage	Large/multi-generational households, more prevalent in certain communities, and families with young children in nappies, those with learning difficulties	Provide larger bins Clear comms
Chalvey HWRC Management Fee	None identified at this stage	None identified at this stage	N/A
Borough Wide Controlled Parking Zones	None identified at this stage	Low income families. Addressed in parking permit proposal	Disabled users exempt if parking bay provided
Stop Bus Subsidy - Service 4, 5 and 6	None identified at this stage	Disabled/elderly	Alternative routes are being planned that do not require financial support from the Council
Government tapering of concessionary fares	None identified at this stage	None identified at this stage	N/A
Improve Trade Waste Business	None identified at this stage	None identified at this stage	N/A
Increase charges for Parking permits	None identified at this stage	Larger low income families	Review of terms and conditions before Cabinet decision is taken in order to introduce discretionary rates where appropriate
Streetworks Section 50 licences	None identified at this stage	None identified at this stage	N/A
Streetworks Road Closure fees	None identified at this stage	None identified at this stage	N/A
Transport and Highways grant swap	None identified at this stage	None identified at this stage	N/A
Green waste collection charges	None identified at this stage	People on low incomes	The Chalvey HWRC will still be available for those residents to tip for free Green Waste
Reduce Highways maintenance works	None identified at this stage	None identified at this stage	N/A
All leisure services to be externally funded	None identified at this stage	None identified at this stage	N/A
Switch off streetlighting and park lighting	None identified at this stage	Elderly, those with visual impairments, females	Trial and engagement with key stakeholders to identify real impacts
2023-24 Library Service model	None identified at this stage	Children and their mothers, people with MH issues, low income households	Develop events and activities which attract these groups to continue to use and access the services and ancillary voluntary

Proposal	Groups positively impacted	Groups negatively impacted	Mitigations
		and groups with disproportionate representation	groups that partner with library services
Stop SBC funded CCTV Monitoring of public spaces	None identified at this stage	None identified at this stage	N/A
Delete vacant AD post	None identified at this stage	None identified at this stage	N/A

Strategy & Improvement

Proposal	Groups positively impacted	Groups negatively impacted	Mitigations
Electoral Canvass reform	None identified at this stage	None identified at this stage	N/A
Assistant Electoral Officers	None identified at this stage	None identified at this stage	N/A
Events	None identified at this stage	None identified at this stage	N/A
Slough Citizen	None identified at this stage	None identified at this stage	N/A
Vacancy factor	None identified at this stage	None identified at this stage	N/A
Reprovision of the ITSM Contract	None identified at this stage	None identified at this stage	N/A
Reprovision of the landline telephony contract	None identified at this stage	None identified at this stage	N/A
Reduction in the mobile connections/devices	None identified at this stage	None identified at this stage	N/A
Termination of Xen Mobile Licences	None identified at this stage	None identified at this stage	N/A
Reduction in Microsoft Licencing	None identified at this stage	None identified at this stage	N/A
Reprovision of the Data Centre Hosting Contract	None identified at this stage	None identified at this stage	N/A
Reprovision of the ERP (Agresso) Hosting Contract	None identified at this stage	None identified at this stage	N/A
Reduction in services and efficiencies	None identified at this stage	None identified at this stage	N/A

Finance & Commissioning

Proposal	Groups positively impacted	Groups negatively impacted	Mitigations
Staffing reduction - Fraud dept	None identified at this stage	None identified at this stage	N/A
Increased taxbase and collection rate	None identified at this stage	None identified at this stage	N/A
Reduced audit fee, reduced duplicate payments and income	None identified at this stage	None identified at this stage	N/A
Single Person Discount monitoring and other initiatives	None identified at this stage	None identified at this stage	N/A
Early payment of pension contributions	None identified at this stage	None identified at this stage	N/A
Vacancy factor	None identified at this stage	None identified at this stage	N/A
Budgeted overheads cleanse	None identified at this stage	None identified at this stage	N/A
Efficient working practices in Revenues and Benefits	None identified at this stage	None identified at this stage	N/A
Revenues and Benefits agency savings	None identified at this stage	None identified at this stage	N/A
Minimum Revenue Provision	None identified at this stage	None identified at this stage	N/A

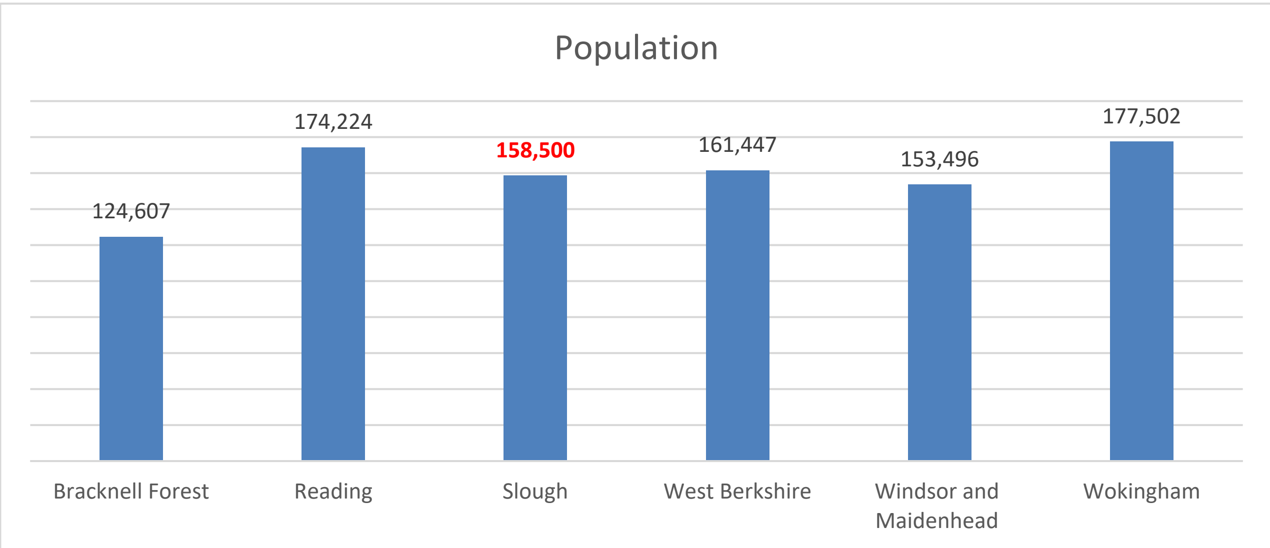
3.1 Insights into Slough

3.2.1 Separate to the pressures from the Covid-19 pandemic and the issues referred to above, Slough operates in a unique environment that presents a challenge to providing services. This section will present some highlights to contextualise the ongoing challenge for the Council.

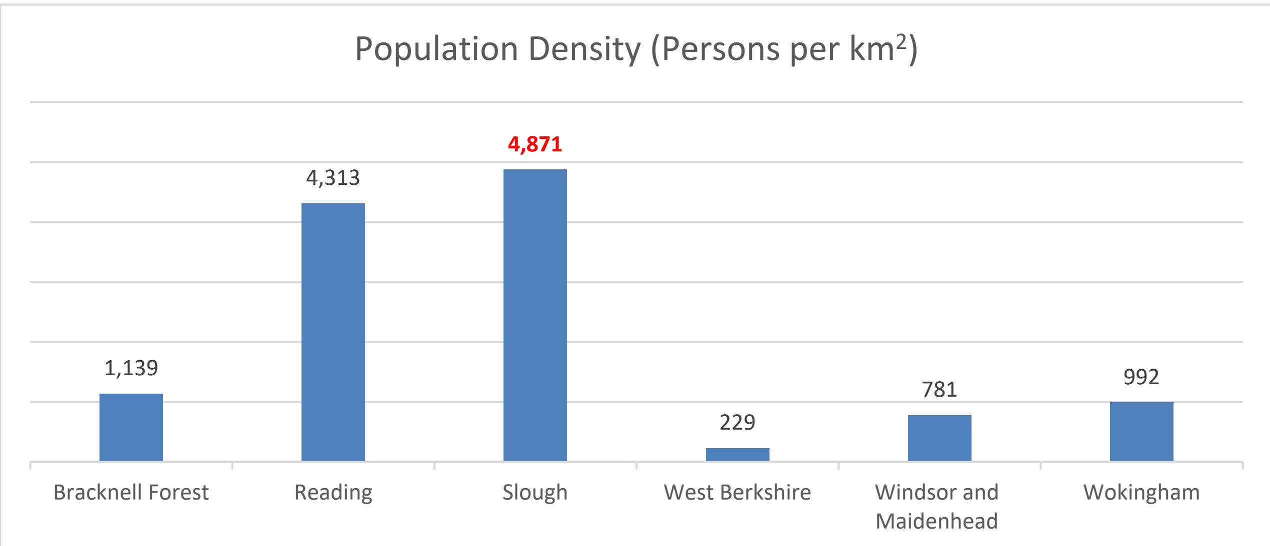
Population

3.2.2 Slough's population continues to grow, reaching 158,500 in the 2021 Census. It is one of the most ethnically and religiously diverse boroughs in the UK, with over 100 different languages spoken in our schools and 44% of residents born outside the UK. In the 2021 census, 46.7% of Slough's population were from Asian ethnic groups and 36% were from white ethnic groups. 29% of the population are Muslim, 32% are Christian, and 20% followed another religion. 27% of the population aged over 3 spoke a language other than English as their main language.

3.2.3 Slough has the third smallest population within Berkshire but is the most densely populated borough by a noticeable margin.



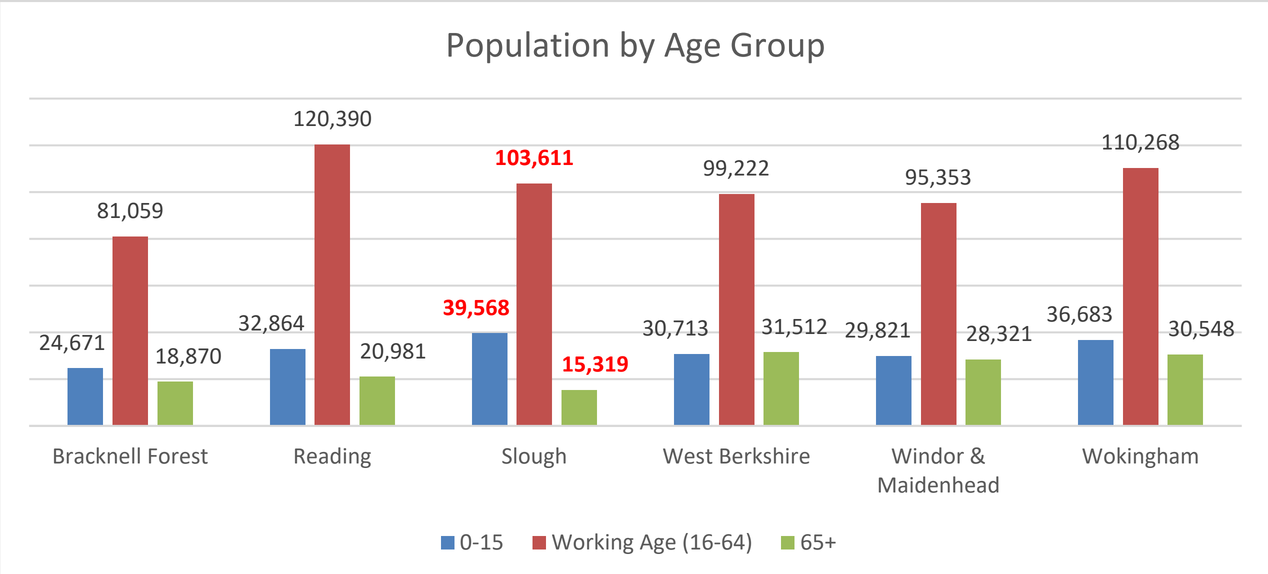
Source: Census 2021 Phase 1 Data, November 2022



