

## **Cabinet – Extraordinary Meeting held on Monday, 22nd February, 2021.**

**Present:-** Councillors Swindlehurst (Chair), Akram (Vice-Chair), Anderson, Bains, Carter, Mann, Nazir and Pantelic

**Also present under Rule 30:-** Councillors Ajaib and Gahir

### **PART 1**

#### **112. Declarations of Interest**

None were declared.

#### **113. Revenue Budget 2021/2022 and MTFS 2021-2024**

The Executive Director for Corporate Services gave a comprehensive overview on the following reports and sought Cabinet agreement to recommend approval to Council on 8<sup>th</sup> March 2021:

- The proposed revenue budget for 2021/22 and Medium Term Financial Strategy (MTFS) 2021/22 to 2023/24;
- The Capital Strategy and Capital Programme 2021/22 to 2023/24; and
- The Treasury Management & Investment Strategy 2021/22.

The introduction to the reports at items 2, 3 and 4 of the agenda (Minutes 113, 114 and 115 refer) were taken together given the intrinsic links between revenue, capital and treasury management.

The Executive Director summarised the key budget proposals and set out the very challenging financial position facing local authorities, including Slough Borough Council, due to the Covid-19 pandemic and other one-off pressures. The impacts of Covid-19 would include lower rates of Council Tax and Business Rates income, rising demand for social care and other services, growth and cost pressures and reduce income from fees, charges and potentially commercial revenues. There would be a substantial budget gap which risked depleting reserves unless other action was taken.

Further to the decision taken by Cabinet in December 2020, the proposed budget included the use of a one-off capitalisation directive, which would allow the Council to capitalise up to £12.2m of revenue spend, to meet three one-off pressures – the 2019/20 Business Rates deficit, the Slough Children's Services Trust historic deficit and the impact of Covid-19. Lead Members discussed the nature of the pressures and highlighted that the capitalisation directive was not being sought to fund day-to-day spending on services, but to deal with one-off pressures in way which protected services and maintained reserves at acceptable levels during uncertain times.

A capitalisation directive would require approval from the Ministry of Housing, Communities & Local Government and at the time of the Cabinet meeting no official ministerial decision had been confirmed, however, a positive outcome

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was expected on the basis of discussions between officials. The report fully set out the reasons for the one-off revenue pressures in 2021/22 and the approximately £100m worth of assets the Council had available from which to generate receipts in the future to fund the capitalisation.

The Cabinet noted that:

- The revenue budget proposed was £123m, which incorporated £12.6m of growth and pressures.
- There was a savings programme of £15.6m and the details were set out fully in the appendix to the report.
- A £6m 'contingency fund' would be in place to help mitigate the impacts of Covid-19 pressures and slippage in savings.
- The budget proposed an increase in Council Tax of 1.99% for the Council's element and increase in the Adult Social Care precept of 3% as permitted by Government in the Local Government Finance Settlement.
- The MTFS set out a substantial budget gap in future years which would need to be closed.
- The position in relation to the Housing Revenue Account, Dedicated Schools Grant and police, fire and parish precepts.
- A General Fund Capital Programme of £148m and HRA capital programme of £162m to 2023/24.
- There would be a 'root and branch' review of the capital programme in the next year.
- A strategy was in place to strengthen reserves over the coming years.

The Cabinet highlighted that the pressures on local authorities were such that a very large number would be raising Council Tax by similar levels and several others were expected to use capitalisation directives. The report to Cabinet in January had reported a decrease in the Council Tax base of 4.7% whereas the previous MTFS had anticipated growth. A question was asked about the Equalities Impact Assessments and it was noted that the appendix setting out the savings proposals included a column summarising the position. Several savings items would need further development before coming separately to Cabinet for approval during the year. Lead Members discussed a number of specific issues including the transition to the new local authority controlled children's services company; employment and skills initiatives; and further investment to bring forward affordable housing schemes and address the level and cost of temporary accommodation. In relation to environmental services the Council had also managed to protect local services such as the weekly bin collections, free green waste collection and zero landfill.

At the conclusion of the discussion, Lead Members recognised that the Council was operating in a financially challenging time for local government but was assured that a robust approach had been to develop the budget and MTFS. The Cabinet priority for 2021/22 had been to protect services, particularly for vulnerable residents and on preventative services, and the Our Futures programme provided the basis for achieving both service and financial benefits in 2021/22 and into future years.

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The Cabinet agreed to recommend the revenue budget and MTFs to Council on 8<sup>th</sup> March 2021, subject to an additional resolution that in the unexpected event that the capitalisation was not approved by MHCLG, the Cabinet would work to present an alternative balanced budget to Council.

