

## **Overview & Scrutiny Committee – Meeting held on Thursday, 31st January, 2019.**

**Present:-** Councillors Arvind Dhaliwal (Chair), R Sandhu (Vice-Chair, arrived 6.50pm), Minhas, D Parmar, S Parmar, Sarfraz and Sharif

**Apologies for Absence:-** Councillor R Bains

### **PART I**

#### **56. Declarations of Interest**

None were received.

#### **57. Minutes of the Last Meeting held on 10th January 2019**

**Resolved** – That the minutes of the meeting held on 10<sup>th</sup> January 2019 be approved as a correct record.

#### **58. Action Progress Report**

The Committee was updated on the reference made to Cabinet following the meeting held on 10<sup>th</sup> January 2019 regarding the Member Call In of Phase Three of the Chalvey Regeneration Strategy. With regard to the comments made on Tower and Ashbourne – that the proposals were overdevelopment of the site and any final plans to include a children's play area; Cabinet agreed to pass the comments to the officers and Planning Manager for consideration once the application had been submitted. Referring to the redevelopment of the Montem leisure centre, the Cabinet had assured the Overview and Scrutiny Committee Chair that there was provision of green open space in the development and had invited him to view the current plans.

**Resolved** – That details of the Action Progress Report be noted.

#### **59. Member Questions**

None were received.

#### **60. Revenue Budget 2019/20**

The Service Lead Finance outlined details of the Revenue Budget for 2019/20 and the decisions required for the Council to achieve a balanced budget for the year ahead.

2019/20 was expected to be another difficult year financially for the Council, with a continued reduction in Government's Revenue Support Grant to £6m next year, as well as increased demand for Council services. The Medium Term Financial Strategy had sought to offset these funding reductions with increased commercial income and this approach had been successful. The

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funding summary at Table 1 of the report demonstrated that the revenue budget was currently balanced for each of following three years to 2022.

The key features of the budget were summarised. Members noted that the Council was facing budget pressures in areas such as temporary accommodation, schools PFI, home to school transport and adult social care which had consistently reported in year overspends. The proposals set out therefore made provision for growth to be made in the base budgets for these areas to more realistically reflect the demand and cost of key services.

The Council's element of the Council Tax was proposed to rise by 2.8% for the year which equated to an increase of £35.09 for a Band D property. The Police and Fire precepts had not yet been set but were expected to rise by 13.2% and 2.99% respectively. Members were advised that the increase in Council Tax was expected the lowest when compared with other Berkshire local authorities.

A total of £12.8m of savings had been identified for the coming year, as detailed in Appendix A to the report, and Members discussed the impact these could have on services. The Officer explained that savings of this scale had been found each year since 2010 and the majority of savings this year were efficiencies and commercial income rather than service reductions. It was increasingly difficult to identify such savings, however, they were necessary as the Revenue Support Grant had been reduced by circa £50m in recent years and all local authorities were facing rising demand and cost pressures each year. The reviews of major contracts was cited as an area where Slough had successfully identified savings, for example the leisure contract which in future would a net revenue benefit back to the Council from the provider.

*(Councillor Sandhu joined the meeting)*

The Committee discussed the £8.1m of growth in the budget which included a mixture of contractual increases, such as the £1.5m on the waste contract; demand pressures, particularly in adult social care and for Slough Children's Service Trust; and governance such as the creation of a Brexit reserve and an increase in the training budget. There were also a number of service improvements proposed such as funding for the deep clean of the town centre and street homelessness initiatives. Members particularly discussed the increases for Slough Children's Services Trust (SCST) and the waste contract which was due to rising costs nationally. In response to a question about SCST, it was noted that the Trust had a liability to the Council of circa £4m due to be paid on termination. The organisation was currently in deficit which meant that sum was a revenue risk to the Council. A recovery plan was being put in place by the Trust.

At the conclusion of the discussion, the Revenue Budget was noted.