Source: Census 2021 Phase 1 Data, June 2022

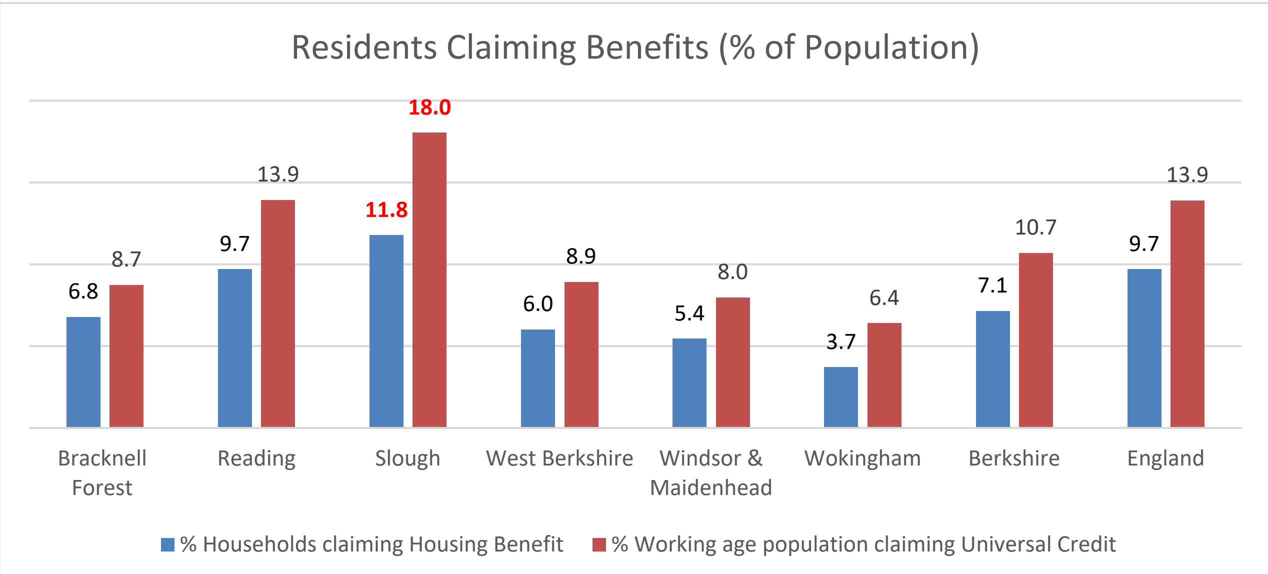
3.2.4 The population structure is younger than the national average and includes many families and a high proportion of children and working age adults. In the 2021 Census, there were 11,774 infants (aged 0 to 4), 35,432 children and young people (aged 5 to 19) and 95,973 adults (aged 20 to 64). While proportionally lower than other areas, the older population is also growing (15,319 adults aged 65+). 51% of Slough's Population is aged 35 and under and 31% is aged 20 and under. Slough has the second highest proportion nationally of under 15s (23.5%) and under 19s (29.8%), second only to Barking and Dagenham.

3.2.5 Within Berkshire, Slough has the third largest number of working age residents (aged 16-64; 65.4% of the population), the highest number of 0-15 year olds (25%), and the lowest number of residents aged 65 or over (9.7%).



Source: Census 2021 Phase 1 Data, November 2022

3.2.6 Compared to local authorities in Berkshire and the average for England, Slough has the highest proportion of residents claiming Universal Credit and Housing Benefits.



Source: Department for Work and Pensions, May 2022 (Housing Benefit) and July 2022 (Universal Credit)

Deprivation

3.2.7 Slough remains the most relatively deprived area within Berkshire, followed by Reading. These two areas also had the highest levels of violent and sexual crimes in 2021/22 with a rate of 49 offences per 1,000 persons. The pandemic affected Slough particularly badly as the average rate of claimants for unemployment-related benefits increased fourfold, with 9% of persons aged 16-64 claiming unemployment support in March 2021. The number of claimants began to decrease from April 2021 to 5.3% in September 2022, but this is still above pre-pandemic levels.

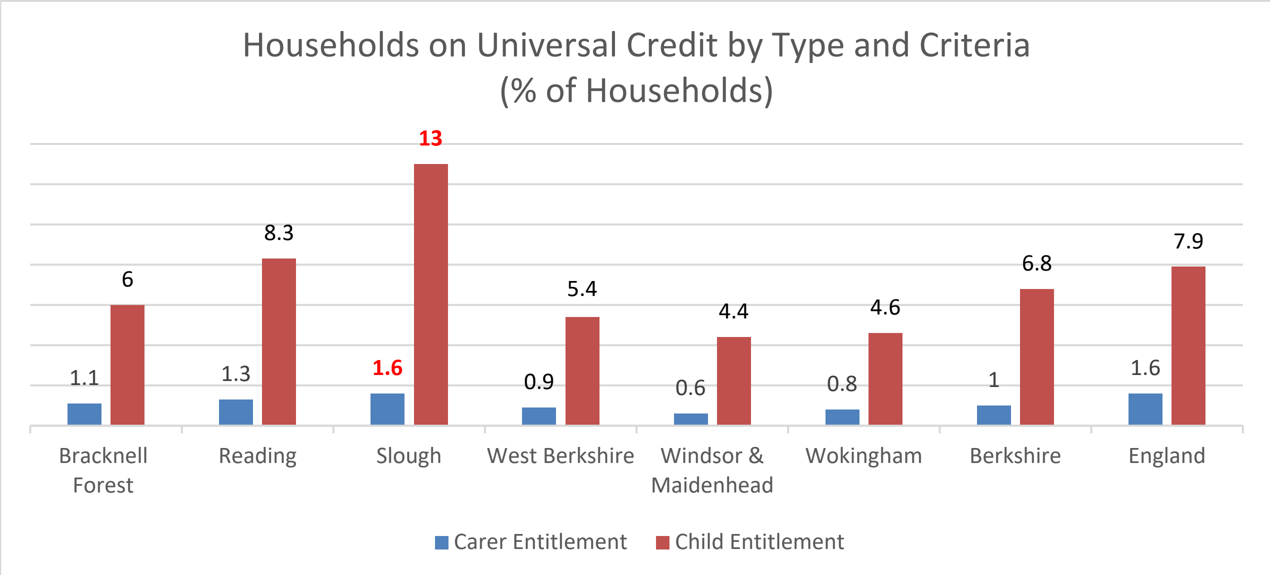
3.2.8 Based on the 2019 Indices of Multiple Deprivation, Slough has above average levels of deprivation in the overall index of multiple deprivation and in the domains of:

- Crime
- Education, skills, and training (especially for adults)
- Health and disability
- Housing affordability
- Income (especially affecting older people)
- Living Environment (e.g., air quality)

3.2.9 In the 2021 Census, 57.7% of households (32,701 of 52,423 households) in Slough were deprived in one or more dimensions. 36.6% (19,176) were deprived in one dimension, 16.4% (8,603) were deprived in two dimensions, and 4.7% (2,461) were deprived in three or four dimensions.

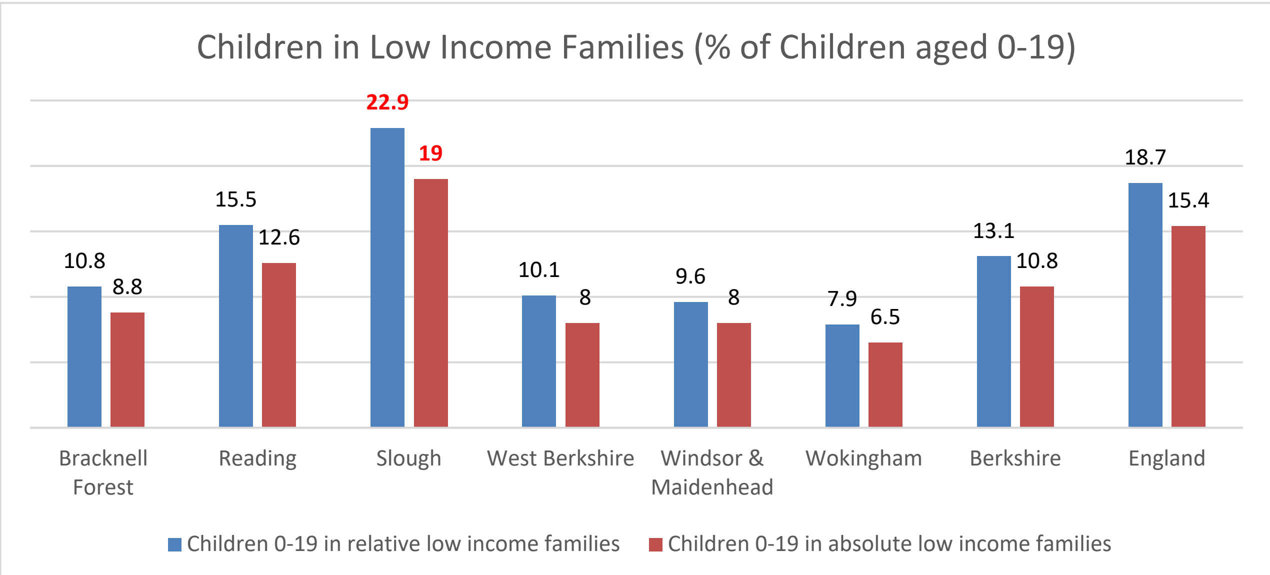
3.2.10 Life expectancy varies between wards with men expected to live, on average, up to 78.7 years of age and women up to 82.9 (both approximately 1 year less than the England average). Healthy life expectancy for both men and women are lower than the England average, with women being expected to live the last 21.6 years of their life in poor health (compared to 18.7 years for England), and men expected to live the last 17.2 years of life in poor health (compared to 16.1 years for England). Key health and wellbeing challenges for the borough include ensuring a healthy start to life, improving childhood obesity, oral health, smoking, physical inactivity, diabetes, TB, alcohol and substance misuse, mental health issues and early deaths from cardiovascular disease.

3.2.11 Compared to the average for Berkshire and England, Slough also has a higher proportion of claims from households for the child and carer's entitlement of Universal Credit.