### Recommended –

1. The Cabinet agreed to note and take into account the statutory S25 report of the S151 officer at Appendix M to the report in determining:
  - (a) The proposed budget for 2021/22;
  - (b) The medium term financial plans for 2021/22 – 2023/24;
  - (c) The level of reserves.
2. The Cabinet noted:
  - (a) The use of £5.106m of Capital Receipts to fund the Minimum Revenue Provision (MRP) in 2021/22 and £3.144m in 2022/23;
  - (b) In 2021/22, £12.200m of revenue spend would be capitalised in accordance with the Capitalisation Directive from MHCLG (see section 14 of the report);
  - (c) The Dedicated Schools Grant [DSG] settlement for 2021/22 (see Section 13 of the report) and the allocation of £193.905m as set out in Appendix L;
3. The Cabinet agreed to recommend to Council to approve:
  - (a) The Council Tax Support Scheme (CTSS) was not to be varied or revised for 2021/22;
  - (b) With regard to the 2021/22 General Fund and Housing Revenue Account budgets, and the Medium Term Financial Strategy:
    - I. The General Fund Budget Requirement of £133.574m for 2021/22;
    - II. Proposed savings of £15.576m for 2021/22 and overall savings of £23.573m for the three years to 2023/24;
    - III. Growth and pressures of £12.593m for 2021/22 and overall pressures of £19.178m to 2023/24;
    - IV. The Housing Revenue Account budget for 2021/22 of £36.790m as set out in Appendix F;
    - V. The forecast reserves of £14.458m at the end of 2021/22 as set out in Appendix G;
  - (c) The strategy for the use of flexible capital receipts to deliver transformation and ongoing savings as set out in Appendix H to the report;

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- (d) The calculations for determining the Council tax requirement for the year 2021/22 in accordance with the Local Government Finance Act 1992 as set out in Appendix J to the report;
  - (e) The Council increase the Council tax for a band D property by £70.83 for 2021/22, giving a band D Council Tax of £1,490.30 per year, excluding the precepts from Police, Fire and parishes as set out below:
    - i. Its general band D Council Tax by 1.99%, the maximum permitted without a referendum as previously planned; and
    - ii. Its Adult Social Care Precept by 3.00% as confirmed by Government in the Final Local Government Settlement.
4. Noted the following Council tax increases and precepts as detailed in Appendix J to the report:
- (a) Parish Precepts of £185,244;
  - (b) The Police and Crime Commissioner for Thames Valley has increased Council tax for a band D property to £231.28 per annum, a 6.9% increase on 2020/21, resulting in a precept of £9,442,862;
  - (c) The Royal Berkshire Fire Authority is expected to agree an increase of £1.35 for a band D property to £68.95 per annum, a 1.99% increase on 2020/21, resulting in a precept of £2,815,139;
  - (d) This gave a total Band D Council Tax of £1,790.53 plus any Parish precept where applicable set out in Appendix J to the report.
5. The Fees and Charges for 2021/22 as set out in Appendix K to the report.
6. That in the event of Capitalisation Directive not receiving Ministerial approval, the Cabinet would work to prepare an alternative proposal to present a balanced budget to Council, including the use of reserves and other means.

### **114. Capital Strategy and Capital Programme 2021/22 to 2023/24**

The Cabinet received the report on the Capital Strategy and Capital Programme 2021/22 to 2023/24. It was noted that the programme continued the Community Investment Fund for a further year and included a wide range of affordable housing and regeneration schemes in the town in the coming years.

Lead Members had considered the capital programme during the previous item on the MTFS and agreed the formal resolutions to recommend the programme to Council on 8<sup>th</sup> March 2021.

**Recommended –**

- (a) That the General Fund capital programme 2021/22 to 2023/24 of £147.557m and the associated Minimum Revenue Provision be approved.
- (b) That the Housing Revenue Account (HRA) capital programme 2021/22 to 2023/24 of £161.743m, including £147.248m for Affordable Housing schemes be approved.
- (c) That the principles underpinning the capital programme in paragraph 5.1.2 of the report and the Minimum Revenue Provision principles in Section 7 of the report be approved.
- (d) That the notional funding allocations for individual schemes as highlighted in Appendix A of the report (General Fund), Appendices B and C (HRA and Affordable Housing) for the period 2020-2024 be approved.
- (e) That the Prudential Indicators, as set out in Section 6 of the report, and the Operational Boundary and Authorised Limit as set out in Tables 1.7 and 1.8. in order to provide increased flexibility to fund the Council's Capital Expenditure plans be approved.

**Resolved –**

- (f) That it be noted that the estimated interest costs of borrowing £119.4m to fund the entire capital programme, assuming an interest cost of 1%, excluding the Minimum Revenue Provision, was £1.194m pa. These costs had been included within the Medium Term Financial Strategy.
- (g) That the Council would withdraw from its reliance on using capital receipts to fund the Minimum Revenue Provision over the lifetime of this capital programme. The revenue impact of the decision resulted in a £6.573m pressure by 2023/24. These costs had been included within the Medium Term Financial Strategy.
- (h) That the Capital cashflow forecast in Appendix D to the report be noted.

**115. Treasury Management Strategy 2021/22**

The Cabinet received a report that sought approval to recommend the Treasury Management Strategy to Council on 8<sup>th</sup> March 2021.

