

Overview & Scrutiny Committee – Meeting held on Thursday, 4th November, 2021.

Present:- Councillors Gahir (Chair), Matloob (Vice-Chair), Kaur, Malik, Sharif and Smith

Also present under Rule 30:- Councillors Ali, Hulme, Mohammad and Swindlehurst

Apologies for Absence:- Councillor Basra, Dhaliwal and Hussain

PART I

9. Declarations of Interest

No declarations were made.

10. Minutes of the Last Meeting held on 16th September 2021

Resolved – That the minutes of the meeting held on 16th September 2021 be approved as a correct record.

11. Member Questions

No Member Questions had been submitted.

12. Draft Budget Proposals 2022/23

The Leader of the Council, who had portfolio responsibility for finance and several corporate services, gave a detailed presentation on the in-year budget position for 2021/22 and the draft savings proposals for 2022/23 for corporate services including finance, commercial, governance, IT, HR and business support.

The Committee noted that in view of the Council's severe financial position, including the Section 114 notice issued in July, intensive work had been taking place by Lead Members and Directors in recent months to close the budget gap in the current year, develop robust savings plans for next year and improve financial processes and governance. The scrutiny arrangements were being significantly strengthened with the Overview & Scrutiny Committee considering corporate budget savings much earlier than previous years, and each of the three scrutiny panels would conduct detailed scrutiny of proposals in their directorates in November and again in January 2022 prior to the budget being set in March 2022.

The Leader summarised the slides which had been circulated with the agenda. In relation to finance and commercial matters, it was noted that the key issues for 2021/22 included delivering three years of accounts and prior year adjustments; preparing the Council's Recovery & Renewal Plan;

Overview & Scrutiny Committee - 04.11.21

reviewing all Council companies; improving financial management practice; and addressing the outstanding internal audit recommendations. There were a number of challenges in the Revenues & Benefits service and the plans in place to address them were summarised. The finance and commercial savings proposed for 2022/23 included a reduction in the audit fee and reviewing internal audit and procurement services. In relation to other corporate services, savings proposals included reduced building management costs and additional income, managing vacancies and ICT contract savings. It was recognised that there would need to be investment in a number of core services, such as finance, IT modernisation and scrutiny support.

The Committee welcomed the early opportunity to scrutinise the budget and asked a number of questions which are summarised as follows:

- *Did the Council receive good value from externally provided services such as internal audit, procurement and legal and were the arrangements being reviewed?* Each contract varied, for example the contract with HB Law was five-year agreement entered into in 2018 and provided the Council with access to specialist advice and support that it couldn't provide with an in-house service. Prior to the HB Law contract the Council often had to draw on more expensive specialist legal advice and the current arrangement was stable, although further efficiencies could be explored and the longer term options would be considered when the contract approach its end date. The additional procurement support from RSM was initially a short term arrangement that was extended. It would be subject to a review to move from relatively expensive short term support to a more sustainable, permanent model. All options were being assessed. Members of the Committee expressed concern that governance processes for awarding and then extending a short term procurement support contract of this nature did not appear to followed due process, although it was recognised that it was important that the Council had access to the appropriate professional expertise given the scale of its external contracts. Assurance was provided that steps were being taken to address weaknesses identified in financial governance, including revised contract procedure rules which would be considered by Council later in November.
- *The Council would be required to dispose of a significant proportion of its assets as part of the Capitalisation Directive. What was the current position on the status of a revised request to Government?* It was responded that the original capitalisation request of circa £15m submitted in March 2021 had risen substantially as the new financial team had uncovered significant issues, including with the Minimum Revenue Provision (MRP). A revised request had not yet been submitted to the Government, but it would be above £200m and would require substantial disposals from the Council's asset base of approximately £1.2bn. The Cabinet had already agreed some of the processes to manage the disposals programme and a report had been provided to Place Scrutiny Panel in September.