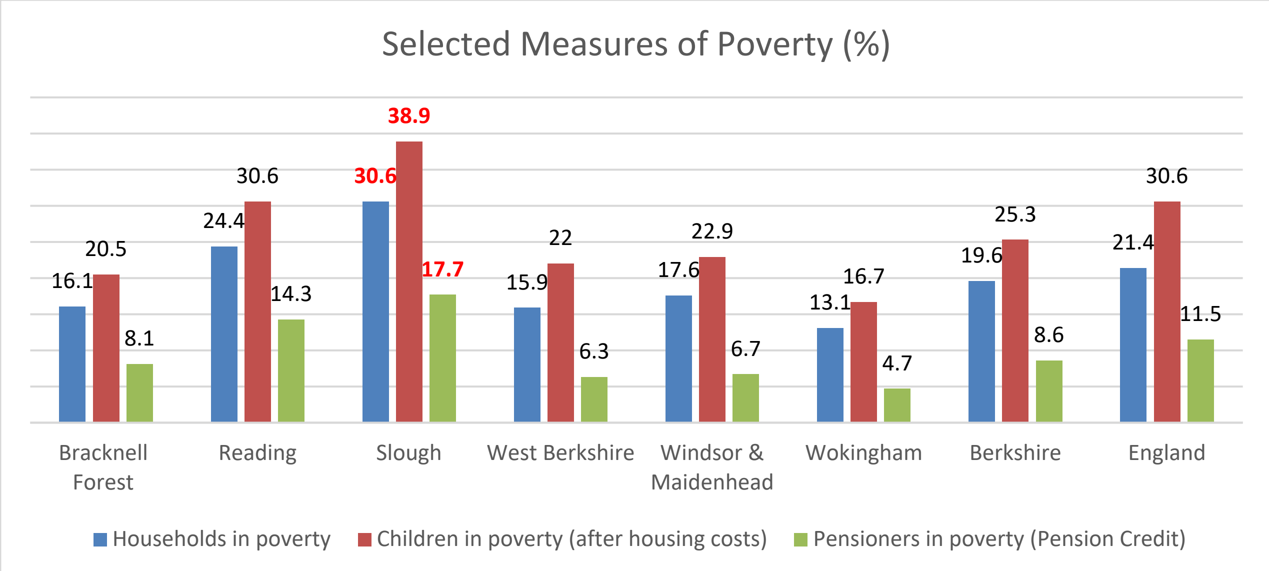
Source: Department for Work and Pensions, August 2022

3.2.12 Along with the higher proportions of households claiming child entitlement for Universal Credit and the higher numbers of lone parent households in Slough, there are higher proportions of children (aged 0-19) in low income households.



Source: Department for Work and Pensions, 2020/21

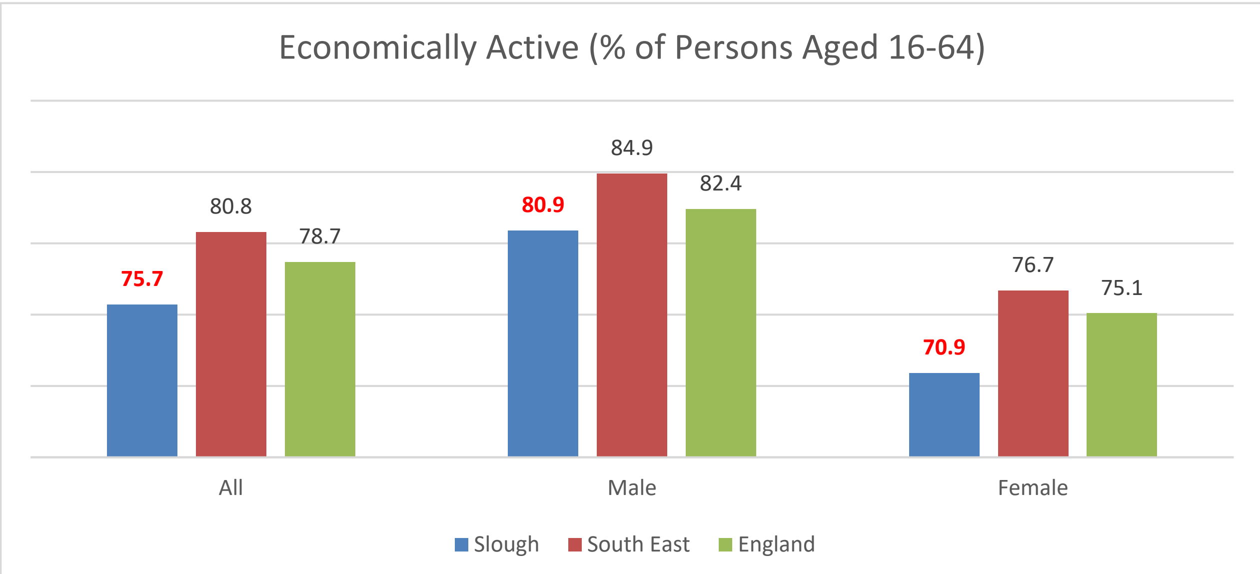
3.2.13 The proportion of other households and residents in Slough classed as being in poverty is also high when compared to neighbouring authorities and the average for England.



Sources: Office for National Statistics, 2013/14 (Households in poverty); End Child Poverty, 2017/18 (Children in poverty after housing costs); Department for Work and Pensions, November 2021 (Pensioners in poverty/Pension Credit).

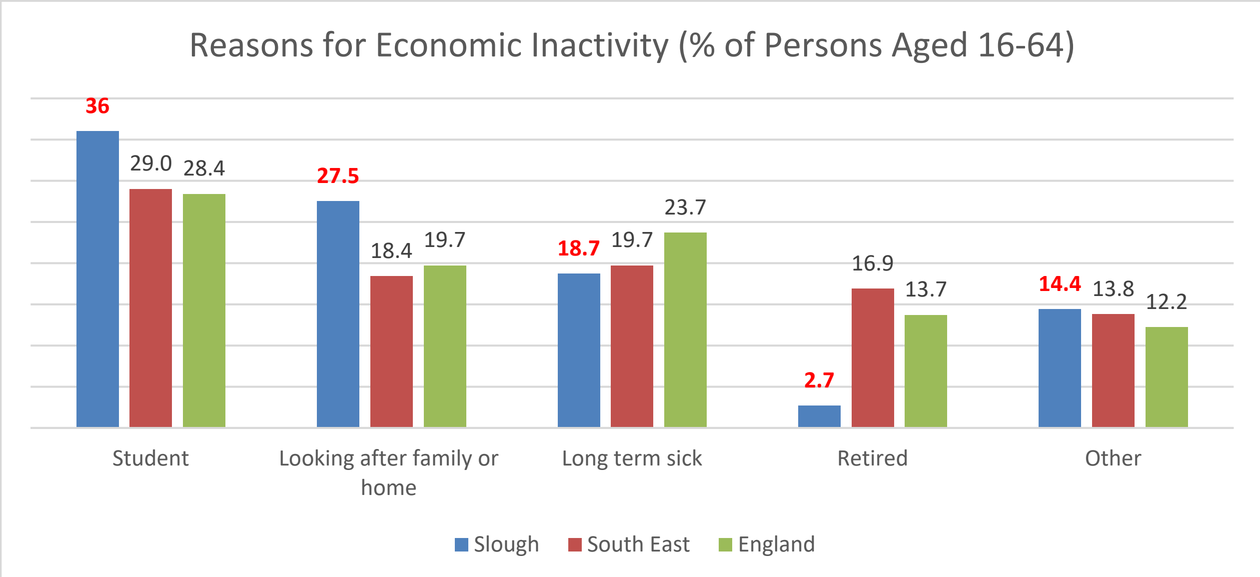
Economic Activity

3.2.14 The number of economically inactive people in Slough increased by 47% from the 2011 to 2021 Census. Slough's economically active population is lower than the averages for the South East and England. This is the case for males and females, with the female economically active rate gap larger than that for males. This economic activity gap will be a driver of low income and poverty in the borough.



Source: Office for National Statistics Annual Population Survey/Berkshire Data Observatory, December 2021

3.2.15 Slough has a relatively high proportion of residents (aged 16-64) who are economically inactive due to caring responsibilities at home and for wider family members.

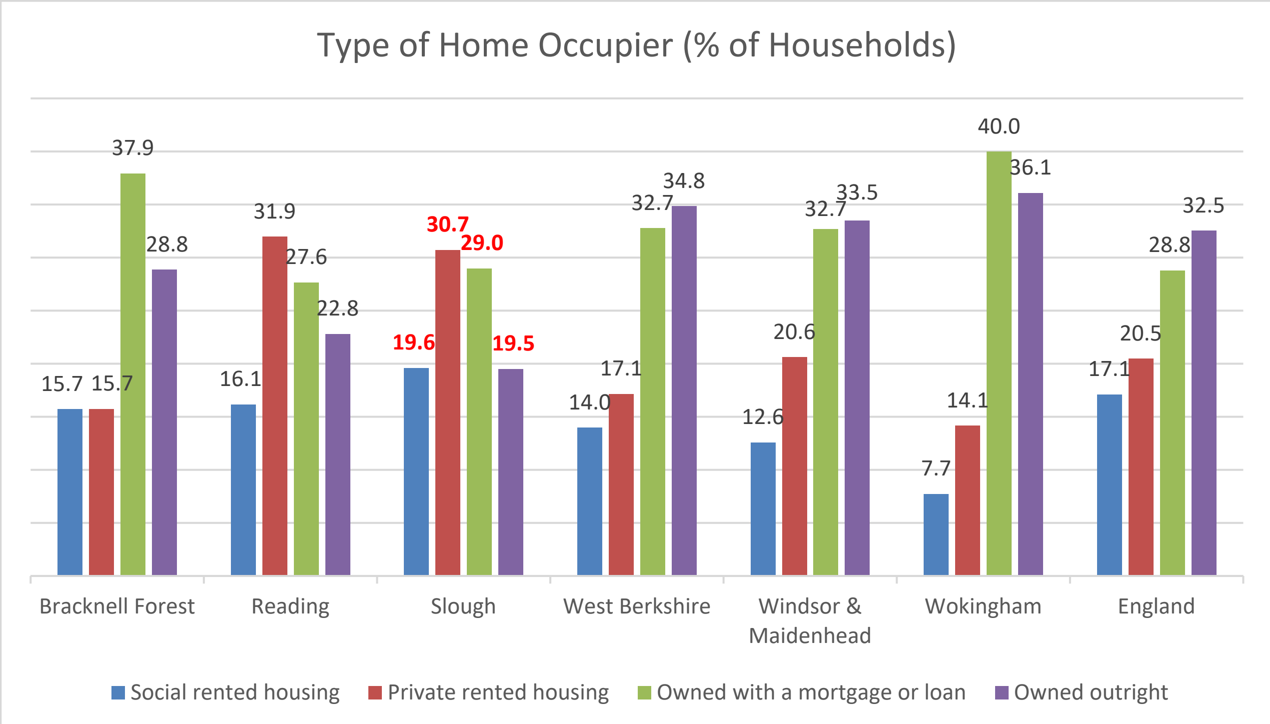


Source: Office for National Statistics Annual Population Survey/Berkshire Data Observatory, December 2021

3.2.16 Slough residents were relatively heavily reliant on government support during the pandemic. For example, In April 2021, 23.0% of the working aged population in Slough were claiming government-based benefits due to the pandemic (a combination of 10.9% on the Job Retention Scheme (JRS), 6.2% on the Self-Employment Income Support Scheme (SEISS) and a 5.9% unemployment claimant count increase since March 2020).