Lead Members had considered the strategy and its relationship to the MTFs and capital strategy earlier in the meeting and agreed to recommend approval to Council.

**Recommended –** That the Treasury Management Strategy for 2021/22 and the Investment Strategy 2021-22 be approved.

**116. Five Year Plan 2021-26 and Slough 2040 Vision**

The Associate Director, Place Strategy & Infrastructure introduced a report that asked the Cabinet to recommend the refreshed Five Year Plan to Council and to endorse the Slough 2040 Vision.

The Five Year Plan was the Council's main strategic document in defining its ambition and priority outcomes, and the plan was fully aligned with the Council's budget. The refreshed plan was included at Appendix A to the report and whilst there were no substantive changes to the priorities this year there had been some amendments to streamline the document and make it more accessible to residents.

The Five Year Plan had been introduced in 2015 and a presentation was given that set out the progress and achievements year by year in delivering the plan. It included the delivery of new leisure facilities such as the ice arena and The Centre; the establishment of new housing companies and sustained investment in affordable housing; national recognition for the work to raise awareness of the issue of modern slavery; the activity to increase flu immunisation take up; and a wide range of regeneration projects including the hotels development on the Old Library site that opened ahead of schedule in February 2021. The approach to partnership working was also highlighted and had put the town in strong position to respond to the Covid-19 pandemic, for example through the One Slough community response.

The Five Year Plan was part of the Council's Policy Framework and the Cabinet agreed to recommend approval to Council on 8<sup>th</sup> March 2021.

The plan also now represented the Council's contribution to the delivery of the Slough 2040 Vision. The Council had worked closely with partners in the NHS, Thames Valley Police, Slough Council for Voluntary Service and others to develop a shared vision for the next twenty years. The project team had carried out extensive engagement and had proposed the following vision statement:

*“Slough will be a vibrant, thriving and innovative town, where people are supported to live happy and fulfilled lives. People will feel safe and valued in their local communities, and proud to call Slough home.”*

The vision statement was underpinned by eight priority areas, which were the focus of delivery and these were set out in Appendix B to the report. The Cabinet was asked to endorse the vision and noted that other partners were also seeking approval by their respective decision making bodies.

Lead Members discussed the 2040 Vision and particularly welcomed the partnership approach that had been taken to set out a shared direction of

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travel for the town. The past year had underlined the value of strong partnerships with communities and the role of the voluntary and community sector was highlighted as being particularly important. It was agreed there should be regular milestones set out in the short, medium and longer term so that progress in achieving the vision could be measured. This process should be informed by data and evidence. At the conclusion of the discussion, the Cabinet agreed to endorse the Slough 2040 Vision.

**Recommended –** That the refresh of the Five Year Plan as at Appendix A to the report be approved.

**Resolved –** That the Slough 2040 Vision be endorsed on behalf of Slough Borough Council, as laid out in section 5.2 and Appendix B of the report.

### **117. Council Energy Contract 2021-22 to be tendered value above £180k**

The Associate Director, Place Operations introduced a report on the Council energy contracts.

The current corporate energy contracts would expire on 31<sup>st</sup> March 2021. Failure to award a new contract from 1<sup>st</sup> April 2021 would incur significant 'out of contract' charges with an adverse revenue expenditure of approximately £170,000 per month until a new contract was entered into. It was a Constitutional requirement that Cabinet approval be given prior to the commencement of tendering for contracts in excess of £180,000, but in view of the tight timescales it was noted that to avoid the adverse financial outcome the Chief Executive had used urgency provisions in the Constitution to give delegated authority to the Associate Director Place Operations to take the necessary steps to put in place contract provision for 12-month period with a view to developing an energy procurement strategy by July 2021 for the next three years.

Lead Members discussed the future options for green energy and agreed this would be an important consideration in future contracts. The Cabinet agreed the recommendations, subject to the requirement that the Associate Director's delegation include consultation with the Lead Member for Sustainable Transport & Environmental Services.

**Resolved –**

- (a) That delegated authority be given to the AD of Place Operations, following consultation with the Lead Member for Sustainable Transport & Environmental Services, to access a legally compliant framework, award call-off contracts and agree and finalise terms and conditions with suppliers, for a 12-month fixed price corporate energy contract .
- (b) That it be noted that this was an urgent key decision and in line with Part 4.2 Rule 16.1 – Special Urgency Access to Information Procedure of the Council's Constitution, the approval of the chair of the Overview

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and Scrutiny Committee has been obtained that the making of the decision cannot be reasonably deferred.

- (c) That it be noted that the Chief Executive had exercised her powers under rule 1.4 part 3.6 of the Constitution (Urgency Provisions) to approve the commencement of the procurement process.
- (d) That it be noted that the AD of Place Operations would initiate and execute an energy procurement strategy for the period 2022-2025 for report and approval by no later than July 2021, for execution by no later than October 2021.

Chair

(Note: The Meeting opened at 6.30 pm and closed at 8.05 pm)