**Resolved** – That details of the Revenue Budget 201/20, as set out in the report, be noted.

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### 61. Treasury Management Strategy 2019/20

The Committee considered details of the Treasury Management Strategy 2019/20 which included the financing and investment activity for the forthcoming financial year.

The Council currently had £460m of borrowing and an average annual investment balance of £45m. It was highlighted that the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice recommended that a local authority's total debt should be lower than its highest forecast for Capital Financing Requirement (CFR) over the next three years. The Committee was informed that the Council would comply with this recommendation next year as the highest forecast CFR during this period was £671m and the total debt for 2019/20 was expected to be £569m.

The Committee asked a number of questions about the costs of borrowing including the acquisition of the new town centre HQ at 25 Windsor Road. The Council had approved borrowing of £100m and had spent approximately £42m so far on the acquisition and other costs. Members were assured that the Council only took on borrowing when required to fund specific activity and careful consideration was given to the type of borrowing to provide affordability and long term stability of the debt portfolio.

The strategic acquisitions strategy was discussed and a query was raised about whether the Council was achieving the typical yield of between 5% - 9% through its investments under this programme. The Officer confirmed that the annual yield was within this range at 5.48%. The strategy also included provision for purchases to further regeneration objectives and it was confirmed that acquisitions were only made if they met the criteria set out in section 11 (b) of the Treasury Management Strategy.

Members were reminded that the TMS would be considered by Cabinet on the 4th February with a view to recommending it to Council meeting on 21<sup>st</sup> February 2019. At the conclusion of the discussion, the report was noted.

**Resolved –** That details of the Treasury Management Strategy 2019/20, as set out in the report, be noted.

### 62. Capital Strategy 2019/24

The Service Lead, Finance summarised the Capital Strategy 2019/24 and the capital programme for 2019/20. The Cabinet would be considering the strategy on 4th February 2019 and would be recommending it to full Council on 21<sup>st</sup> February.

There would be significant capital investment of £239m to 2024 and the strategy was aligned to the Five Year Plan. The programme included £39.8m to for schools expansion; £61.5m on improvements to the Council's housing stock; £40.8m for James Elliman Homes; £25m for the hotel scheme on the

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Old Library Site; and £15m for the development of new community centres and hubs. The programme was funded from various sources including grants and capital receipts with a majority funded through borrowing. The links to the Treasury Management Strategy in supporting the significant programme of investment was noted.

Members discussed the impact of borrowing on the revenue budget and it was confirmed that the notional cost would be an increase of up to £4.1m per annum. However, the annual income from strategic acquisitions was c. £4m and the assets were increasing in value over time. The investment in schools, housing and regeneration also delivered significant service and community benefits to residents and the strategy overall was therefore considered to be affordable and balanced.

The Committee discussed the sources of income and agreed to receive a report early in the next municipal year outlining the process regarding the allocation of funds from S106 receipts, information regarding why the Council currently held approximately £14.4m unspent S106 receipts, clarification relating to the time period the Council had to allocate/use the monies prior to it having to be paid back to developers and details of the number of incidents when this had occurred.

At the conclusion of the discussion the Committee noted the Capital Strategy 2019/24.

### **Resolved –**

- (a) That details of the Capital Strategy 2019/24 as set out in the report, be noted.
- (b) That the July 2019 Committee receive a report regarding S106 Receipts and allocation of these funds within the Capital Programme 2018/19 and Capital Strategy 2019/24.

## **63. Forward Work Programme**

The Committee considered the work programme and agreed to add the following items:

- July 2019 - S106 Receipts and Allocation of Funds.
- July 2019 - Contract Management RMI Contract report to include details / Performance Indicators regarding the Leisure Strategy – benefit/value for money for residents, number of users etc.

**Resolved –** That the Forward Work Programme be noted and amended as set out above.

## **64. Members Attendance Record 2018/19**

**Resolved –** That details of the Members Attendance Record be noted.

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### **65. Date of Next Meeting - 14th March 2019**

The date of the next meeting was confirmed as 14<sup>th</sup> March 2019.

Chair

(Note: The Meeting opened at 6.30 pm and closed at 7.30 pm)