3.2.17 Whilst the average house price in Slough (£355,084) is the lowest in Berkshire, it is higher than the England average (£274,615) and the relatively higher levels of poverty and low income in Slough means that housing affordability is low. The average house price in Slough is 8.99 times the average earnings.

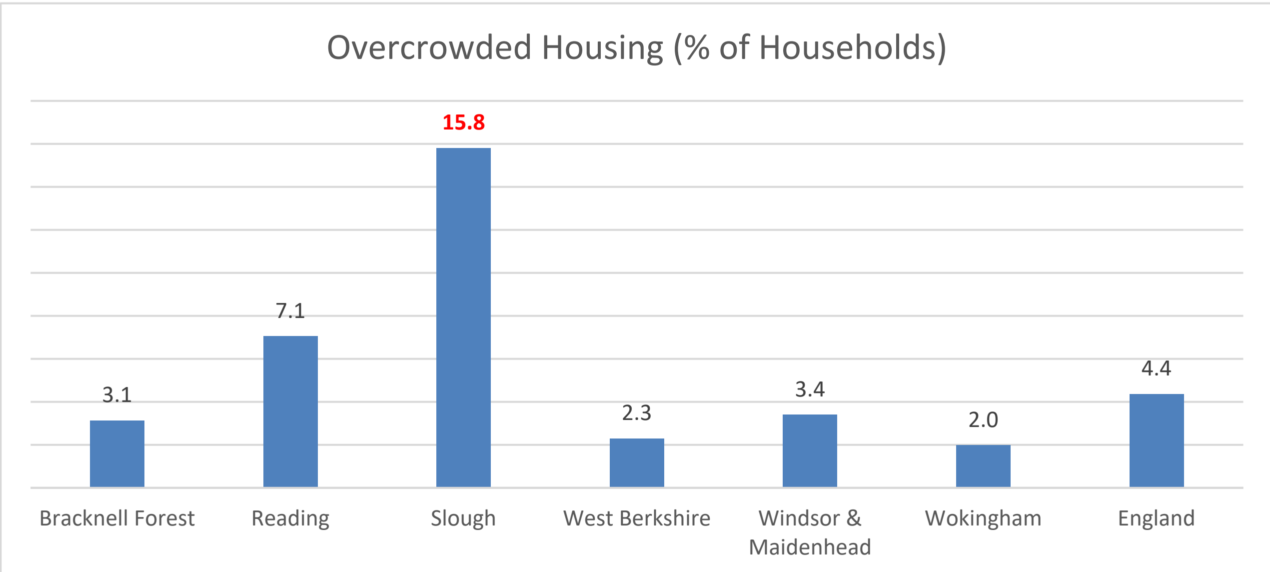
3.2.18 Compared to neighbouring authorities in Berkshire, Slough has a lower proportion of residents who own their own homes and a higher rate of socially or privately rented accommodation (except for Reading). The level of socially rented accommodation (defined as being rented from a Local Authority, Housing Association or Registered Social Landlord) is particularly high when compared to neighbouring authorities and the average across England.



Source: Census 2021 Phase 1 Data, January 2023

3.2.19 Slough has 56,773 dwellings and the highest average household size in the country (2.99 people per household).

3.2.20 Slough has a significantly higher level of overcrowded housing compared to neighbouring authorities and the average for England. A household is defined as overcrowded if there is at least one room fewer than needed for household requirements using standard definitions. The number of households consisting of 7 people increased by 49% from 678 in 2011 to 1,011 in 2021 and the number of households consisting of 8 or more people increased by 92% from 556 in 2011 to 1,067 in 2021.



Source: Census 2021 Phase 1 Data, January 2023

Core Spending Power

3.2.21 The Core Spending Power is a measure used by the Government to assess an authority's ability to spend based on Settlement Funding Assessment, grants and Council Tax assumptions. In comparison to neighbouring authorities in Berkshire, the Council's measure of Core Spending Power (adjusted to remove Council Tax) is the highest in the region.

3.2.22 This will partly be due to the way grants such as the new Services Grant and Social Care and Improved Better Care fund are allocated based on the statistics highlighted above. This results in the Council receiving higher allocations than neighbouring authorities where such pressures are less severe in comparison. These statistics and ongoing pressures in Slough are further evidenced by the lower amount of reward-based funding received by the Council, such as the New Homes Bonus, compared to neighbouring authorities.

SLOUGH BOROUGH COUNCIL
SUMMARY OF 2023/24 BUDGET SCRUTINY

Introduction

The Overview & Scrutiny Committee and three scrutiny panels (Customer & Community and Place held joint meetings) have extensively scrutinised the savings proposals for the 2023/24 budget in six dedicated meetings held between December 2022 to February 2023.

Key budget issues, risks and savings proposals were presented at the meetings of each Panel by Lead Members, Executive Directors and other senior officers. The Overview & Scrutiny Committee had agreed Key Lines of Enquiry for budget scrutiny in July 2022 and councillors on scrutiny received training on local government finance before scrutiny of the savings proposals commenced.

The Overview & Scrutiny Committee and panels reviewed each savings and were tasked with:

- constructively challenging each savings proposal;
- questioning whether the proposed savings were realistic, deliverable and robust;
- Examining the key risks; and
- Considering the implications for Slough's residents and the community.

Summary

Before considering each individual savings proposal the Committee/Panels were presented with an overview of the Council's financial position and Members agreed with the overall savings target in line with the Corporate Plan objective for the Council to 'live within its means'.

Whilst each directorate savings proposal was tested and challenged during the discussions, no amendments or alternative proposals were agreed to be made to Cabinet. The savings proposals were therefore accepted.

The following is a summary of the key issues covered at each Committee/Panel with links to the minutes.

Overview & Scrutiny Committee

The Overview & Scrutiny Committee was responsible for scrutiny of corporate savings proposals covering COO/Strategy & Transformation and Finance & Commercial Directorates.

Meeting: Thursday 1st December 2022:

- The savings reviewed included IT contract savings (£0.505m); business administration reductions including the cessation of some corporate events (£0.150m); and a vacancy factor saving (£0.500m).

- Members commented on the importance of ensuring good quality corporate services to support frontline service delivery. Members queried whether corporate services could be improved at the same time as reducing some staffing budgets but were assured that service redesign, restructures and transformation could deliver 'more for less'.
- In relation to Finance & Commercial savings, the Committee asked about the targeted collection rate and asked a number of questions about how efficiencies would be achieved in practice.

Meeting: Thursday 2nd February 2023

- The Committee reviewed a second tranche of savings proposals, which included scrutiny of 'overhead cleanse' savings. The principle of removing historic budget provision for activity that had ceased e.g. events, was supported on the basis that any future re-introduction of such activity would be subject to business cases.
- Members also reviewed the capital programme. The discussion focused on whether the reduced capital programme could still deliver the required maintenance and investment in property and infrastructure, including Council housing.

No amendments or alternative proposals were made to any of the proposed corporate or Council wide savings by the Overview & Scrutiny Committee.

Customer & Community / Place Scrutiny Panel (Panels met jointly)

Meeting: Wednesday 7th December 2022

- The Panels met jointly to review savings proposals relating to the Place & Community and Housing & Property directorates.
- Discussion focused on issues such as the resources available to deal with the backlog of housing repairs and it was agreed the problems could be managed through improved contract management.
- The introduction of charges at household waste and recycling facilities was reviewed and Members accepted the principle of mirroring charges of neighbouring authorities.
- The reductions in bus service subsidies and parking regulations were also considered.

Meeting: Wednesday 1st February 2023

- The Panels reviewed savings in areas including library services and CCTV. Members emphasised the importance of these services to residents and agreed if the savings were to be made they needed to be properly implemented and well managed, including working with partners.
- The dimming of street lights was discussed at length and Officers explained the rationale for the changes.

No amendments or alternative proposals were made to any of the proposed Place & Community and Housing & Property savings by the Panels.

People Scrutiny Panel

Meeting: Thursday 15th December 2022

- The Panel reviewed savings proposals from the People (Adults) directorate.
- Members welcomed the success of the Adult Social Care Transformation Programme and agreed the savings relating to improved commissioning and contracting arrangements.
- It was recognised that there were significant demand pressures on adult social care services and the Panel sought assurance that the Council would continue to meet its statutory duties whilst delivering the savings.
- The Panel also asked whether best practice and new ideas from other authorities was being explored and it was confirmed that it was.

Meeting: Tuesday 31st January 2023

- A second tranche of People (Adults) savings were scrutinised including Assistive Technology and contractual arrangement for care home placements.
- The People (Children) proposed savings for home to school transport was reviewed and the staffing restructure was supported.
- The Slough Children First savings were considered alongside the overall financial position of the company.

No amendments or alternative proposals were made to any of the proposed People (Adults), People (Children) and Slough Children First savings by the Panel.

Links to agendas and minutes

Overview & Scrutiny Committee

Agenda for Overview & Scrutiny Committee on Thursday, 1st December, 2022, 6.30 pm (slough.gov.uk)

Agenda for Overview & Scrutiny Committee on Thursday, 2nd February, 2023, 6.30 pm (slough.gov.uk)

Customer & Community and Place Scrutiny Panels

Agenda for Customer and Community Scrutiny Panel on Wednesday, 7th December, 2022, 6.30 pm (slough.gov.uk)

Agenda for Customer and Community Scrutiny Panel on Wednesday, 1st February, 2023, 6.30 pm (slough.gov.uk)

People Scrutiny Panel

Agenda for People Scrutiny Panel on Thursday, 15th December, 2022, 6.30 pm (slough.gov.uk)

Agenda for People Scrutiny Panel on Tuesday, 31st January, 2023, 6.30 pm (slough.gov.uk)

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SLOUGH BOROUGH COUNCIL

REPORT TO:	Overview & Scrutiny Committee
DATE:	23 February 2023
SUBJECT:	Council Tax Reduction Scheme 2023-24
CHIEF OFFICER:	Steven Mair – Executive Director – Finance and Commercial (S151)
CONTACT OFFICER:	Andy Jeffs – Interim Head of Transactions – Revenues, Benefits and Charges
WARD(S):	All
EXEMPT:	No
APPENDICES:	Appendix A - Financial Modelling for new scheme Appendix B - Equality Impact Assessment (to follow) Appendix C - Consultation Document Appendix D – 2023-2024 CTRS

1 Summary and Recommendation

1.1 Slough is proposing a 9.99% increase in its Council Tax in 2023/24 after receiving dispensation from Government to charge 5% more than other councils without needing to have a referendum. In the correspondence from the Department for Levelling Up, Housing and Communities (DLUHC), officials confirmed 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 is that the Council takes steps to mitigate the impact on those least able to pay and acknowledges the steps taken by the Council to protect those on the lowest income and in receipt of council tax support. This report proposes allocating £1.2m of the additional amount received as a further reduction in Council Tax to the poorest working age households and revising the current Council Tax Reduction Scheme (CTRS).