Overview & Scrutiny Committee - 04.11.21

- *What was the overall savings position for 2022/23 and how would residents be effected?* The Leader commented that, after extensive and urgent work, savings plans for the current year would be delivered and the savings proposed largely closed the revenue budget gap for 2022/23. Further work would be undertaken to fully close the gap prior to budget setting and the savings proposals and business cases were now being refined and reviewed, including by scrutiny. Consultation with residents on the budget would begin this month and there would also be separate consultations for a number of savings proposals where there were significant impacts on service provision such a day centres, children's centres and libraries. The Section 151 Officer highlighted that in relation to the corporate services the savings would not have a significant impact on residents and that savings on frontline services would be reviewed by the scrutiny panels in the coming weeks.
- *How had the Council made such a significant error in MRP, had the issue been investigated and would Member training be provided on such matters?* The Leader reviewed the background the decisions on MRP taken in 2016, including that Members had agreed a review following a change to government guidance, but that the outcome of this review had not come back to Members. The Section 151 Officer stated that a significant amount of work had been done by the new finance team to understand and address the issues, although the financial gap caused by the errors were severe. A new treasury management strategy would come to Council in early 2022 for approval and a proposal on enhanced finance training for Members would be considered by the Audit & Corporate Governance Committee in December.
- *There was a high level of outstanding debt in revenues and benefits. What was being done to improve collection rates?* The Council had taken a different approach to debt collection early in the Covid-19 pandemic although steps had been taken to normalise debt recovery. The Section 151 Officer confirmed that there was a detailed Revenues & Benefits Improvement Plan and debt collection was a key part of the plan.
- *The governance reviews had highlighted weaknesses with the Council's companies. How were these issues being addressed?* All the Council's companies were being reviewed, with the exception of the newly established Slough Children First. The Council had 11 subsidiary companies, several of which were dormant and would be closed. Some of the company arrangements were complex and required a significant amount of work to review. Companies that were retained would be subject to improved governance and financial management processes.

Overview & Scrutiny Committee - 04.11.21

Each service area listed in the presentation was considered in turn. Members asked several other specific questions about savings relating to the need for the legal library, corporate training budget and the telephony system. In relation to the electoral cycle it was noted that the Council had established a Member Working Group last year to consider a proposal to move to whole Council elections and a consultation would take place with residents in November and December. The Department for Levelling Up, Housing & Communities (DLUHC) had highlighted the importance of this issue as part of improving the Council's governance.

The Committee raised the issue of further restructures following Our Futures and the service reviews. This led to a discussion during which Members agreed the provision of high quality core services such as finance, IT and HR were critical to supporting the delivery of frontline services by other directorates. Some Members expressed concern that budget and service reductions in core services would be counter-productive. It was noted that the recruitment freeze over the past year had led to skills gaps and a lack of capacity in certain corporate services and the service reviews would need to address these issues to ensure key services were adequately functioning. The Committee asked that further information be provided in due course on the service reviews and restructures relating to corporate services, particularly finance, IT, HR and revenues & benefits. The Committee also strongly supported the commitment to provide sufficient resources for scrutiny support as this had been removed in the Our Futures re-organisation and should be appropriately restored as had been highlighted in the governance review.

At the conclusion of the discussion the Committee welcomed the early opportunity to scrutinise the corporate budget proposals. Members were generally in agreement with the proposed corporate savings but also agreed that core corporate services were crucial to the delivery of frontline Council services and in some instances would require investment to bring back up to the required standard, including finance, IT and HR. The Chair encouraged committee members to attend some of the forthcoming scrutiny panel meetings at which directorate budget proposals would be discussed.

Resolved – That the budget position for corporate services in 2021/22 and the draft savings proposals for 2022/23 were noted and the comments of the Committee would be taken into consideration during the budget process.

13. Forward Work Programme

The Committee considered the work programme for the remainder of the municipal year. Members agreed that they wished to scrutinise the Repairs, Maintenance & Investment contract for housing repairs. The Customer & Community Scrutiny Panel was due to carry out scrutiny of this matter in December 2021 and it was agreed that this would jointly scrutinised.

In view of the discussion earlier in the meeting during consideration of the corporate budget proposals, the Committee agreed to add the IT

Overview & Scrutiny Committee - 04.11.21

modernisation programme and restructure to its work programme. The date would be confirmed in due course as the timelines for this programme were not yet finalised.

Resolved – That the work programme be agreed.

14. Members' Attendance Record 2021/22

Resolved - That the Members' Attendance Record for the 2021/22 municipal year be noted.

15. Date of Next Meeting - 13th January 2022

The date of the next meeting was confirmed as 13th January 2022 at 6.30pm.

Chair

(Note: The Meeting opened at 6.30 pm and closed at 8.42 pm)