1.2 In Slough approximately 9,300 households currently receive a Council Tax Reduction, the gross cost of the scheme is £8.815m. This cost is spread across the Council, Fire and Police authorities in accordance with the proportion of Council Tax each organisation levies, with the cost to the Council being £7.757m, 88%. If the scheme isn't amended the gross cost will increase to £9.696m, £8.532m to Slough. The proposed change would increase the gross cost to £10.900m, £9.592m to Slough.

1.3 Section 13A(1)(a) of the Local Government Finance Act 1992 prescribes that Slough Borough Council is required to have a Council Tax Reduction Scheme and since 2013/14 the Council has had to consider annually whether to revise its scheme or to replace it with a different scheme. Any revision to or replacement of the CTRS scheme must be subject to consultation.

1.4 This report informs the Cabinet of the proposed changes to the current scheme for 2023/24 and asks that a recommendation is made to Council to adopt the revised scheme.

Recommendations

The Overview & Scrutiny Committee is requested to consider this report and make any recommendations to Cabinet at their meeting on 27th February 2023:

The Cabinet will be asked to:

(a) Recommend the Council Tax Reduction Scheme 2023/24 (Appendix D) to Full Council for adoption for the financial year 2023/24.

(b) Agree to allocate £0.040m into the Council Tax Hardship Fund and to use the Council's £0.253m allocation of the Council Tax Support Fund to protect the current levels of support provided to those taxpayers who would otherwise lose under the proposed scheme.

Reason

1.5 Extending the scope of the localised CTRS and increasing the funding available in the Council Tax Hardship Fund will have a positive impact on those residents on the lowest income and ensure that if the Council increases the council tax by 9.99%, this impact it mitigated for those eligible for support. Approval of the CTRS scheme is required by Full Council before 10 March 2023.

1.6 As a direct result of the proposed changes to the scheme for 2023/24, 5,357 current working age claimants will pay less in Council Tax. Of these, 3,552 of the most vulnerable working age households currently paying 20% towards their Council Tax would not have to pay any in 2023/24.

Commissioner Review

1.7 .The Commissioners are content with this report

2 Report

Introduction

2.1 The current CTRS scheme was amended for 2020/21 and was not varied or revised for 2021/22. The scheme for 2022/23 was uprated in line with advice from the Department for Work and Pensions (DWP) and the Department for Levelling Up, Housing and Communities (DLUHC).

2.2 The scheme consists of two parts. The first part makes provision for pension age claimants which is prescribed on a national basis and cannot be amended by local authorities. Pension age claimants receive a 100% discount on their Council Tax and therefore have a nil charge as required by the Regulations.

Provision for pension age claimants

2.3 There are approximately 2,700 pension age claimants who fall into three prescribed classes which are as follows:

a) Class A – pensioners whose income is less than the applicable amount
b) Class B – pensioners whose income is greater than the applicable amount, and
c) Class C – alternative maximum Council Tax reduction

2.4 There are no plans to revise or to vary this part of the scheme.

Provision for working age claimants

2.5 The second part of the current scheme makes provision for approximately 6,600 working age claimants which the Council has discretion on.

2.6 The current scheme for working age applicants is an income banded/grid scheme means test, which compares income against a range of discounts available. This scheme applies only to a person who:

a) has not attained the qualifying age for state pension credit, or
b) has attained the qualifying age for state pension credit if they, or their partner, is a person on Income Support, on an income-based Jobseekers Allowance, on an income related Employment and Support Allowance or on Universal Credit.

2.7 To obtain a reduction under the current scheme the individual (or partner) must:

a) have not attained the qualifying age for state pension credit, or
b) they have attained the qualifying age for state pension credit and they or their partner is a person on Income Support, on income-based Jobseekers Allowance or on income related Employment and Support Allowance, or a person with an award of Universal Credit
c) be liable to pay Council Tax in respect of a dwelling is which they are solely or mainly resident
d) is not deemed to be absent from the dwelling
e) not fall within a class of person prescribed for the purposes of paragraph 2(9) of Schedule 1A to the Local Government Finance Act 1992 and excluded from the authority's scheme
f) be somebody in respect of whom a maximum Council Tax Support amount can be calculated
g) not have capital savings above £16,000
h) not have income above the levels specified within the scheme
i) be a person in respect of whom a day in which they are liable to pay Council Tax in respect of which the person's income is within a range of incomes specified within Schedule 1 of the scheme, and
j) has made a valid application for reduction.

2.8 The authorities current CTRS means that the maximum discount allocated to a working age claimant is 80%. Depending on their circumstances the amount of discount will reduce and is calculated on the basis of the following banded scheme based on weekly income as shown in Table 1 below:

Table 1 – Current Banded Scheme

Discount Band & Discount Award	Single	Couple	Lone Parent with one dependent child or young person	Couple with one dependent child or young person	Lone Parent with two or more dependent children or your persons	Couple with two or more dependent children or young persons
Band 1 80%	£0.00 - £76.00	£0.00 - £119.30	£0.00 - £163.43	£0.00 - £206.69	£0.00 - £232.76	£0.00 - £276.02
Band 2 65%	£76.01 - £107.08	£119.31 - £150.38	£163.44 - £232.75	£206.70 - £276.01	£232.77 - £302.77	£276.03 - £345.33
Band 3 50%	£107.09 - £138.16	£150.39 - £181.47	£232.76 - £267.41	£276.02 - £310.67	£302.08 - £336.72	£345.34 - £379.98
Band 4 35%	£138.17 - £169.25	£181.48 - £212.55	£267.42 - £336.72	£310.68 - £379.98	£336.73 - £406.05	£379.99 - £449.31
Band 5 20%	£169.26 - £200.33	£212.56 - £243.64	£336.73 - £406.05	£379.99 - £449.31	£406.06 - £475.35	£449.32 - £518.61
Band 6 0%	£200.34 and above	£243.65 and above	£406.06 and above	£449.32 and above	£475.36 and above	£518.62 and above

Note: All incomes shown in the table are weekly, discount bands vary depending on both weekly income and household, and any applicant with capital greater than £16,000 shall not be entitled to any Council Tax Support whatsoever.

2.9 The amount of discount to be granted is to be based on the following factors:

a) the maximum Council Tax Support as defined within the scheme
b) the Council Tax family as defined within the scheme
c) the income of the applicant as defined within the scheme
d) the capital of the applicant within the scheme.

2.10 Where an applicant or partner is in receipt of a ‘relevant benefit’ namely Income Support, Income Related Employment and Support Allowance, Income Based Job Seekers Allowance or Universal Credit (with no other income or income as specified in Schedule 3), discount will be awarded at Band 1 level.

Proposed working age scheme

2.11 Following a period of consultation on whether to revise the current working age CTRS the Council is proposing to make changes to:

a) provide targeted to support to those households on the lowest incomes
b) make the scheme easier for residents to understand and access
c) provide greater stability to those who are in receipt of support
d) make the scheme work better with the Universal Credit award system
e) build in capacity to better manage demand, and
f) reduce administration costs which will ultimately prevent any additional costs being added to the Council Tax.

2.12 The revisions to the scheme include:

a) Passported cases (where the applicant or partner is in receipt of Income Support, Income-based Job Seeker's Allowance, or Income-Related Employment Support Allowance) along with customers whose income does not include earnings will receive the maximum discount of 100%
b) the scheme will no longer limit the support to Council Tax at Band C level
c) the maximum amount of support for people who are not working will increase
d) for residents who are working only your earnings will be taken into account to calculate you CTRS
e) we will no longer apply Earned Income Disregards or Child Care cost disregards
f) for residents who are working their CTRS will be calculated based on the 7 income bands their level of earnings places them in. These income bands will be the same for all household types
g) the minimum level of CTRS will change from £1.00 to £0.01 per week
h) non-dependent deductions will still apply but will change to £11.00 per week where they are working 16 hours or more on average and their gross income is greater than or equal to £200.00 per week. A £5.00 deduction will apply where their gross income is less than or equal to £199.99 per week. This will apply regardless of what the income is
i) the maximum capital limit will reduce from £16,000 to £6,000.

2.13 All other parts of the existing scheme will remain unchanged including:

a) Disability Benefits such as Personal Independence Payment (PIP) and Disability Living Allowance (DLA) will continue to be disregarded
b) no Non-dependent deduction will apply where the customer or partner is in receipt of Disability Benefits such as PIP and DLA
c) no Non-dependent deduction will apply where the Non-dependent is either a full-time student or is aged under 18-years
d) War Pensions and War Disablement Pensions will continue to be disregarded in full
e) backdating will remain at 1 calendar month
f) the minimum income floor for a self-employed person declaring less income than the national living wage will have their CTRS calculated on a notional income equal to that of the national living wage.

2.14 To simplify the current CTRS scheme we proposing to increase the number of bands from 6 to 8 and in each of those bands the reduction in Council Tax increases with those in band 1 with the lowest incomes not having any Council Tax to pay.

2.15 In addition to reduce the amount of administration with the current scheme we are proposing making all income bands the same for all household types, also making the scheme less confusing for residents. The proposed bands are shown in Table 2 below:

Table 2 – Proposed New Bands

Discount Band	Current Scheme Discount	Proposed Scheme Discount	Proposed Weekly Earnings Threshold
Band 1	80%	100%	No earnings
Band 2	65%	75%	<£115.38
Band 3	50%	60%	£115.39 - £184.61
Band 4	35%	40%	£184.62 - £253.84
Band 5	20%	30%	£253.85 - £323.07
Band 6	0%	20%	£323.08 - £392.30

Band 7		10%	£392.31 - £461.53
Band 8		0%	£461.54 and above

2.16 The proposal will also mean a simpler application process. The application form will be shorter, and less evidence will be required. This will mean residents will know their whether they are eligible more quickly and should receive any reduction they are entitled to more promptly.

2.17 Residents will be able to see any CTRS they are entitled to on the face of their Council Tax bill, rather than receiving separate, lengthy CTRS notification letters. The time saved by the Council will allow us to provide a better service to our residents.

2.18 The proposed scheme provides additional support to those with the lowest household incomes. As a direct result of this our modelling shows that over 5,300 of the current 9,300 households in receipt of CTRS will be better off. Inevitably, some households will have a little more to pay, but it is proposed for 2023/24 to protect their current levels of reduction using the Council Tax Support fund.

2.19 Where an applicant experiences exceptional hardship, they will be able to apply for additional support from the Council under its Council Tax Hardship Scheme.

2.20 In addition to the additional funding Slough is proposing adding to the CTRS scheme for 2023/24, the government has as part of its 2023 Council Tax Support Fund allocated the Council £0.253m in additional funding to provide support to the most vulnerable households in England. The government expect us to use the majority of our funding allocation to reduce bills after the allocation of funding from the proposed CTRS scheme by up to a further £25 should there be a balance left to pay. The Council can use its remaining allocation as we see fit to support vulnerable households with Council Tax bills. The proposal is to use this funding to support initially any resident who as a result of the changes to the scheme will have more to pay.

2.21 We will review the impact of the proposed changes in 2023/24 and come forward with further proposals and consult to vary the scheme for 2024/25 should that be required.

Consultation on proposed scheme

2.22 The Council has consulted with residents and preceptors on the proposed new scheme. The consultation ran for a period of 4-weeks and finished on 16 February 2023. Unfortunately, response to the consultation was very low.

2.23 Of the two responders one was content with the proposed changes to the scheme, and the other did not believe the additional funding went far enough when Council Tax was increasing by 9.99%.

3 Implications of the Recommendations

3.1 Financial implications

3.1.1 The gross cost of the current scheme is £8.815m and is spread across the Council, Fire and Police in accordance with the proportion of Council Tax each levy.

3.1.2 If the Council Tax for 2023/24 increases by 9.99%, the increase in gross cost is estimated to be £0.881m. That would increase the gross cost of the current scheme to £9.696m, £8.532m to Slough.

3.1.3 To ensure the most vulnerable households on the lowest incomes are supported, it is proposed that an additional £1.2m of the additional Council Tax raised is used to target support where required. This will increase the total gross cost of the scheme to £10.900m and £9.592m to Slough.

3.1.4 This additional funding for the scheme allows the increase of percentages given in each band and introduces a further two bands. We estimate through modelling it will remove 38% of those currently in receipt of CTRS from having to make any payment in 2023/24. See Appendix A for the full financial modelling of the proposed scheme.

3.2 Legal implications

3.2.1 Section 13A(2) of the Local Government Finance Act 1992 states that each billing authority mut make a scheme specifying reductions which are to apply to amounts of council tax in respect of dwellings where persons are considered by the authority to be in financial need. This is referred to as a council tax reduction scheme. The Council also has a power to reduce council tax liability in other cases as it sees fit under section 13A(1)(c).

3.2.2 Schedule 1A of the 1992 Act prescribes requirements for a council tax reduction scheme. Paragraph 3 states that before making a scheme the authority must consult any major precepting authority which has power to issue a precept, publish a draft scheme in such manner as it thinks fit and consult such other persons as it considers are likely to have an interest in the operation of the scheme.

3.2.3 Case law has determined that for consultation to be lawful, it must be undertaken as a formative stage, for a sufficient period, provide sufficient information to allow respondents to provide an informed response and that the results must be taken into account by the decision-maker. The decision-maker is Full Council by virtue of s.67 of the 1992 Act which confirms that the function of making or revising a council tax reduction scheme is a function that must be discharged only by the authority.

3.3 Risk management implications

3.3.1 The risks in Table 3 below have been considered:

Table 3 – Risks Considered

Risk	Description	Action to avoid or mitigate risk	Mitigated risk rating
Forecast cost of scheme falls short of estimate	Claimants may have reduced benefits 'unnecessarily'	Use of data modelling tools and data analysis	Likelihood Low Impact Low
Forecast cost of scheme excessive	Unidentified increase in service demand	Use of data modelling tools and data analysis	Likelihood Low Impact Medium

Reduced amount of discount awarded to claimants	Claimants suffer hardship through increased payments	Use of data modelling tools and analysis, Council Tax Hardship Fund and Council Tax Support Fund	Likelihood Low Impact Medium
Effect on collection	Potential for arrears not to be cleared within the relevant financial year leading to delays in collecting liability and impacting in-year collection	Increasing the % discount awarded for the households with the lowest income will remove over 38% of current applicants from having to pay any council tax reducing the amount of recovery required to collect	Likelihood Low Impact Low

3.4 Equality implications

3.4.1 The EIA is attached as Appendix B.

3.5 Workforce implications

3.5.1 The proposed scheme will make it quicker and easier to process CTRS applications. The service is currently developing a structural re-design and any processing time savings as a result of this report will be captured as part of that process.

4 Background Papers

None.

Appendix A – Financial Modelling for New Scheme

The Council Tax Reduction Scheme (CTRS) consists of two parts. The first part makes provision for 2,663 non-working age claimants which is prescribed on a national basis and cannot be amended by local authorities. The second part of the scheme makes provision for 6,606 working age claimants. CTRS expenditure in 2022/23 is estimated at £8.815m. This costs £3.250m for non-working age claimants and £5.565m for working age claimants.

As a direct result of the proposed changes to the scheme for 2023/24, 5,357 current working age claimants will pay less in Council Tax. Of these **3,552 of the most vulnerable working age households currently paying 20% towards their Council Tax would not have to pay any in 2023/24.**

The financial modelling for the proposed 2023/24 CTRS is based on an uplift in current expenditure by 9.99% for the proposed increase in Council Tax and then to add an additional £1.200m of revenue funding to the scheme out of the additional 5% Council Tax increase. The objective of the updated scheme is to ensure additional help is targeted to the most vulnerable residents on lower incomes.

The increase in Council Tax and the additional funding proposed will increase the estimated CTRS spend by £2.084m to £10.900m in 2023/24. When test billing is undertaken in late February 2023 more accurate estimates will be able to be made.

Table 1 below shows the breakdown of CTRS expenditure by group description comparing the proposed 2023/24 scheme with that of the current scheme. All groups will see an overall increase in funding. This increase in broken down to £0.363m for the 2,663 non-working age cases and £1.721m for the 6,606 working age cases.

Table 1 – Households Receiving CTRS by Type and Current and Future Expenditure

Group Description	Case Count	£000 Current Expenditure	£000 23/24 with 9.99% CTax Increase	£000 Change in Award	% Change in Award
Elderly - Non-Passported - Other	829	875.8	992.5	116.7	13.3%
Elderly - Non-Passported - Severe Disability	166	183.9	204.5	20.6	11.2%
Elderly - Non-Passported - War Pensioners	2	1.2	1.4	0.2	19.3%
Elderly - Non-Passported - Working	40	41.4	46.1	4.7	11.3%
Elderly - Passported - Disabled Child Premium	1	1.2	1.3	0.1	9.9%
Elderly - Passported - Enhanced Disability	1	1.8	2.0	0.2	9.9%
Elderly - Passported - Other	1,174	1,583.0	1,747.1	164.1	10.4%
Elderly - Passported - Severe Disability	449	560.3	616.6	56.3	10.1%
Elderly - Passported - War Pensioners	1	1.1	1.2	0.1	9.9%
Working Age - Non-Passported - 1 Child	1,510	1,162.1	1,430.8	268.7	23.1%
Working Age - Non-Passported - 2 Child +	2,472	1,914.7	2,351.2	436.5	22.8%
Working Age - Non-Passported - Couple	182	156.2	242.7	86.5	55.3%
Working Age - Non-Passported - Working	1,179	983.6	1,414.9	431.3	43.8%
Working Age - Passported - Disabled Child Premium	55	58.9	80.6	21.7	36.8%
Working Age - Passported - Enhanced Disability	505	592.4	807.5	215.1	36.3%
Working Age - Passported - Other	288	299.5	418.0	118.5	39.6%
Working Age - Passported - Severe Disability	415	398.0	541.1	143.1	36.0%
Grand Total	**9,269**	**8,815.1**	**10,899.5**	**2,084.4**	**23.6%**

As a direct result of the proposed changes to the scheme for 2023/24:

- 3,552 of the most vulnerable working age households currently paying 20% towards their Council Tax will now not have to pay any in 2023/24.
- 1,805 working age households will be better off under the new simpler and easy to maintain scheme.
- 1,249 cases that would be worse off under the proposed changes will receive funding in 2023/24 to ensure that they will be no worse off from the changes, utilising the Council Tax Support Fund (CTSF).

A full breakdown on those who will pay less and those who will pay more in 2023/24 is shown in Table 2 below.

We will consult on further revisions to the CTRS scheme in 2024/25.

Table 2 – Breakdown of Cases Better or Worse Off

Group Description	Count	Reduction in Council Tax Payment	Increase in Council Tax Payment
Working Age - Non-Passported - 1 Child	1,510	1,100	410
Working Age - Non-Passported - 2 Child +	2,472	1,689	783
Working Age - Non-Passported - Couple	182	159	23
Working Age - Non-Passported - Working	1,179	1,148	31
Working Age - Passported - Disabled Child Premium	55	55	0
Working Age - Passported - Enhanced Disability	505	505	0
Working Age - Passported - Other	288	286	2
Working Age - Passported - Severe Disability	415	415	0
Grand Total	6,606	5,357	1,249

Examples of cases where under the proposed new scheme some households will pay more Council Tax and the reasons for this are shown below:

Working Age – Non-Passported – 1 Child – 410 Cases

Example 1 - A single parent with one child and two non-dependents. Their previous entitlement was £20.50 per week, £1,066 for the year as they were income band 2 (65% - £163.44 to £232.75 per week). As they have capital above the new £6,000 limit (reduced from £16,000) they lose their entitlement under the proposed scheme but £1,066 will be paid from the CTSF. The Council Tax band is E.

Example 2 - A single parent with one child whose income consisted of Universal Credit, Child Benefit and Earnings. Their previous entitlement was £6.21 per week, £323 for the year as they were in income band 4 (35% - £267.42 to £336.72 per week). The new entitlement reduces to £3.87 per week, £201 for the year as they are now in income band 6 (20% - £323.08 to £392.30 per week). A reduction of £122. This will be paid from the CTSF. The Council Tax band is A.

Working Age – Non-Passported – 2 Child+ - 783 Cases

Example 3 - A single parent with three children whose income is Universal Credit, Child Benefit and Earnings. Their previous entitlement was £11.04 per week, £574 for the year as they were in income band 4 (35% - £336.73 to £406.05 per week). The new entitlement is £6.88 per week, £357.76 as they are now in income band 6 (20% - £323.08 to £392.30 per week). A reduction of £216.32. This will be paid from the CTSF. The Council Tax band is C.

Example 4 - A couple with two children whose income is Universal Credit, Child Benefit and Earnings. Their previous entitlement was £9.66 per week, £502.32 for the year as they were in income band 4 (35% - £379.99 to £449.31). The new entitlement is £6.01 per week, £312.52 as they are now in income band 6

(20% - £323.08 to £392.30 per week). A reduction of £189.80. This will be paid from the CTSF. The Council Tax band is B.

Working Age – Non-passported – Couple – 23 Cases

Example 5 - A couple with three non-dependants on the claim. The couple's income is Earnings for the claimant and DLA for the partner. The three non-dependents are working. The previous entitlement was £15.77 per week, £820.04 for the year as they were in income band 3 (50% - £150.39 to £181.47). The new entitlement is £13.76 per week, £715.52 as they are in income band 4 (40% - £184.62 to £253.84). A reduction of £104.52. This will be paid from the CTSF. The Council Tax band is C.

Example 6 - A couple with one non-dependent, a student on the claim. The couple's income was Earnings for the claimant. The previous entitlement was £15.77 per week, £820.04 for the year as they were in income band 3 (50% - £150.39 to £181.47 per week). The new entitlement is £13.76 per week, £715.52 for the year as in income band 4 (40% - £184.62 to £253.84). A reduction of £104.52. This will be paid from the CTSF. The Council Tax band is C.

Working Age – Non-passported – Single – 31 Cases

Example 7 - A single person whose income is Universal Credit and PIP. Their previous entitlement was £16.56 per week, £861.12 as they were in income band 1. The new entitlement is £0.00 as they have capital that exceeds the new £6,000 limit. A reduction of £861.12. This will be paid from the CTSF. The Council Tax band is B.

Example 8 - A single person whose income in Universal Credit. Their previous entitlement was £14.19 per week, £737.88 for the year as in income band 1. The new entitlement is £0.00 as they have capital that exceeds the new £6,000 limit. A reduction of £737.88. This will be paid from the CTSF. The Council Tax band is A.

Working Age – Passported – Other – 2 Cases

Example 9 - An Income Support case where the household is made up of a couple with two non-dependents. The non-dependents income is one on Universal Credit and one is Working. The previous entitlement was £10.92 per week, £567.84 for the year as in income band 1 (80% - No Earnings). A £10 per week non-dependent deduction was taken for the one that was working. The new entitlement is £9.80 per week, £509.60 for the year as still in income band 1 (100% - No Earnings) but we now make a £11.00 non-dependant deduction for the one who is working and a £5.00 non-dependent deduction for the one receiving Universal Credit. A reduction of £58.24. This will be paid from the CTSF. The Council Tax band is A.

Example 10 - A Employment Support Allowance IR case where the claimant is a single person and has three non-dependents on the claim, two receiving Universal Credit and the other with the lowest deduction applied. The previous entitlement was £14.92 per week, £775.84 for the year as they were in income band 1 (80% - No Earnings). There was a non-dependent deduction of £5 per week for the one with the lowest deduction applied. No non-dependent deductions were taken for the two in receipt on Universal Credit. The new entitlement is £10.80 per week, £561.60 for the year as they are still in band 1 (100% - No Earnings) but we now make three non-dependent deductions of £5 for each non-dependent. A reduction of £214.24. This will be paid from the CTSF. The Council Tax band is A.

Financial Impact on Households with more Council Tax to pay

Table 3 below breaks the 1,249 cases with more to pay into bandings of £100 annual increased Council Tax payments up to £1,000 and then £1,000 and above.

To get to this figure we have calculated the total award for 2022/23 and then subtracted it from their total CTS award that will be awarded using the new scheme 2023/24.

Table 3 – Banded Increase in Council Tax payments for 2023/24

Group Description	Count	£0 to £99.99	£100 to £199.99	£200 to £299.99	£300 to £399.99	£400 to £499.99	£500 to £599.99	£600 to £699.99	£700 to £799.99	£800 to £899.99	£900 to £999.99	£1000 & above
Working Age - Non-Passported - 1 Child +	410	168	103	69	31	9	14	1	2	3	4	6
Working Age - Non-Passported - 2 Child +	783	241	133	175	152	23	35	5	6	2	4	7
Working Age - Non-Passported - Couple	23	6	2	5	0	2	3	0	1	1	1	2
Working Age - Non-Passported - Working	31	2	4	1	1	0	2	4	3	7	5	2
Working Age - Passported - Disabled Child Premium	0	0	0	0	0	0	0	0	0	0	0	0
Working Age - Passported - Enhanced Disability	0	0	0	0	0	0	0	0	0	0	0	0
Working Age - Passported - Other	2	1	0	1	0	0	0	0	0	0	0	0
Working Age - Passported - Severe Disability	0	0	0	0	0	0	0	0	0	0	0	0
Grand Total	1,249	418	242	251	184	34	54	10	12	13	14	17
Mid-point Estimate		£20900	£36300	£62750	£64400	£15300	£29700	£6500	£9000	£11050	£13300	£25500

It is not possible with the modelling tool to accurately calculate the total additional Council Tax of those 1,249 households who would pay more before additional support. So, by taking the mid-point of each banding and multiplying that number by the total number of households in that band we can estimate the total additional Council Tax. The estimated total mid-point increase in Council Tax for the 1,249 households is approximately £0.295m.

The additional funding that is available above that £1.2m already placed in the scheme is £0.293m so, we can off-set in full the estimated total increase for these households in 2023/24.

We will consult on further revisions to the CTRS scheme in 2024/25.

Financial Impact on Households with less Council Tax to pay

Table 4 below breaks the 5,357 cases with less to pay into bandings of £100 annual increased Council Tax payments up to £1,000 and then £1,000 and above.

To get to this figure we have calculated the total award for 2022/23 and then subtracted it from their total CTS award under the new scheme for 2023/24.

Table 4 – Banded Reduction in Council Tax payments for 2023/24

Group Description	Count	£0 to £99.99	£100 to £199.99	£200 to £299.99	£300 to £399.99	£400 to £499.99	£500 to £599.99	£600 to £699.99	£700 to £799.99	£800 to £899.99	£900 to £999.99	£1000 & above
Working Age - Non-Passported - 1 Child +	1,100	229	141	125	322	123	67	15	32	10	16	20
Working Age - Non-Passported - 2 Child +	1,689	333	230	191	323	208	152	42	88	20	32	70
Working Age - Non-Passported - Couple	159	8	15	20	14	33	11	7	13	4	1	33
Working Age - Non-Passported - Working	1,148	45	84	155	529	121	63	36	46	24	20	25
Working Age - Passported - Disabled Child Premium	55	1	0	2	29	17	4	2	0	0	0	0
Working Age - Passported - Enhanced Disability	501	1	11	27	147	192	106	13	2	0	1	1
Working Age - Passported - Other	282	3	6	28	123	65	21	5	19	3	2	7
Working Age - Passported - Severe Disability	409	0	1	0	324	71	11	1	0	0	0	1
Grand Total	5,343	620	488	548	1,811	830	435	121	200	61	72	157
Mid-point Estimate		£31000	£73200	£137000	£633850	£202500	£239250	£78650	£150000	£51850	£68400	£235500

By taking the mid-point of each banding and multiplying that number by the total number of households in that band we can estimate the total additional reduction in Council Tax to the household. The estimated total mid-point reduction in Council Tax for the 5,343 households is £1.901m.

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Council Tax Support Scheme

This scheme relates to the financial year beginning with 1 April 2023 and should be cited as Slough Borough Council – Council Tax Support Scheme. S13A and Schedule 1a of the Local Government Finance Act 1992.

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Glossary

Capital	Money or other assets owned or jointly owned by a person.
Capital Disregard	Windrush Compensation Scheme.
Change of Circumstance	Any change of circumstances affecting entitlement to CTS, including but not limited to changes to income, liability, household members or residence that would affect entitlement to CTS.
Council Tax payer	Person liable to pay Council Tax on the property.
Council Tax Support (CTS)	The Slough Borough Council scheme.
Default scheme - Pensioner	The default scheme contained in the Council Tax Reduction Schemes (Default Scheme) (England) Regulations 2012 SI 2886/2012
Banded Scheme - Working Age	Council Tax Support for Working Age customers will be calculated against an income banded scheme.
Dispute	Where the CTS recipient disagrees with the amount of CTS awarded or the refusal to award CTS applicant.
Disregards	Deductions allowed against the income.
Earned Income	Has the meaning given with paragraphs 18 and 21 of Schedule 1 of the Prescribed Requirements Regulations.
Excess Income	The amount the taxpayer’s weekly income exceeds their applicable amount for pensioner claims.
Extended Reduction - Pensioner	An amount awarded for a period after the applicant, or their partner has started work or increased their hours of work and is therefore no longer entitled to a qualifying benefit or qualifying contributory benefit.

Income - Pensioner	Income from all sources not limited to earnings. Some income will be wholly or partly disregarded.
Income – Working Age	Council Tax Support will be calculated solely on earnings to set the appropriate band.
Local Authority Error	Change following a Local Authority or official error
Maximum liability	The maximum liability is the maximum band after any Council Tax discounts or band reductions awarded under the Local Government Finance Act 1992. For example, single person discounts or band reductions due to disability.
Minimum Income Floor	A self-employed person declaring less income than the national living wage will have their Council Tax Support calculated on a notional income equal to that of the national living wage.
Non-Dependant	Anyone who lives with you and is not your partner, a dependent child, joint tenant or sub-tenant.
Non-Dependant Deduction	An amount deducted from your entitlement depending on the Non-Dependants circumstances.
Overpayment	Any amount of CTS awarded to which the recipient is not entitled.
Pension Age	The age at which a person is eligible to claim State Pension Credit. Please note the age is changing to reflect the equalisation of pension ages between men and woman and the planned increase in retirement age.
Premium	An additional element forming part of the applicable amount relating to the individual or couple's circumstances. For working age claimants there will be no applicable amounts as an income banded scheme calculates entitlement by categorising income against the correct band.
Prescribed Requirements Regulations	Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012 SI 2885 2012.

Taper	The rate at which CTS is withdrawn if the income including tariff income is greater than the applicable amount or living allowance. Not applicable to working age customers who will have their CTS calculated under a banded income scheme.
Tariff income – Pensioners (Default)	Income generated by savings and capital between the lower and upper capital thresholds.
Work	Employed or self-employed.
Working Age	The age below which a person or couple is eligible to claim State Pension Credit.
1992 Act	Local Government Finance Act 1992.

1 Introduction

Slough Borough Council (SBC) Council Tax Reduction Scheme is based on the default scheme and prescribed requirements regulations **for pension age customers**, except where the contrary is set out within the scheme. Definitions and detail from the regulations are not replicated in this document and the detail can be found by following the links below.

Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012 SI 2885/2012 (as amended)

Council Tax Reduction Schemes (Default Scheme) (England) Regulations 2012 SI 2886/2012 (as amended)

The Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2023 (legislation.gov.uk)

The Council Tax (Demand Notices and Reduction Schemes) (England) (Amendment) Regulations 2022 (legislation.gov.uk)

The scheme for **working age applicants** is an income banded scheme, which compares income against a range of discounts available. Full details of the working age scheme of the authority are contained within this document.

The scheme for working age only applies to a person who:

a. has not attained the qualifying age for state pension credit; or
b. has attained the qualifying age for state pension credit if he, and his partner, is a person on income support, on an income-based Jobseeker's Allowance, on an income-related Employment and Support allowance or on Universal Credit.

- The number of calculations following changes in Universal Credit will be reduced under the banded scheme as we will only make adjustments if the change affects the banding group. This reduces the regular monthly changes brought about by Universal Credit therefore reducing the possibility of monthly rebilling.

- Only earned income will be used in the calculation within the banded scheme. All other income will be disregarded. I.e. Disability Living Allowance, War Pensions and Child Benefit will continue to be disregarded in the calculation.

- For working age claims, the weekly liability will be reduced if there is a Non-Dependant deduction.

- A minimum income floor will apply for the self-employed. A self-employed person declaring less income than the national living wage will have their

Council Tax Support calculated on a notional income which is equivalent to that of the national living wage.

- All payments made under the £150 Energy Rebate Scheme 2022 are to be treated as local welfare provision and will be disregarded in the calculation of Council Tax Support for both pension age (prescribed) and working age claims (banded).

2 Classes of Persons

2.1 Classes of persons excluded from the scheme

Classes of persons to be excluded from the scheme are as set out in the prescribed requirements regulations, including persons treated as not in Great Britain and persons subject to immigration control.

2.2 Classes of person entitled to a reduction under this scheme

Pensioners

Classes A-C Pensioners who fall within any of classes A to C in the prescribed requirements regulations.

Working age persons

Persons who are not pensioners who have no earned income will fall into income band 1 of the scheme – please see the table below.

Persons who are not pensioners who have earned income will receive a maximum level of support depending on what earnings threshold they fall into, as per the table below. Earned income will be calculated net of income tax, national insurance and 50% of pension contributions, there will be no other deductions.

Income Band	Discount off CT liability (9.99%)	Earnings threshold (weekly)
1	100.00%	No earnings
2	75.00%	<£115.38
3	60.00%	£115.39-£184.61
4	40.00%	£184.62-£253.84
5	30.00%	£253.85-£323.07
6	20.00%	£323.08-£392.30
7	10.00%	£392.31-£461.53
8	0.00%	£461.54 and above

Persons in receipt of Universal Credit will have their Council Tax Support calculated using the earnings verified by the DWP on their Universal Credit award. For the sake of clarity universal credit earnings are calculated by reducing the gross earnings during the universal credit assessment period by any tax, national insurance or 50% pension contributions assessed by the secretary of state for work and pensions (DWP).

Persons not in receipt of Universal Credit will be required to evidence their circumstances, such as earnings.

Persons who do not have any earned income will have all other income disregarded and be placed in Band 1 of the above table and receive a maximum award of 100%.

3 Maximum Council Tax Support for the purposes of calculating eligibility for support under this scheme and amount of reduction

3.1 Maximum Council Tax Support under this scheme: For classes A to C, the maximum council tax reduction is as set out in regulation 29 of the default scheme.

3.2 Maximum Council Tax Support under this scheme: For persons who are not pensioners the maximum Council Tax Support is calculated as per section 2.2. Non-dependant deductions will be calculated as per section 4.

4 Non-dependant deductions: pensioners and persons who are not pensioners

The non-dependant deductions for pensioners (classes A –C) are as set out in the prescribed requirements regulations.

The non-dependant deductions for working age from 1st April 2023 are as set out in appendix B.

5 Amount of reduction under this scheme

5.1 Amount of reduction under this scheme

Council Tax Support will then be calculated as per section 2.2.

5.2 Where a working age person is not in receipt of earned income, the award is

- the actual liability for the Council Tax at 100%
- less any non-dependant deductions set out in appendix B

5.3 Where a working age person is in receipt of earned income, the award is

- the actual liability for the Council Tax
- less any non-dependent deductions set out in appendix B
- less the contribution, depending on earnings threshold as per the table below

Income Band	Contribution towards Council Tax Liability (9.99%)	Earnings threshold (weekly)
1	00.00%	No earnings
2	25.00%	<£115.38
3	40.00%	£115.39-£184.61
4	60.00%	£184.62-£253.84
5	70.00%	£253.85-£323.07
6	80.00%	£323.08-£392.30
7	90.00%	£392.31-£461.53
8	100.00%	£461.54 and above

6 Capital

The capital rules for calculating eligibility for a reduction are as set out in the default scheme, save that for working age – where capital exceeds £6,000, there will be no entitlement to Council Tax Support.

Income and capital payments in relation to the Windrush Compensation Scheme will be disregarded in line with Housing Benefit regulations.

7 Extended reductions and qualifying conditions for an extended reduction

Extended reductions and qualifying conditions for extended reductions for those of pensionable age will be as set out in the default scheme.

8 Procedural Matters

8.1 Applications

CTS will only be paid upon receipt of an application. Applications must be made in writing and received by SBC's Revenues and Benefits Service designated offices or received electronically via SBC's website or in some other format as SBC may decide. If a request for CTS is received by the Revenues and Benefits Service by any means including one that is not in the correct format SBC will invite the applicant to complete an appropriate application. If the applicant does so and it is received within one month of being asked to do so then the application date will be the date the original request was received.

When an application for CTS is made during the same week as the Council Tax liability start date, the CTS award will commence from the liability start date. For applications made outside the first week of liability, the CTS award will commence from the following Monday of the date of application.

If a claim is made for Housing Benefit and the person claiming is also liable for Council Tax at the same dwelling then the Housing Benefit claim will be treated as a claim for Council Tax Support.

For those of working age, where an application is defective or incomplete and the applicant or the person acting for them has not supplied all the information requested or properly completed an application form within one month (or such longer period as SBC considers reasonable) of being asked to do so then SBC will decide that the applicant no longer wishes to apply for council tax support.

Where following a change of circumstance the person receiving a reduction is asked to supply evidence or information in support of their claim and fails to do so within one month (or such longer period as SBC considers reasonable) then the CTS award will be amended based upon an adverse inference of the information held from the date the change of circumstances occurred. This could lead to the council tax support award being ended.

Where an application is made for Universal Credit, Income Support, Jobseekers Allowance (Income Based) or Income Related Employment and Support Allowance and the Department of Work and Pensions or the CTS applicant makes SBC aware of this fact within one calendar month of them becoming entitled to one of the above benefits then the date of application will be treated as made on the date they become entitled to one of the above benefits.

Notwithstanding other paragraphs within this section, the authority will determine the method by which claims are to be made as well as where claims should be sent or delivered.

Applications for CTS can be made up to 13 weeks in advance prior to an event that would entitle them to CTS.

8.2 Backdating an award

For those of Pensionable age the rules for backdating a claim are set out in the default scheme and prescribed requirement regulations.

For those of working age where an applicant requests backdating for a period prior to the effective date of claim, the authority may, at its discretion, backdate the claim up to one calendar month prior to the date it was made or treated to be made provided continuous good cause is proven.

9 Effective date of a change of circumstance

For those of Pensionable age the effective date of a change of circumstance is as set out in the default scheme.

For those of working age the effective date of a change of circumstances is as set out Regulation 107 of the Default regulations. However, where an applicant is required to notify a change of circumstances and:

(a) the change of circumstances is a change of circumstances that is required by this scheme to be notified and
(b) that change of circumstances is notified more than one month after it occurs, or such longer period as may be allowed and
(c) the superseding decision is advantageous to the claimant,

the date of notification of the change of circumstances may be treated as the date on which the change of circumstances occurred.

A longer period of time may be allowed for the notification of a change of circumstances in so far as it affects the effective date of the change where special circumstances are relevant and as a result of those special circumstances it was not practicable for the applicant to notify the change of circumstances within one month of the change occurring.

In determining whether it is reasonable to allow a longer period of time regard shall be given to the principle that the greater the amount of time that has elapsed between the date one month after the change of circumstances occurred and the date the application for a superseding decision is made, the more compelling should be the special circumstances on which the application is based.

10 Reconsideration & Appeals

If you disagree with the decision, you have one calendar month from the date of decision to request a reconsideration or statement of reasons in writing.

If as a result of the reconsideration the decision is upheld then if you are still not happy with the decision, you can then ask for an appeal against the decision.

If you disagree with our decision about your council tax reduction, in some cases you will be able to appeal to the Valuation Tribunal. The Tribunal is independent of SBC.

You can appeal to them regarding SBC's decision about:

- whether you are entitled to a council tax reduction

- how much of a reduction SBC have awarded you under the local scheme.

The Tribunal cannot hear appeals about what is SBC's scheme, only about the way the scheme has been applied in your case.

The stages to making an appeal are:

1. You must first contact SBC in writing explaining why you believe the decision to be wrong. SBC have 2 months to reply to your contact.

2. If SBC do not agree with your reasons for the decision being wrong, you can then appeal to the Valuation Tribunal.

3. If you decide to appeal, you must contact the Valuation Tribunal within 2 months of SBC decision and include a copy of the decision with your appeal form. You can either submit and electric appeal form, download a copy of the decision with your appeal form.

4. If SBC have failed to respond to your contact at point 1 above within 4 months you can refer your matter to the Valuation Tribunal without SBC's decision.

Further details can be obtained from the Valuation Tribunal at the following link. You will be able to download the appeals form or complete the online form from this link also. Should you wish to contact the Valuation Tribunal their contact details can also be obtained from the link below.

https://www.valuationtribunal.gov.uk/your-appeal-type/council-tax/council-tax-reduction/

11 Discretionary Reduction see Part 3 of Schedule 1 of the default scheme (Discretionary Council Tax Hardship payment)

Where an application to the authority is made under the Discretionary Relief Scheme, it shall be determined in accordance with the policy of the authority for that year and be made –

(a) In writing, or.

(b) By means of an electronic communication in accordance this scheme or.

(c) Where the authority has published a telephone number for the purpose of receiving such applications, by telephone or;

(d) Via SBC's website.

The applicant must state why the request is being made and supply such evidence and information as the Council may require in support of the request.

If for any reason the request is not in a form that SBC can accept then the applicant will be supplied with a suitable form.

Where practicable and the local authority is aware, the authority will make claimants aware of their ability to apply for support.

Applications will be considered based on hardship and remain discretionary.

12 Time and manner of granting relief and recoveries / overpayments

Where the Council Tax payer is entitled to an increase or decrease in their reductions following a reported change of circumstance, SBC will issue a substitute demand notice taking into account the increase or decrease in liability.

SBC will:

(a) Recover over-entitlement of council tax support – this will be treated as an underpayment of Council Tax and collected via Council Tax enforcement methods;

(b) Take recovery action according to the circumstances of the applicant.

(c) Credit the Council Tax account with any underpayment of CTS.

Effective from 1 April 2023

Appendix A Non-Dependant deductions

Description	Deduction
Where the non-dependant is in remunerative work and his gross average income is of £200.00 or more per week.	£11.00 per week
Where the non-dependent is in receipt of Pension Credit, Income Support, Income Based Jobseeker's Allowance, Income Related Employment and Support Allowance, an award of Universal Credit without earnings. On a contributory benefit such as new style Employment and Support Allowance, new style Job Seeker's Allowance. Working less than 16 hours per week on average; or working 16 hours or more per week on average but gross average income of £199.99 or less per week. This will also apply to any non-dependent not in receipt of any income or in receipt of any other income.	£5.00 per week
Where the non-dependent is under 18 years of age or a full time student. No deduction shall apply where the applicant or their partner is in receipt of the care component of Disability Living Allowance at any rate or receiving the Daily Living component of the Personal independence Payment or registered Blind or in receipt of Armed Forces Independence Payments.	£0.00 per week

Where the non-dependent is a member of a couple, only one deduction shall apply, the highest.

Explanatory Notes

These Regulations amend the Council Tax (Demand Notices) (England) Regulations 2011 (S.I. 2011/3038) ("the 2011 Regulations") and the Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012 (S.I. 2012/2885) ("the 2012 Regulations").

The 2011 Regulations make provision about matters to be contained in, and information to be supplied with, council tax demand notices. Regulation 2 amends the 2011 Regulations to provide that demand notices relating to liability to pay council tax for 1st April 2022 in respect of dwellings in valuation bands A to D must contain prescribed information in relation to the Government's rebate scheme to provide financial support in respect of energy bills ("the Energy Rebate Scheme 2022").

Section 13A of the Local Government Finance Act 1992 ("the 1992 Act") requires each billing authority in England to make a scheme specifying the reductions which are to apply to amounts of council tax payable by persons, or classes of person, whom the billing authority considers are in financial need. The 2012 Regulations prescribe matters which must be included in such a scheme in addition to those matters which must be included in such a scheme by virtue of paragraph 2 of Schedule 1A to the 1992 Act.

Regulation 3 amends the 2012 Regulations to provide that billing authorities' schemes must include provision that any payments made under the Energy Rebate Scheme 2022 are not to be taken into account in determining council tax reductions.

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